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Changing Employment Relations in Spain and Romania during the Great Recession: how trade unions respond to the challenge

Theme 1. Management and Employees

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Abstract

This paper discusses the impact of the crisis and national labor market reforms in Spain and Romania on trade unions' bargaining power and strategies at the local level. While unions' power has generally declined at the national level due to neoliberal globalization, and specifically due to the economic crisis, empirical findings from four case studies in capital-intensive sectors (automotive, steel and renewable energies) reveal strong union power at the local level. The impact of the decentralization of industrial relations is not linear across sectors and national contexts but rather context-specific.

1. Introduction

This paper discusses the impact of national labor reforms on trade unions' bargaining power and strategies of negotiation at the local level in two countries, Spain and Romania, which have been heavily affected by the recent economic crisis and labor market reforms that accompanied it. As a result, trade union confederations have generally been on the defense in both countries and lost ground both in terms of capacity to mobilize and power to influence national level policy making.

In this changing context, we explore how trade unions' strategies have adapted. We present an international comparison of the effects of the crisis on employment relations across three different sectors: the automotive sector in Romania and steel and renewable energy industries in Spain. Thus, in contrast with existing studies on the decentralization of employment relations (Koukiadaki et al., 2014; Eurofound, 2014) we focus on company level industrial relations.

We argue that the last stronghold of trade unions in both countries is at the plant level, where they still can defend workers' interests by directly engaging with management. However, this situation is both a result and a driver of the process of decentralization of employment relations promoted by corporate policies and national legislation. This decentralization leads to a reorganizing process of trade unions where the focus is turned to the local level. Arguably, relative local successes may conceal a generally weaker position in negotiations, when it comes to union's space for maneuver and outcomes.

The empirical findings of the paper are based on secondary data analysis, comprising of collective bargaining and labor market statistics, legal texts and collective bargaining agreements (CBAs), journals and press releases for the period 2011 to 2014. Additionally, we present data from fourteen qualitative in-depth interviews with trade union representatives carried out between 2013 and 2015 in Spain and Romania.

The paper is organized as follows: in the next section we lay out our theoretical approach which relies mainly on the concept of trade union power resources. Then we look at how the process of decentralization and labor reforms adopted during the financial crisis have gradually deprived trade unions of a significant share of their power resources. Following this we explore the process of union adaptation and reorganizing on a case by case basis, drawing on empirical findings from our fieldwork. After a brief comparative analysis of the cases we present some tentative conclusions derived from this exercise.

2. Shifting bargaining and mobilizing power resources: from national to local

The process of decentralization of collective bargaining institutions has been reported since the 1980s in Western economies (Katz, 1993: 1). The recent crisis has been the last straw in the dynamic of a downward shift of bargaining from national to the plant level. The European project gradually turned into a neoliberal process of “uncompensated marketization”, enhanced in the early 1990s by the transformations in Central and Eastern European countries after the collapse of state socialism (Crouch, 2014:8-10). Advanced capitalism today is characterized by the deregulation of labor markets, the financialization of the economy, and the trend toward liberalization, privatization of public services and undertakings, and increased flexibility in state and company policy-making, which have generally drained away the conditions for trade union’s power after WWII. International competition and deregulation favors global firms’ strategies and enhances the risk of interplant competition on the side of workers. As Crouch points out, “far from leading to a questioning of the marketization agenda, the banking crisis reinforced it” (Crouch, 2014, 12-14).

National trade union confederations severely lost members and control due to the individualization and fragmentation of labor relations, and the decentralization of production driven by outsourcing (Katz, 1993: 12). On the flip side, these structural shifts opened

opportunities for organizing at the territorial level and transnational company level, where local unions find it difficult to mobilize resources or rebuild external alliances and solidarity (Bernaciak, 2010; Dufresne, 2012: 118). Conversely, centralization of collective bargaining is not necessarily an evidence of unions' strength. It can advantage employers, by granting stability, social peace, wage moderation, and drive out low-cost competition, avoiding union whipsawing and high bargaining costs for small companies (Katz, 1993: 4-16; Thelen, 2009: 481). Thus, the structure of bargaining and the capacity for collective action ultimately relies on the institutional, political and economic context shaping the distribution of power resources between labor and management (Katz, 1993: 4; Crouch, 2014:17). Company policy and the power of management become central factors to explain trade unions' room for maneuver.

The research presented in this paper examines "union power" as a central concept to understand shifts in collective bargaining in the light of this evolving institutional context. We draw on the power resources framework to account for trade unions' strategies (Wright, 2000; Silver, 2003; Lévesque and Murray, 2010; Grumbrell-McCormick and Hyman, 2013). Trade unions' power resources refer to the path-dependent assets that give them the capacity to significantly further their interests and affect others' (Lévesque and Murray, 2010: 335). According to this framework, labor power stems from a combination of *associational*, *structural*, *organizational* and *institutional* resources. The associational power resource results from the workers' collective organization, while the structural one depends on their location in the economic system (Wright, 2000: 962) namely from the value of their skills (marketplace based) or their strategic position in the productive process (workplace based) (Silver, 2003). The organizational power resource relies on union's internal unity, and finally, the institutional one is provided by the external framework and legal rules (Gumbrell-McCormick and Hyman, 2013: 31).

In addition to strategic resources, context-specific factors also play a crucial role for unions' power (Lévesque and Murray, 2010: 336). Such factors include union's internal capabilities, the opportunity structure arising from institutional arrangements the political and economic broader

context, but also the micro-politics of the company (power of management). Depicting all these influences in detail would surpass the argument of this paper. Power resources seem to be a necessary pre-condition for unions' ability to reach relative success. As we will point out in our case studies, the interplay between these resources and the company context (meaning the management strategy) is especially relevant to understand post-crisis employment relations in large corporations.

