



# Escalation of collective bargaining: Methods, indicators and empirical findings

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# Main indicators of labour disputes

**Volume of labor disputes/strike volume:**  
rate of days not worked

= number of working days lost due to  
disputes / number of employees

**Striker determination:** average time  
spent on strike by each striker

= number of working days lost /  
number of workers involved

**Striker mobilisation:** average number of  
workers involved in each dispute

= number of workers involved / number  
of disputes

## Strike indicators: the lack of information

- ▶ All indicators do not cover the full spectrum of conflict actions – they are based on the final escalation measure (strike)
- ▶ Social partner behaviour is influenced by the expected probability of strikes – this probability will rise if a union threatens to strike or breaks down negotiations
- ▶ In some sectors (transporting, hospitals) the strike threat has a similar impact as a strike; consumers already react in case of a strike threat by using alternative transport possibilities
- ▶ We need a deeper insight into conflict management and the climate of collective bargaining

## A new method: the escalation intensity of c.b.

We distinguish between three kinds of escalation measures:

### Verbal measures

- negotiations (as a necessary conflict-free measure)
- (official/public) strike/lockout threats
- strike calls

### Formal measures

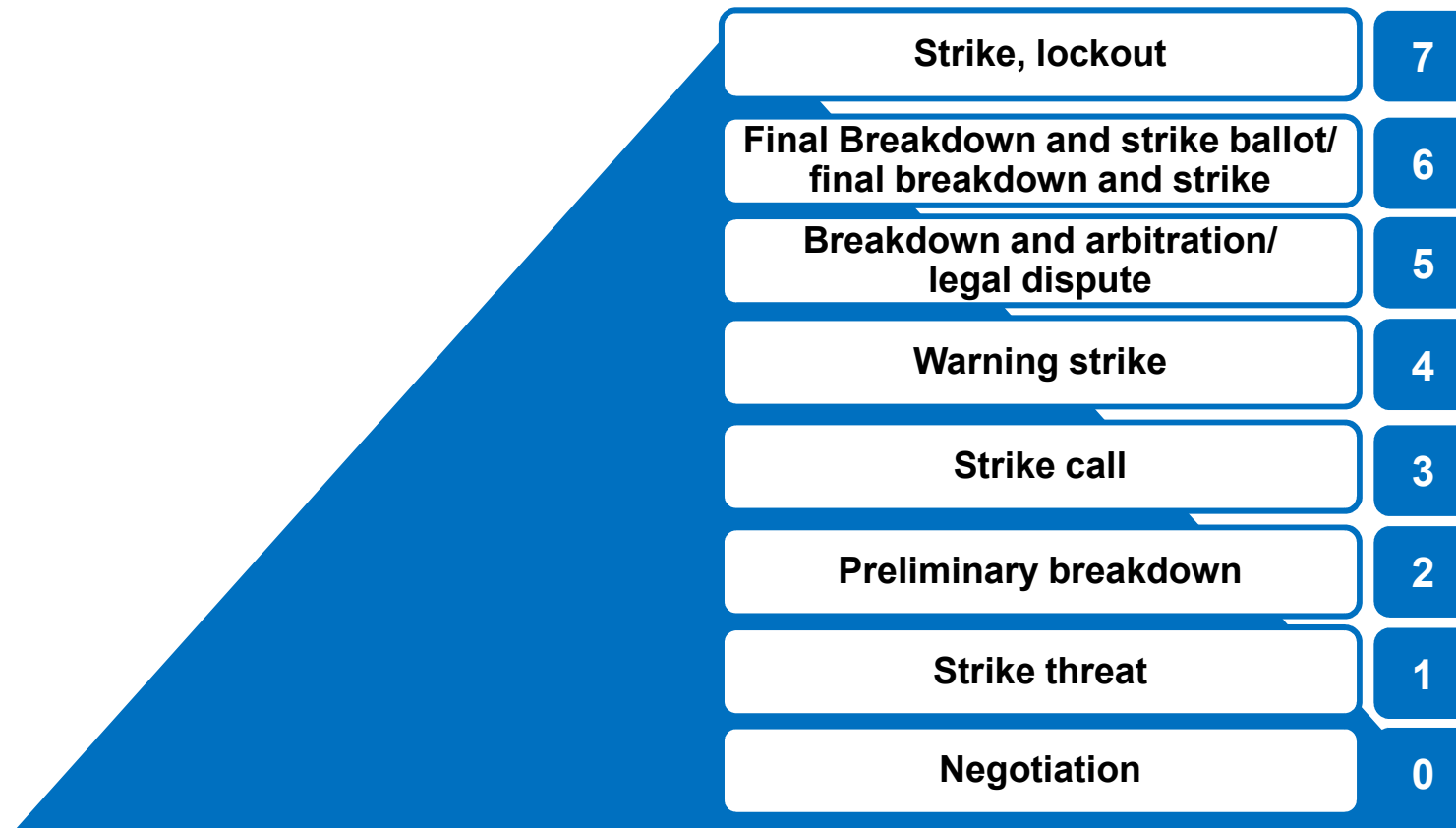
- preliminary or final breakdown of negotiation
- arbitration mechanisms
- legal disputes
- strike ballots

