

Modes of Concession Bargaining and Their Antecedents in the Great Recession: Evidence from Ireland

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Focus & Themes

1. Concession bargaining & its antecedents in the international literature
 2. Research methods
 3. The Great Recession in Ireland
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1. Modes of concession bargaining and their antecedents in Ireland
 1. Conclusions

1. Concession Bargaining in the International Literature

'Integrative concession bargaining'

'Distributive concession bargaining'

'Ultra concession bargaining'

2. Research Methods

- 4 focus groups of 19 HR managers from unionized firms
- 3 focus groups of 15 trade union officials
- Survey of employers in 2010 – 444 firms, of which 154 were unionized (data weighted for representativeness)
 - > Latent class modelling to identify modes of concession bargaining
 - > multinomial regression to identify firm-level antecedents

3. The Great Recession in Ireland

Worst economic crisis in modern Irish history and Ireland amongst worst cases in advanced economies:

- ✓ GDP (2007-2009):-10.9% (2010):-1.1% (2011):2.2% (2012):0.2% (2013):-0.4% (2014):5.0%
- ✓ volume of retail sales (2007-2010(Q3): -16.7%
- ✓ sharp rise in incidence of company insolvencies: +80% (2008-2010)
- ✓ financial crisis – ‘nationalization’ of the financial system & state recapitalization (c. €64bn)
- ✓ debt/GDP ratio (2008-2014): 44.4% → 113.5% (peak = 125%)
- ✓ unemployment (2007-2014): 4.6% → 11.3 % (peak in 2102 = 14.7%)
- ✓ net emigration (2007-2013): - 67,300 → + 33,100
- ✓ collapse of social partnership (2009)
- ✓ Ireland resorted in November 2010 to a bail-out programme from ‘Troika’ (IMF, ECB, European Commission) €85bn – bailout exited in December 2013

4. Modes and Antecedents of Concession Bargaining

Expectations & (Findings)

1. Distributive concession bargaining will predominate in Ireland, with some limited incidence of integrative bargaining and little ultra concession bargaining

(Distributive bargaining predominates, integrative bargaining also conducted and 'minimal' concession bargaining mode identified)

Modes of Concession Bargaining in Ireland: Latent Clusters

Concession Bargaining Clusters

Minimal Engagement

Distributive

Integrative

	<i>Minimal Engagement</i>	<i>Distributive</i>	<i>Integrative</i>
<i>Estimated % firms in each of the clusters</i>	33.0	56.0	12.0
<i>% Firms in clusters confirming question items:</i>			
Active engagement with unions in developing HR options with which to respond to the recession	18.0	86.0	86.0
Employees actively involved in developing options for Responding to the recession	26.0	58.0	87.0
Unions gained greater access to financial information in return for agreeing measures for responding to the recession	0.0	18.0	70.0
Unions secured financial 'claw-backs' for their members when business conditions improve	0.0	2.0	49.0
Unions gained support for organizing or representing members in return for agreeing measures for responding to the recession	0.0	6.0	56.0

4. Modes and Antecedents of Concession Bargaining

Expectations & (Findings)

Compared with 'distributive concession bargaining':

1. **'Integrative mode'** more likely where:
 - > where unions remain strong **(YES)**
 - > firms pursue high commitment HRM **(Yes)**
 - > co-operative ER legacy exists **(NO)**
 - > unions eschew detailed & protracted negotiations so as not to impair firms' responses **(No (-))**

4. Modes and Antecedents of Concession Bargaining

Expectations & (Findings)

Compared with distributive concession bargaining:

2. 'Minimal mode' more likely where:

- > union power reduced by recession **(No)**
- > unions seen as not 'realistic or constructive' **(YES)**
- > urgency of responding precludes negotiation **(YES)**
- > radical retrenchment programmes required **(No)**

5. Conclusions

- ‘Distirbutive concession bargaining’ is the ‘deafult’ mode in Ireland during the Great Recession
- The minority of instances involving ‘integrative bargainng’ reflect continuing union power, employers seeking to maintain commitment, to implement radical retrenchment programmes and to ‘buy off’ union bargaining resistance through reciprocal concessions
- The larger number of instances of ‘minimal’ concession bargaining reflect the urgency of responding to recession and the belief by employers that unions were not ‘realistic’ nor ‘constructive’

Influences on Types of Concession Bargaining in Firms: Multinomial Regressions

Independent
Variables:

Modes of Concession Bargaining

	<i>'Minimal' compared with 'Classical' Distributive Bargaining (odds ratios)</i>	<i>'Integrative-Type' compared with 'Classical' Distributive Bargaining (odds ratios)</i>
Union influence on business unaffected by the recession	0.99	2.1**
Unions have impaired firm's response by insisting on protracted & detailed negotiations	1.0	2.0*
Actions required so urgent that little time to consult or negotiate with unions	1.9***	1.0
Unions realistic & constructive	0.6**	1.5
Partnership arrangements in being	0.2	0.4
Human resource management philosophy	0.9	1.6***
Generalized retrenchment programmes implemented	0.7	5.6**

* = Sig at 0.10; ** = Sig at 0.05; *** = Sig at 0.01. Model fit: - 2 Log Likelihood = 223.9***. Items on union & management postures are based on 5-point Likert scales ranging from 'strongly agree' to 'strongly disagree'