3. What happened with industrial relations during the recent crisis?

Industrial relations in Romania and Spain did not rely on strong corporatist forms of social dialogue even before the crisis. In Central and Eastern European (CEE) countries, institutional tripartite arrangements were formally created but soon became the trademark of an "illusory corporatism" (Ost, 2000): their decisions were not binding and were used to legitimate policies by symbolically including trade union confederations. As for Southern European countries, they were traditionally characterized by soft versions of organized corporatism (Visser, 2008). In Spain, bargaining was mostly decentralized at sectoral provincial and company levels (Alós Moner and Martín Artiles, 2003).

Yet, the financial crisis and the reforms it entailed have led to radical changes even in cases that already lacked strong collective bargaining institutions. Generally, the post-crisis institutional environment is much less accommodating to national labor movements: it has cut-down unions' remaining institutional power and granted employers with more powers to control labor.

The "Europe 2020 strategy" launched by the European Commission in 2010 and its country-based guidelines for economic growth provided the institutional basis for the austerity measures and deregulatory labor reforms that have been promoted in most EU member States since the outbreak of the financial crisis in 2008 (Meardi, 2014: 342). Those policies aimed at deficit reduction, flexibility and competitiveness. Still, they did not lead to economic growth. At the same

time, austerity has entailed tough consequences for welfare states, labor markets and social dialogue.

In Spain and Romania, the economic and social downturn has been dramatic. Figure 1 shows how the GDP, unemployment and poverty levels fared in both countries. Unemployment and poverty rates rose to critical levels in Spain (above 25 percent), while in Romania, the crisis consisted in a macroeconomic shock reflected in the fall of GDP and an increase of unemployment. Poverty levels seem paradoxically to have declined there throughout the crisis, due to a better income distribution especially through the introduction of a minimum pension scheme (Domnişoru, 2014).

In both countries, austerity measures aimed at adjusting public expenditure have eroded the welfare state. The public sector suffered severe cuts (wages reduced by 25%, education, social security, health system, hospitals), which implied the closure or privatization of public services, and the reform of pensions' systems and the extension of the retirement age, among other things. These policies passed a disproportionately high social cost on workers, unemployed and pensioners.

Regulatory changes culminated with labor market reforms adopted by emergency decree in both countries (the Labor Code in 2011 in Romania and the Labor Reform Act 3/2012 in Spain). Both reforms promoted flexibility in the labor market by introducing numerous internal and external measures for firms (liberalizing overtime and change of work conditions, causes and compensation for dismissal, now also accepted in the Spanish public sector). By the same token, they deregulated individual labor rights¹, limited trade unionists' protection and markedly changed the structure and scope of collective bargaining systems (Trif, 2013). Significantly, provisions included on both

¹ The reforms extended trial periods and length of fixed-term contracts, promoted temporary agency work, working time unilaterally reductions decided by the employer, and new precarious employment contracts in exchange of tax or social security rewards for employers.

legislations led to ILO procedures where the compliance with labor standards was questioned (ILO, 2013).

Concerning collective bargaining, national and sectoral agreements have been practically eliminated in Romania, where the reform also introduced new representativeness rules, requiring higher thresholds for setting up trade unions at the company level (Clauwaert and Schömann, 2012: 35-39). In Spain, the role of sectoral bargaining has also been altered: company level CBAs now rule central working conditions such as wages or working time over sectoral agreements, which promotes decentralization (Baylos, Castelli and Trillo, 2014: 73). Employers can opt out from numerous working conditions agreed in the CBA, and unilaterally modify them on flexible grounds. But the main bone of contention has been the limitation to one year of the period of “*ultractividad*” of CBAs, during which a CBA was applicable indefinitely until a new agreement was reached. This limitation has aimed at forcing rapid renegotiations and gave employers the upper hand². It is not surprising that the number of employees covered by collective bargaining agreements has significantly decreased in both countries from levels of 80% to 30%³ (Figure 3).

Since the advent of the recent crisis, the changes reveal a serious decline in trade union confederations’ institutional power. They seem to have failed in being a serious challenger to the political *status quo* and in organizing workers. In fact, most of the national anti-austerity protests have been organized by alternative groups (i.e. *Indignados* in Spain).

² Two recent Spanish Supreme Court decisions (STS, 22/12/2014; STS 4/5/2015) partly cushion these threatening effects. They rule that social partners can decide to extend the *ultractividad* period in the CBA, and that workers keep the CBA’s terms and conditions at the end of the *ultractividad* period if no agreement is reached. However, this solution does not shelter future workers, and the employer can still unilaterally change individual work conditions through a specific procedure foreseen in the Labor Reform Act.

³ These data include company and sectoral level CBAs, but do not take into account the effect of opting-outs. For Spain, the fall can be explained by the skyrocketing unemployment and expiration of CBAs at the end of their *ultractividad* period.

In a context where labor reforms have altered power relations to the disadvantage of labor at the national level, trade unions resort to their power resources at the local level, as our cases studies show.

3.1 Cases of union organizing during the crisis in Romania and Spain

Despite the decline of national union movements and retreat of tripartite dialogue in Romania and Spain, the case studies presented below suggest that local unions remain relatively powerful and able to yield positive results in terms of improving wages and working conditions although this very much depend on idiosyncratic factors (sector, company, region).