### Material measures

- warning strikes
- strikes
- lockouts

# The escalation pyramid

The different actions are ranked in an escalation pyramid



Source: own representation

## A set of new indicators

(I) Maximum escalation level  
(static indicator):

it describes the maximum level (0-7) to  
which a single labour dispute has  
escalated

(II) Degree of conflict  
(dynamic indicator):

it summarizes all conflict actions of a  
single conflict

(III) Bargaining period

it measures the period between the end  
of the former wage settlement and the  
new wage settlement

## Empirical findings for Germany

### IW-Database includes...

- ▶ 13 industries (manufacturing, construction, retail, transporting, telecommunication and postal services, banking, public sector) covering about 13 Million employees
- ▶ 5 craft unions and 7 industrial unions
- ▶ industry-level-bargaining, firm-level-bargaining and collective agreements for specific occupational groups
- ▶ more than 160 wage disputes, beginning in 2000

# Strike volume versus degree of conflict in Germany

Annual averages; all (main) industries







Sources: IW-Database; Federal Agency of Labour; author's own calculations



## Differences between the two indicators

- ▶ Both indicators show similar peaks (2002, 2006, 2015) and similar lows (2000, 2004, 2010)
- ▶ In the period with a low number of working days lost (2008 to 2014) the degree of conflict varied more (2009, 2011, 2014)
- ▶ The reason is that the strike volume is heavily influenced by major strikes (*while the degree of conflict is strongly influenced by smaller conflicts*)