3.2 The case of the automotive sector in Romania: a tale of two factories

The Romanian automotive sector has witnessed a tremendous growth over the last fifteen years. In the beginning of the 2000s passenger car production plants were mostly state owned, with companies producing for the internal market. With the beginning of the new decade, foreign direct investments have flooded the sector. As was the case with other CEE countries in the beginning of the 1990s, car manufacturers looked for cheap and skilled labor, state subsidies for their investments and geographical proximity with the Western European markets. Initial strategies of investment by foreign MNCs were therefore seeking to profit from the competitive advantage of the country and use its technologically outdated automotive plants as assembly lines for low-cost products destined for the domestic market.

This type of “low-road” strategy had obvious implications for industrial relations. Focused on cost-effective assembly lines, MNCs put a significant emphasis on wage moderation and on a quiescent labor force. Union organizing was thus not encouraged, and was considered as a hampering factor that impacted the plants’ profit strategies. Unions themselves had an ambivalent position towards MNCs. On the one hand, they supported the privatization of state owned companies, with the

hope that private ownership would improve wages and working conditions and avoid mass dismissals or even closure of the plants. On the other hand, unions were weary of the restructuring that usually followed privatization – a reality that affected not only the automotive sector but the manufacturing industry in general.

Although the technological endowments of the Romanian car manufacturing plants were similar, the success of the privatization process differed to a large extent between them, depending on the productive strategy adopted by each MNC. Two examples can reveal the various degrees of success between different plants. The first case is that of the Dacia plant in Mioveni, close to Bucharest, that was bought by the Renault Group in 1999. Renault pledged to maintain the Dacia brand but also to continue investments in the plant and upgrade its out-dated technology. After privatization, the company was allowed to reduce the labor force mainly through voluntary dismissal programs (from 27.5 thousand workers in 1999 to 12.5 thousand in 2013). At the same time, Renault developed in Romania a new car model, under the “Logan project” or the “5000 Euro car” that was destined initially for the Romanian market and was set to deliver “Western quality with Romanian prices”. The project exceeded expectations, became one of the best-selling low-cost car models in Western markets, and made the Romanian factory one of the most successful in the entire Renault Group. Alongside with the success of the product, trade unions also profited from the strategy of the company and, as will be discussed below, managed to negotiate better wages and working conditions. These gains continued even during the recent crisis, when the car manufacturers saw their markets collapse and their profits dwindle.

The second example is that of the smaller Automobile Craiova plant in the South of Romania, which was partially privatized in 1994 to the Korean automotive manufacturer Daewoo (a controlling share of 51 percent was acquired by Daewoo while 41 percent remained under the ownership of the Romanian state). Although privatized under generous conditions offered by the state -with a seven-year duty-free import package and a five-year corporate tax exemption (Egresi, 2007: 753)- the plant never succeeded to reach its productive potential. The plant had a capacity

of producing 100,000 cars, 150,000 engines, and 200,000 gearboxes annually, but it never produced more than 26,000 cars (Ziarul Financiar, 2013). When in 1998, Daewoo declared bankruptcy, the factory continued to produce under its license but the state struggled to find another investor. In 2002 the plant was taken by General Motors, which left it in a limbo with no particular investment plan. A new privatization deal was signed with the Ford Motor Company in 2007, which pledged to invest in the development of the plant. Since being taken by Ford, the company continued to struggle with production despite developing its own version of the low-cost car that brought the success of Dacia. The labor force was cut back from 3,900 workers in 2009 to 2,700 workers in 2015. Moreover, the union present at Ford remained most of the time passive had very few attempts to challenge management.

The two cases sketched above show that the union successes depend to a large extent on the local opportunities that unions can mobilize their advantage. The lack of national level institutions that protect the interests of labor leaves local unions dependent on their own resources but also on the shifts in demand that automotive plants inherently face. In the case of the union at Dacia, its success, measured as an improvement in wages (the average wage at Dacia is now much higher than the national average wage) and labor conditions, came as a result of the success the plant had with its Logan model, but also as a result of the numerous protests the union managed in organizing at the plant level. Since 2008, no less than 13 protests were organized at the Dacia plant (Adascalitei and Guga, 2015) aiming at the improvement of wages and better working conditions. As one of the workers stated during the general strike organized in 2008, which ended with a major victory for the unions:

“We will give up the strike if they [management] would increase our wages with at least 450 Lei [120 Euro]. Compared with last year they almost doubled the number of cars each of us has to produce, now they ask us to make 65 cars per hour whereas last year they were asking for 32. We are not allowed with the bottle of water next to us because they consider that we are losing time drinking water. If a worker leaves for three minutes to the bathroom, he finds all the components

on the floor because the assembly line is specially set up in order to never stop. We're like in the army, I am eating in a rush and I am going to the bathroom in a rush as well" (INT Dacia 2008)

As the above statement reveals, in the case of Dacia its success has come with a cost for workers: in a situation of low automation which was defended by the union, working conditions have deteriorated as the pace of the assembly line has increased in order to meet the demand. In this context, the strategy of the union was to strike for better working conditions and higher wages while pushing for the signing of annual CBAs at the plant level. If the pace of the assembly line has not decreased due to the continued demand for cars produced by Dacia, the union has mobilized its organizational and market-place bargaining power for higher wages. Strikes regularly organized over the last years have indeed contributed to improve wages and also grant to workers non-wage benefits such as meal tickets and holiday bonuses.