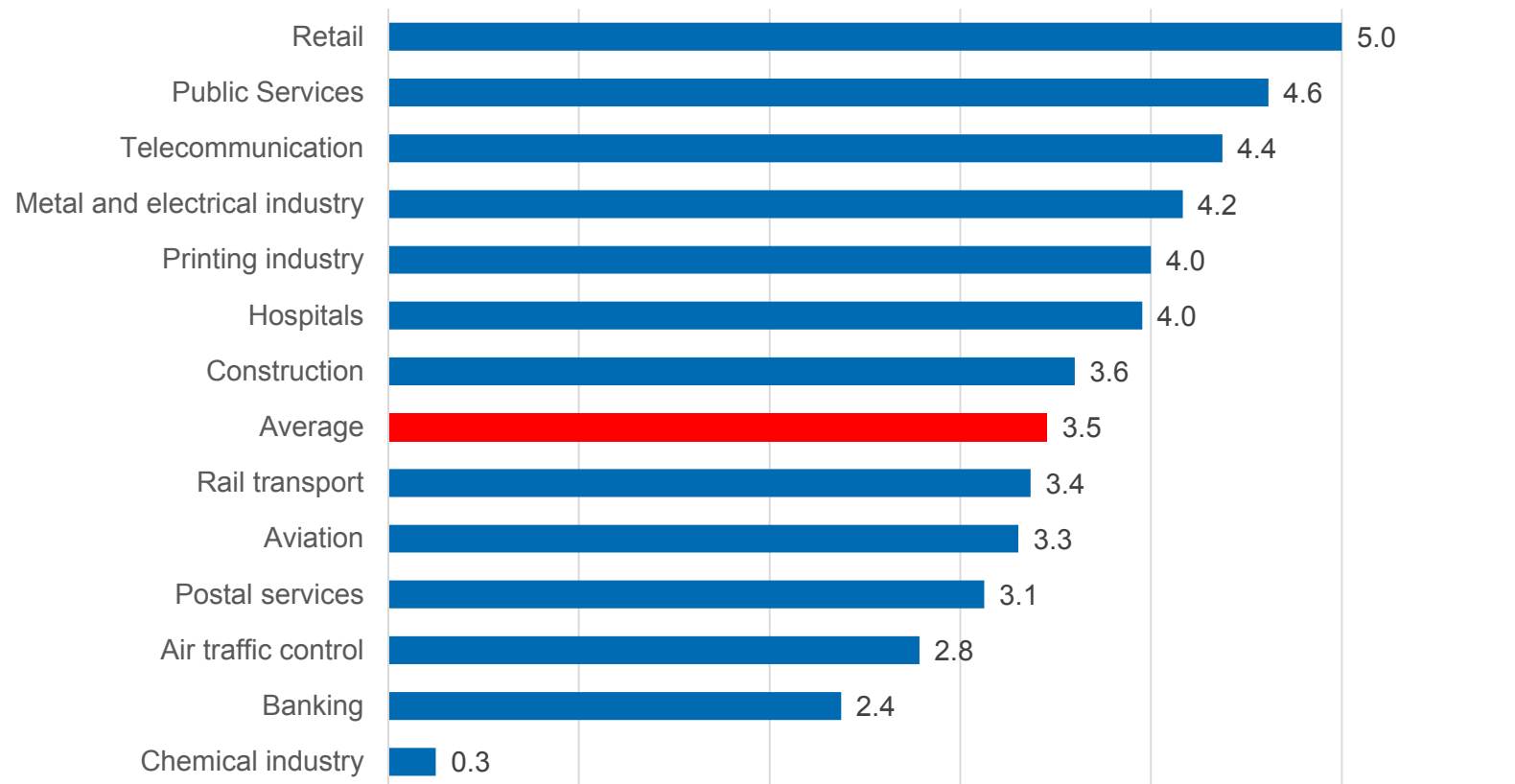
## Differences between the two indicators – an example

	 	 
<b>Strike threat</b>	8	4
<b>Preliminary breakdown</b>	6	0
<b>Strike call</b>	4	3
<b>Warning Strike</b>	1	5
<b>Arbitration/ legal disputes</b>	2	4
<b>Strike ballot</b>	1	1
<b>Strike</b>	3	2
<b>Degree of conflict (points)</b>	73	73
<b>Maximum escalation level (0-7)</b>	7	7
<b>Negotiation period (months)</b>	14.5	5.5
<b>Working days lost</b>	64,000	550,000

Working days lost: author's estimations on basis of the official statistics published by the Federal Agency of Labour and press releases of GDL  
Source: author's calculations