These gains are impressive considering the institutional decline of union power during the recent crisis that left trade unions without the institutional support of national and sectoral confederations. Local organizational power becomes central to trade union strategy while unions remain sensitive to company needs: the profitable situation of the Dacia plant has enhanced unions' structural power in the company's production network and thus their maneuvering space in interaction with management. In fact, the rise in workers' confidence in comparison to less profitable Renault plants might also play a role here.

By comparison, in the case of the Craiova plant, the union has adopted a more cooperative stance, and does not use protests to defend the interests of its members. For example, in the context of the current production problems faced by the plant, the management of the labor force has been done exclusively through a managerial decision, without the participation of the trade union. As the union leader notes about the plans of the company to reduce 23% of the labor force in 2015:

"We did not know about the existence of this program of voluntary dismissals. Some time ago, management even told workers that 2015 will be the same as 2014, with temporary periods of

reduced production but without dismissals. And now we find out about a massive dismissal program.” (INT1 Ford 2015)

As the plant struggles to cope with the existent overproduction in the sector, the union has little power to influence the plant level HRM policies. Unlike Dacia, where production has kept increasing even during the recent crisis, in Ford, management had difficulties in finding a market for its products.

The two cases show that in the absence of powerful national collective bargaining institutions, the fortunes of the local union depend both on their resources as well as on the success of the investments. Furthermore, they show that in the context of deregulated labor markets, local successes are the exception rather than the rule.

3.3 The case of the steel sector in Spain: transnational pressures and local strategies in ArcelorMittal

The Spanish region of Asturias has traditionally been a stronghold of the steel sector. The three steel plants in Gijón and Avilés produce long and flat steel and have belonged to the Arcelor Group since their privatization in the 1990s. In 2006 Arcelor was taken over by Mittal Steel and the world’s biggest steel company ArcelorMittal was created. In a sector characterized by many “regional champions”, ArcelorMittal is the only company that can truly be called ‘global’ with production sites all over the world and a production volume equivalent to ten percent all steel produced annually worldwide. The company employs half of the European steel workers, though its workforce in Europe has decreased from 130,000 before the crisis to 80,000 in 2014.

The situation of the production sites in Asturias is characterized by constant restructuring and ongoing reductions in the workforce due to the global stagnation in demand for steel. As a consequence of transnationalization processes, all local sites of steel production have become parts of an ever-larger corporate structure and in turn, many have lost their strong stand as major national steel plants (INT As2, 2014). The location of production has become flexible and therefore

local bargaining power has decreased severely. Trade unionists feel “ever smaller” as local workforce representatives because of the transnationalization trend and also because of the accompanying centralization of management decisions at global headquarters level (INT As1, 2014). Recently, legislative pressures have been added to these globalization effects that had already decreased trade union’s bargaining power. As outlined above, central collective bargaining has suffered a weakening through crisis-related labor reforms. The Spanish steel sector is characterized by few dominant multinationals, ArcelorMittal the most important among them and sectoral social dialogue is weak (INT UNESID, 2015).

At the national level, the main trade union federations reach company agreements that ensure basic standards for employment throughout the country. In the case of ArcelorMittal in Spain, the two most important unions are *Comisiones Obreras* (CCOO) and *Unión General de Trabajadores* (UGT)⁴. CCOO and UGT are also the biggest national union confederations⁵. The collective agreement for the company that was reached at national level in 2012 was rejected by CCOO while UGT and the smaller union *Eusko Langileen Alkartasuna –Solidaridad de los Trabajadores Vascos* (ELA-STV) signed the agreement (INT As2, 2014). This lack of unity certainly weakens the position of unions *vis-à-vis* management today. The national collective agreement regulates the most important aspects of the employment situation such as working hours and wages. It is the basis for the local collective agreements at the plant level, which are then binding for the local management (INT As4, 2015). In 2012, the bargaining position of management was particularly strong due to the crisis-related changes in the national regulation of employment relations, as the new labor

⁴ For the ArcelorMittal case study, CCOO and UGT refer to the industry federation CCOO *Industria* and the metal industry federation MCA UGT respectively.

⁵ Spain has a dual model of workers’ representation at the company level, where two legitimations live alongside each other: a unitary elected representation, consisting in elected delegates (in companies from 6 to 49 workers) or elected works councils (in companies of 50 or more workers), usually with trade union affiliation; a union representation, consisting in union sections directly set up by affiliates.

legislation has made it extremely difficult for employees to contest the validity of their dismissal, so that “the protection of workers has practically disappeared in Spain” (INT As1, 2014). A trade unionist from UGT voices his frustration about the new bargaining situation: “The labor reforms in Spain change completely the rules of the game, the basic rules of collective bargaining, because they give (...) all the decision-making capacity to companies.” (INT As1, 2014).

The CBA ceased in 2015 and national negotiations started in 2014, promising to be extremely difficult. The new CBA could not be agreed until January 2016 but the result was a small victory under difficult circumstances: the CBA puts an end to the flexible payment schemes introduced in the 2012 agreement and reinstalls fixed salaries for the company’s 9,500 workers in Spain. While their institutional power was severely limited by national labor regulation, unions were able to draw on their significant associational and structural power. ArcelorMittal has a unionization rate of eighty percent (INT UGT, 2015) which exerts a lot of pressure on management despite the company’s relocation threats. In a general context of raising corporate debt and falling profits, the Asturias sites have produced impressive results in 2015 which is why central management is making considerable investments in Asturias from 2016 on. The satisfactory local performance puts the Spanish trade unions in a strong position vis-à-vis management, compared to the position of other plants in Europe. This influences national negotiations as half of the company’s workforce is employed in Asturias.