# Escalation of collective bargaining by industries

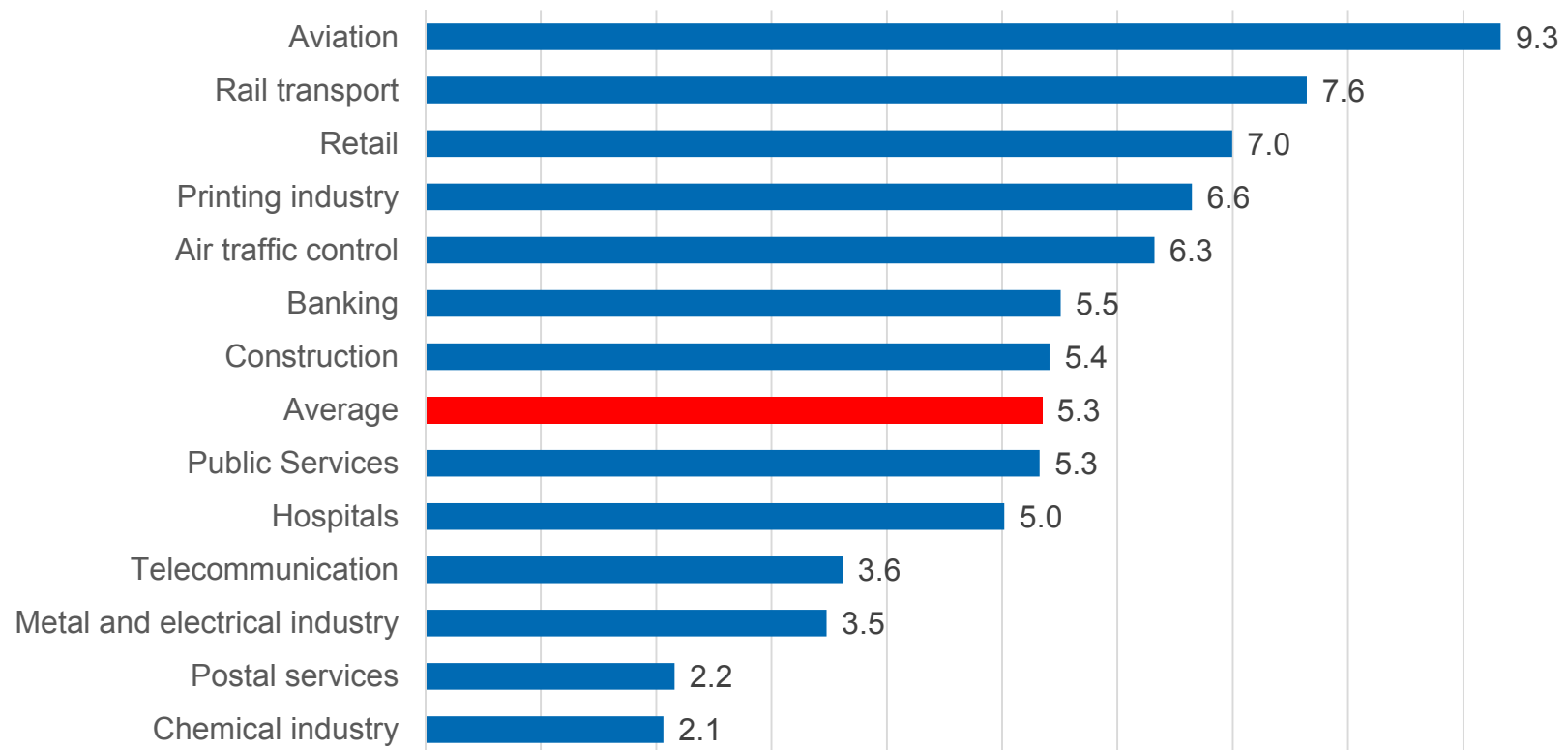
## Maximum escalation level (2000/02 to 2015)