In multinational corporations, the transnational level of social dialogue provides for a potential additional source of institutional power. In the case of ArcelorMittal in Asturias, the European level of worker participation plays hardly any role for local negotiations. The European Works Council (EWC) clearly suffers from the strong competition between production sites (INT As2, 2014). Moreover, trade unionists feel that the company is trying to downgrade the European level of employee representation and also that information is generally provided very late (INT As1, 2014; INT UGT, 2015).

In the absence of transnational allies and in the face of decreased national institutional power, the Asturias steel workers have found a regional partner that has an interest in protecting their jobs: the government of Asturias. In 2014, the regional government and ArcelorMittal signed an agreement on research and development which shall create employment and stimulate further economic activity in the region. The related investment of forty million Euros is to be paid by the company and the regional government to equal parts. Though trade unions were not directly involved in the negotiations, they have exerted indirect influence. The current minister for industries in Asturias is a former trade union official of UGT and has excellent contacts to ArcelorMittal due to an earlier position within the European confederation IndustriAll in Brussels. Trade unionists do not always serve as loyal lobbyist of workers' interests once they take over positions in government, but in Asturias, placing a trade unionist with the political authorities has provided for enhanced organizational power.

In sum, the local level acts as the last resort for ever-weaker unions. The national CBA is strongly influenced by union's associational power at plant level and the structural power of Spanish plants in the company's benchmarking system. At the local level, management may be more responsive to the interests of the workforce but always depending on the plant's profits vis-à-vis other ArcelorMittal production sites. Trade unions seek the competitive alliance with regional government to compensate for decreased power at national level.

3.4 The case of wind power in Spain: a young industry with changing employment relations

In Spain, wind power and renewable energy sources (RES) industries developed in the 1990s and grew spectacularly in the shelter of governmental regulations promoting them (Gallego and Victoria, 2012: 8-9; Eurofound, 2012: 9). With the crisis, the governmental policy shift between 2009 and 2012 drastically cut public incentives to RES. This hampered growth in the sector and led

companies to cut wages, adjust working time, exert redundancies and decrease production capacities to keep their profit margins.

The Spanish electricity industry never developed a sectoral collective bargaining system. Historically, the five dominant MNCs ruled their working conditions through centralized group framework agreements, while younger RES companies, generally smaller, more fragmented and uneven, and geographically spread, applied provincial sectoral CBAs at mere convenience, even when their scope did not correspond to the activity (INT MCA). While the sector was growing, the RES companies took advantage from a fragmented regulation on working conditions and showed no interest in centralized negotiations. Conversely, that situation was less advantageous for unions: with low affiliation rates and few options for representation at the plant level, they had no leverage to mobilize power resources for collective organizing. Plant strikes were almost excluded from their repertoires of action (INT Acciona).

The recession turned the scenario very hostile and competitive for the sector. Main wind power generation and maintenance companies wanted homogeneous rules for internal flexibility (e.g. irregular working time, overtime) (INT MCA, 2015) and to insure efficient company decision-making required by short-term business plans and 'impatient capital' to enhance competitiveness (INT CCOO, 2015). They recovered an interest for centralized bargaining: some main companies supported the initiative for a national CBA for the wind power maintenance industry, to set up minimum standards and avoid fierce competition based on labor costs. Trade unions saw the opportunity to rule other key issues at a centralized level (i.e. salaries and professional classification).

Acciona Energía is an example of this centralization process. This subsidiary of Acciona Corporation is based in Madrid (Spain) and gathers the group's division of renewable energies, namely generation and operation of in hydro, wind power, biomass, solar, thermal energy plants, biofuels and wind turbine manufacture. Acciona Energía owns several companies and plants in Spain and abroad.

The process started when more than 100 workers (10% of the workforce) were dismissed without previous notice in March 2011, just after the company had announced large benefits. By the time, there were very few elected representatives in Acciona Energía (Economía de la Energía, 2011). A common feeling of insecurity was the seed for collective solidarity. Workers felt it was on their best interest to get united and set up formal representation structures to anticipate future attacks and gain a stronger position *vis-à-vis* management⁶. They then mobilized various power resources for action. They launched a forum web-site as communicative tool to exchange and set a joint agenda; they contacted regional and national trade unions to get external advice on how to constitute a works council. Workers recently transferred from Endesa brought a trade unionist culture inside the group which was certainly of help. As a result, they could promote elections to workers' representatives in the plant Navarra and set up a works council there in 2011. Other plants followed in 2013 and formal representation structures were set up across workplaces in the group.

In Navarra, elected representatives suggested to negotiate a group CBA to reach labor objectives (i.e. "harmonized wages", voice in the event of restructuring, "avoid delocalization" and inter-plant competition). Staying united seemed the best mechanism to get stronger in a context of very fragmented working conditions⁷. Central management also wanted to gain control. But as explained by a CCOO Industria representative, "in big companies (...) a time comes when

⁶ The comments displayed in the blog illustrate workers' perceptions and how a process of collective mobilization of power resources shifted from a defensive situation and shared feeling of injustice (e.g. "*I never felt so small*"; "*we've been treated like animals*"; "*shame on them*") to collective organizing and search of associational and institutional power (e.g. "*with a works council [the company] would surely have lost its nerve*"; "*we have to do something... trade union NOW!*"; "*we cannot just stand still facing the injustice*"; "*Come on, let's unite*"). Excerpts of workers' comments from 17 to 20 March, Economía de la Energía, 2011).

⁷ At the time, seven different regulations lived alongside each other in the group, depending on the location and technology of the workplace. They meant different wages and levels of protection: the Workers Statute Act (general inter-professional minimum standards), a national sectoral CBA (Chemical Industry), a range of provincial sectoral CBAs (Offices and desks, or Steel), and two specific company CBAs (one only applicable in Acciona Energía S.A.'s plants, while the other applied to workers transferred from Endesa) (INT Acciona, 2015).

decentralization runs against administration. It becomes more expensive to manage diversity than to centralize” (INT CCOO, 2015). In that sense, the central management of Acciona Energía also preferred to negotiate with united workers: it would convey a unified social corporate image to shareholders in the event of a sale of assets, and rationalize mobility, shipments and working time across plants (INT MCA, 2015). In July 2011, the company communicated to union representatives its will to harmonize working conditions under a group CBA. This started an intensive process of negotiation with management and a consolidation among employee representatives. Internal disagreements among unions and a collective redundancy procedure in 2013 hampered the process, but also brought workers together during the national consultation procedure meetings and favored workplace elections in plants where no representation existed before. In the end, 73 delegates (most with trade union affiliation) participated in late 2013 at the final negotiation table with management that issued the first CBA in Acciona Energía in July 2014.

The agreement maintains and enhances some working conditions for certain plants and jobs (e.g. wages in thermosolar plants, salary supplements for withhold, on call and night jobs, working time, social benefits such as sick leave complement and life insurance and training). It extends the period of ultra-activity of the agreement from one to three years, and cleverly deactivates the unilateral opting-out clause of the Labor Reform Act, by creating a new Joint Committee empowered to ultimately decide on any substantial change on working conditions proposed by management. Other joint committees with trade union participation have been set up to promote social dialogue (i.e. training and jobs, health and safety). Most importantly, a unified regulatory framework has been achieved, that improves transparency in working conditions and enhances trade unions’ institutional power for future bargaining in the group, according to unions (INT Acciona and INT MCA, 2015).

Despite the relative success, trade unions are conscious of their limits. Due to the reluctance of management, works council at other levels could not be constituted (national, European, global). Neither a unified date for all the elections in the group, nor full wage equality across plants could

be settled. The trade unions' negotiating position was actually shaped by fear and the perception that they "had hit rock bottom" with the Labour Reform (INT MCA, 2015). The improvement of working conditions was clearly not the first priority for trade unions in this case: they aimed at centralizing social dialogue to enhance labor's institutional power and union capacities, in order to renegotiate better working conditions in the future, when the context would turn more favorable to unions.

Centralized social dialogue enabled management to implement unified flexibility rules, namely irregular working time, geographical mobility and job polyvalence. The former professional classification has been replaced by a broader definition of professional groups, in which workers become easily interchangeable across functions within the same group. The 'overturn' ("*volcado*") of job definitions caused great unrest since the company used opaque criteria in the 'overturn' process and rejected trade unions' participation (INT Acciona and INT CCOO, 2015). Still, trade unions participate in the new Committee for jobs and training, from which they can check *ex-post* claims of workers disagreeing with their new job assignment and willing to be reclassified.

Despite a weak starting position with diminished power resources, this long episode of union organizing shows how trade unions exploited the opportunities of a hostile context and gradually built up power resources (i.e. associational and organizational) to defend their collective interests towards centralized representation and bargaining. Of much help was the fact that workers shared a clear objective: to reach common working conditions and a strong platform for further dialogue covering almost 1,800 workers. However, the shift among workers towards greater solidarity happens alongside a shift in management's attitude towards CBAs. Trade unions strategies do play a big role in explaining the outcomes of labor struggles, but the institutional context and the framework of corporate decision-making also sets the stage for trade union action and influences their strategy.

4. Discussion of findings: comparative analysis

Despite a general context of decentralization of collective bargaining, reinforced by deregulating labor reforms in Romania and Spain, we have examined four cases where trade unions settled up strategies to build union power and reached success by mobilizing and combining different power resources. However, their opportunity and effect relies very much on idiosyncratic factors (i.e. sector-specific factors or managerial decisions), and ultimately, institutional factors.

Table 1: Union power resources in action - Comparing factors and outcomes.

Cases	Dacia Mioveni	Ford Craiova	ArcelorMittal Asturias	Acciona Navarra	Energía
Macro-institutional context	Neoliberal internationalization Financialization, liberalization, privatizing Labor Reforms towards deregulation				
Sector context	Expansion Privatizations Europeanization		Formerly strong sector and unions Privatization Relocation threats	Fragmented expansion Cuts through regulation (Energy Reform) High competition No union organizing	
Company context/management policy	Successful site production strategy	No investment Redundancies, wage cuts, reduced working hours	Performance-related investment Restructuring	Collective redundancies Unify flexibility for competitiveness	
Union power resources	Structural Organizational	-	Associational Structural (Company institutional)	Organizational Associational (Company institutional)	
Scope	Workplace	Workplace	Regional and national	Workplace and national	
Success	Institutional (CBA signed: high wages and social benefits)	-	Institutional (CBA and R+D agreement)	Institutional (local works councils, CBA, unified social dialogue) Transparency, wages, some conditions improved.	
Process	Decentralization	Decentralization	Mixed	Centralization	
Costs/limits for labor	Loss in working conditions (productivity and pace in assembly line)	Unilateral decisions of management. No influence.	Loss in transnational solidarity: local competitive alliance with management and government	Loss in working conditions: irregular working time, mobility, polyvalence (flexibility and not all objectives reached)	

The case of the two Romanian factories shows that the decentralization of labor relations has

triggered a process of reorganization of the labor movement in which local union organizations remain the last places where unions continue to organize workers. The main outcome of the decentralization of collective bargaining has been the polarization of employment relations even within the same sector, between unions that can use their local resources to defend their interests (case of Dacia) and those unable to effectively organize (case of Craiova). While union strategies and organizing capacity remain important, their success largely depends on the position of the production site *vis-à-vis* internal competitors in the company and rests very much on their structural power. According to these cases, trade unions can no longer rely on any institutional power resources in Romania, but rather need to re-conquer them.