Source: author's own calculation

# Escalation of collective bargaining by industries

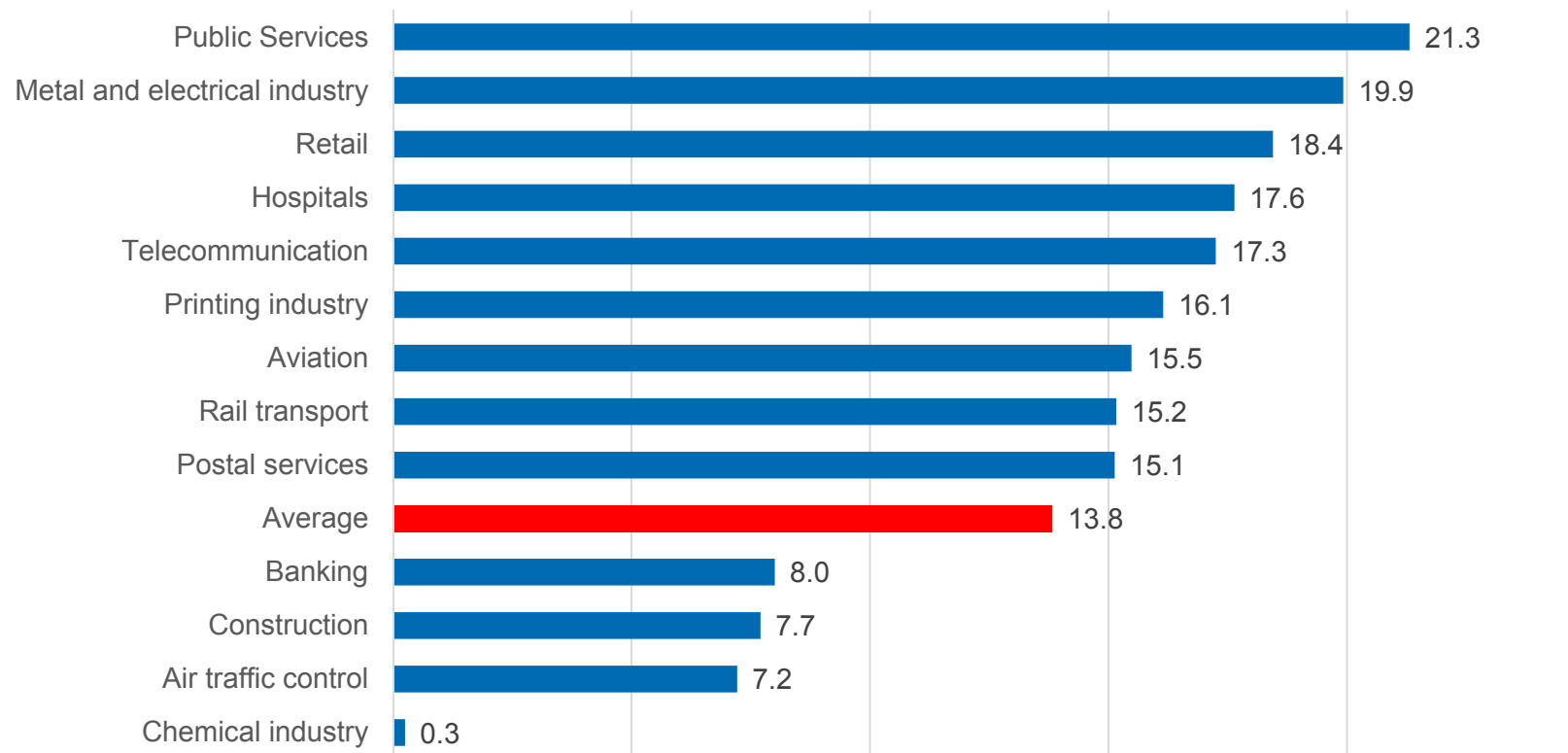
Bargaining period (2000/02 to 2015)



Source: author's own calculation

# Escalation of collective bargaining by industries

## Degree of conflict (2000/02 to 2015)



Source: author's own calculation

## Escalation of collective bargaining by industries

- ▶ All indicators show a significant variance
- ▶ Maximum escalation level varies between 0.3 (chemical industry) and 5.0 (retail)
- ▶ Degree of conflict varies between 0.3 (chemical industry) and 21.3 (public services)
- ▶ Bargaining period varies between 2.1 (chemical industry) and 9.3 (aviation)

## Conclusion

### Advantages of the new indicators:

- ▶ Additional information on the use of escalation measures
- ▶ Deeper insight in the conflict management
- ▶ Less dominated by major conflicts; smaller and bigger conflicts are weighted equally

### Disadvantages:

- ▶ Very difficult to calculate
- ▶ Database: no international comparisons; only statistics for Germany

### Challenge:

- ▶ Both indicators have their place in measuring social peace
- ▶ Application of the method in other OECD countries

## Your contact person



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