Conversely, in the Spanish cases, trade unions still base their collective action on remaining (although constricted by the Labor Reform) institutional power resources (i.e. works councils, (re-)negotiation of national company CBAs). Associational power resources are also mobilized in both cases: local workers' representatives coordinate with national and regional confederations to get advice in collective action (case of Acciona Energía), or to explore new partner-lobbying strategies towards regional governments (case of ArcelorMittal) while abandoning alliances at the transnational level. In the end, bipartite dialogue seems to have survived the crisis. Our cases support the idea that "the Spanish model of competitive corporatism established at the beginning of the 1990s has not fractured and offers evidence of underlying continuity" (González Begega, Luque Balbona, 2014: 97). However, the continuity in social dialogue has not been without cost for unions: they were less demanding in their negotiating positions and had to accept severe conditions of flexibility, in line with corporate policy plans, to negotiate centralized agreements and keep their institutional role. Local unions' power has thus also suffered from the consequences of the Labor Reform, and the continuity in unions' institutional role could lead to underestimate an important qualitative loss in terms of support, legitimacy and power resources in the long run.

5. Conclusions

Both Romania and Spain have experienced mayor changes in employment relations due to supranational pressures and crisis-related labor reforms that have severely shifted power relations towards companies. Despite this, changes seem to have meant less a radical rupture or total collapse of industrial relations (Baylos, Castelli and Trillo, 2014; González Begega and Luque Balbona, 2014) than a reorganization of the labor movement triggered by decentralization towards the local level. Our case studies suggest that collective bargaining still fulfills a regulatory role at the local level, where trade unions have reoriented their strategies and diversified their repertoires of action (González Begega and Luque Balbona, 2014: 91-93).

Our findings also emphasize the importance of idiosyncratic factors (i.e. sector, company, local industrial environment, external actors) for employment relations dynamics, and of opportunities available at the local context for trade unions' strategies and their capacity to succeed in protecting jobs and improve working conditions in particular conflicts with management. Our cases especially highlight the importance of company policy as an idiosyncratic factor: the loss of institutional power led trade unions to be more responsive to corporate strategies.

Undoubtedly, the environment has turned unfriendly for unions and provoked a shift toward more modest negotiating positions on the workers' side. New functions have been assigned to collective bargaining, such as ruling internal flexibility and employment protection in the company (Baylos, Castelli and Trillo, 2014: 55), so that the outcomes' expectations seem reduced for unions and often follow management strategies. This has important implications for the emancipation of workers in times of corporate globalization. As Richard Hyman (1975: 118) pointed out, trade union strategies are necessarily limited by the logics of capitalist production and by corporate decision-making but "their determining effect depends also on the extent to which prevailing patterns of relationships are treated as inevitable by trade unions themselves".

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INT As5: Representative MCA-UGT Asturias, Brussels, January 2015

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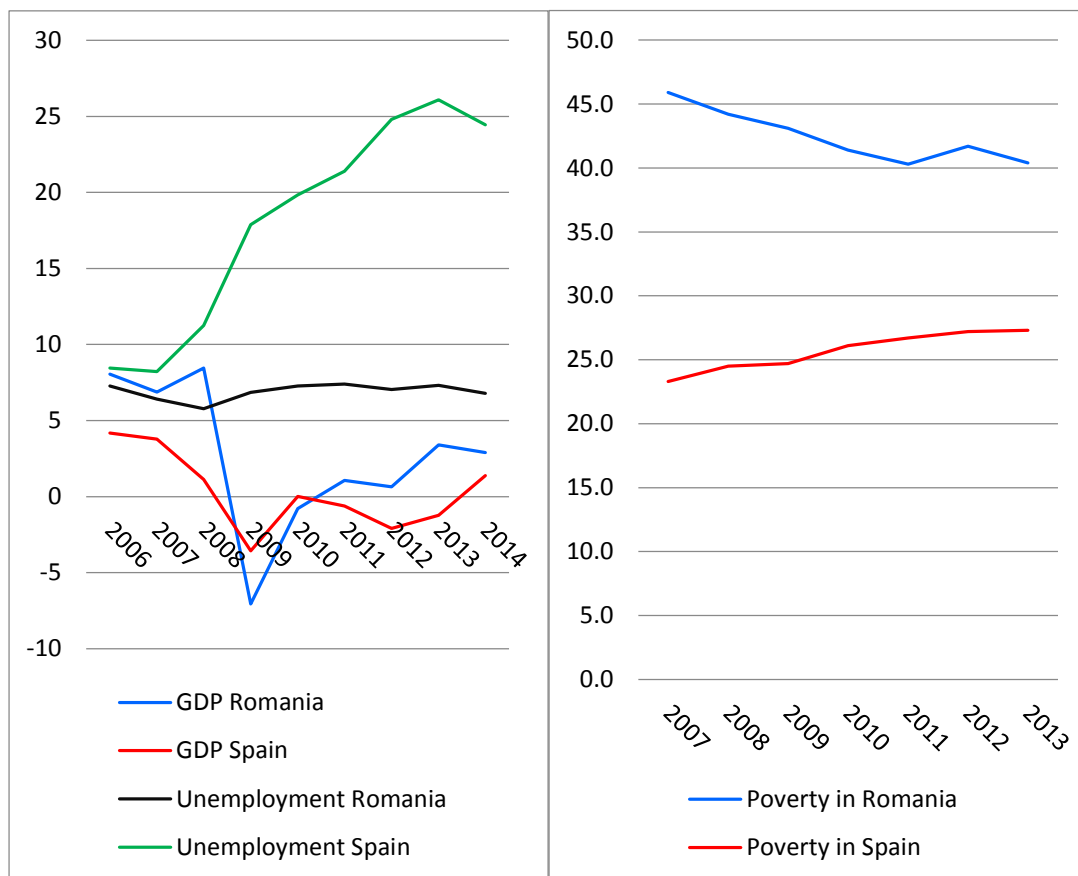
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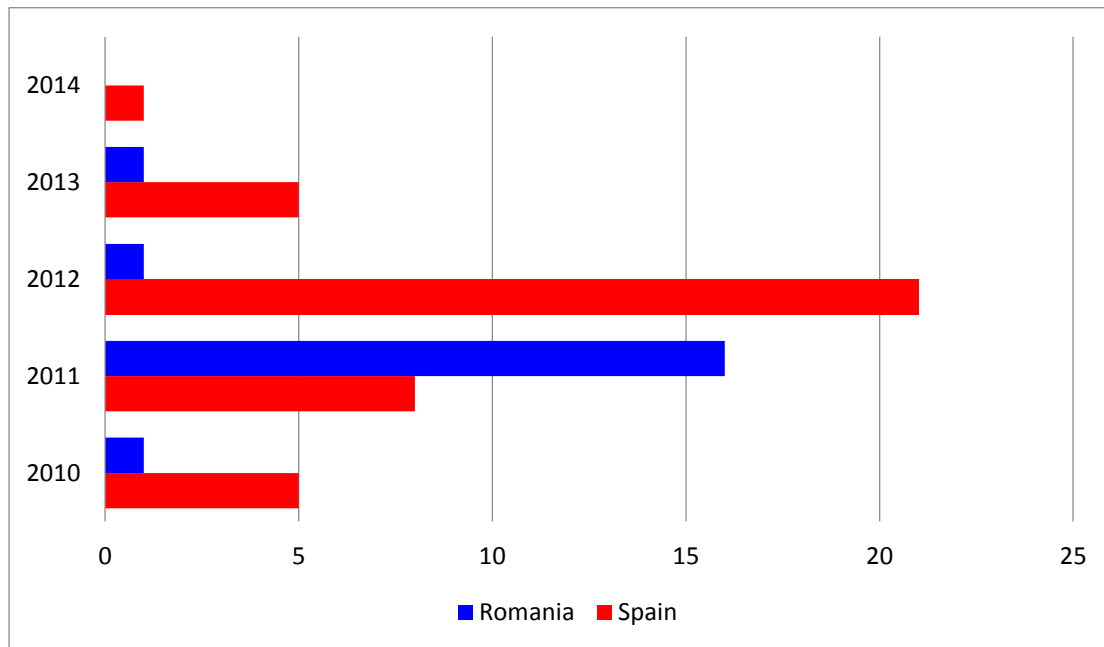
Annex: Figures and Tables

Figure 1: The evolution in GDP, unemployment and poverty in Romania and Spain (2006-2014)



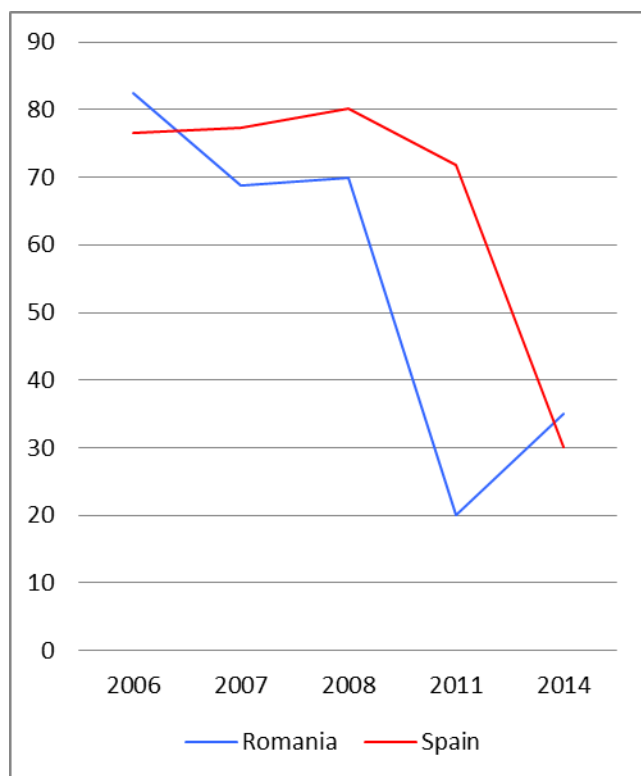
Source: IMF WEO Database (Left); Eurostat (Right)

Figure 2: Number of changes in employment protection systems and collective bargaining for which the reforms mean a decrease in regulation in Romania and Spain (2010 -2014).



Source: Own elaboration based on European Commission's LABREF database.

Figure 3: Collective bargaining coverage in Romania and Spain (2006 – 2014)



Source: ICTWSS Database (Visser, 2013), Eurofound (2014) and Bulletin of Labor Statistics (Spanish Ministry of Employment and Social Security, 2015).



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