Thema:

UNION MERGERS IN AUSTRALIA AND GERMANY

A Comparative Study From an Organisation Theory Perspective

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CONTENTS

Abbreviations ........................................................................................................ iii  
Tables and Figures ............................................................................................... v  
1 Introduction .................................................................................................... 1  
  1.1 Comparative Analysis ............................................................................. 2  
  1.2 Union Mergers – A Model ....................................................................... 4  
  1.3 Union Mergers in Australia and Germany............................................... 7  
    1.3.1 Australia .......................................................................................... 7  
    1.3.2 Germany ........................................................................................ 13  
2 Organisation Theory .................................................................................... 17  
  2.1 Unions as Organisations....................................................................... 18  
  2.2 Organisations as Organisms ................................................................ 20  
  2.3 Organisations as Politically Negotiated Orders..................................... 21  
  2.4 A Synthesis of Theories........................................................................ 22  
3 Why Do Mergers Take Place? – Ecological Processes ............................... 25  
  3.1 Environmental Changes ....................................................................... 25  
  3.2 Structural Inertia ................................................................................... 28  
  3.3 Transformational Shields ...................................................................... 30  
  3.4 Core and Peripheral Features ................................................................ 33  
  3.5 Populations of Unions – Legitimation and Competition......................... 37  
  3.6 Communities of Populations – Unions and Employers ......................... 39  
    3.6.1 Employers’ Interest in Union Structure .......................................... 40  
    3.6.2 Bargaining Decentralisation........................................................... 41  
  3.7 Summary .............................................................................................. 44  
4 How Do Mergers Take Place? – Power Politics........................................... 45  
  4.1 Actors ................................................................................................... 46  
  4.2 Interaction Between Merger Partners................................................... 48  
    4.2.1 Interest Group Politics ............................................................... 48  
    4.2.2 Commitment .............................................................................. 51  
  4.3 Interaction in the Union Movement ....................................................... 54  
    4.3.1 Finding a Merger Partner............................................................. 54  
    4.3.2 Inter-Union Coalitions ............................................................... 55
4.4 Interaction Between Peak Federations and their Affiliates ...................... 58
   4.4.1 Influence and Leadership .............................................................. 58
   4.4.2 Changes in the Distribution of Power ............................................ 65
4.5 Interaction Between the State and the Unions ....................................... 67
   4.5.1 Strategic Alliances ........................................................................ 68
   4.5.2 Legislative Coercion ..................................................................... 70
4.6 Summary .............................................................................................. 71
5 After the Merger ........................................................................................ 72
   5.1 Hypotheses and Open Questions ....................................................... 72
   5.2 The Post-Merger Situation in Australia and Germany ....................... 74
      5.2.1 Retention of Union Structure ................................................... 75
      5.2.2 Goal Attainment ....................................................................... 76
      5.2.3 New Activities ......................................................................... 81
   5.3 International Mergers and Structural Alternatives ............................ 85
      5.3.1 International Merger Intensity and Emerging Union Structures .... 85
      5.3.2 Structural Alternatives .............................................................. 87
   5.4 Outlook ............................................................................................. 89
6 References ............................................................................................... 91
# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACAC</td>
<td>Australian Conciliation and Arbitration Commission</td>
</tr>
<tr>
<td>ACCI</td>
<td>Australian Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>ACSPA</td>
<td>Australian Council of Salaried and Professional Associations</td>
</tr>
<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
</tr>
<tr>
<td>ADGB</td>
<td>Allgemeiner Deutscher Gewerkschaftsbund</td>
</tr>
<tr>
<td>AEU</td>
<td>Australian Education Union</td>
</tr>
<tr>
<td>AIRC</td>
<td>Australian Industrial Relations Commission</td>
</tr>
<tr>
<td>ALP</td>
<td>Australian Labor Party</td>
</tr>
<tr>
<td>AMWU</td>
<td>Australian Manufacturing Workers Union (Automotive Food Metals Engineering Printing &amp; Kindred Industries Union)</td>
</tr>
<tr>
<td>APSF</td>
<td>Australian Public Service Federation</td>
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<tr>
<td>ASE</td>
<td>Australasian Society of Engineers</td>
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<tr>
<td>ASU</td>
<td>Australian Services Union (Australian Municipal Administrative Clerical &amp; Services Union)</td>
</tr>
<tr>
<td>AWU</td>
<td>Australian Workers’ Union</td>
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<tr>
<td>AWU-FIME</td>
<td>Australian Workers’ Union – Federation of Industrial Manufacturing &amp; Engineering Employees</td>
</tr>
<tr>
<td>BCA</td>
<td>Business Council of Australia</td>
</tr>
<tr>
<td>BDA</td>
<td>Bundesvereinigung der deutschen Arbeitgeberverbände</td>
</tr>
<tr>
<td>BDI</td>
<td>Bundesverband der deutschen Industrie</td>
</tr>
<tr>
<td>CAGEO</td>
<td>Council of Australian Government Employee Organisations</td>
</tr>
<tr>
<td>CDU</td>
<td>Christlich Demokratische Union</td>
</tr>
<tr>
<td>CEPU</td>
<td>Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia</td>
</tr>
<tr>
<td>CGB</td>
<td>Christlicher Gewerkschaftsbund</td>
</tr>
<tr>
<td>CPSU</td>
<td>Community and Public Sector Union</td>
</tr>
<tr>
<td>DAG</td>
<td>Deutsche Angestelltengewerkschaft</td>
</tr>
<tr>
<td>DBB</td>
<td>Deutscher Beamtenbund</td>
</tr>
<tr>
<td>DGB</td>
<td>Deutscher Gewerkschaftsbund</td>
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<tr>
<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>DPG</td>
<td>Deutsche Postgewerkschaft</td>
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<tr>
<td>ETU</td>
<td>Electrical Trades Union</td>
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<tr>
<td>FCU</td>
<td>Federated Clerks Union</td>
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<tr>
<td>FIA</td>
<td>The Federated Ironworkers’ Association of Australia</td>
</tr>
<tr>
<td>GdP</td>
<td>Gewerkschaft der Polizei</td>
</tr>
<tr>
<td>GEW</td>
<td>Gewerkschaft Erziehung und Wissenschaft</td>
</tr>
<tr>
<td>GGLF</td>
<td>Gewerkschaft Gartenbau, Land- und Forstwirtschaft</td>
</tr>
<tr>
<td>GTB</td>
<td>Gewerkschaft Textil-Bekleidung</td>
</tr>
<tr>
<td>HBV</td>
<td>Gewerkschaft Handel, Banken und Versicherungen</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>IG BCE</td>
<td>Industriegewerkschaft Bergbau, Chemie, Energie</td>
</tr>
<tr>
<td>IG BE</td>
<td>Industriegewerkschaft Bergbau und Energie</td>
</tr>
<tr>
<td>IG BSE</td>
<td>Industriegewerkschaft Bau-Steine-Erden</td>
</tr>
<tr>
<td>IG CPK</td>
<td>Industriegewerkschaft Chemie-Papier-Keramik</td>
</tr>
<tr>
<td>IG Medien</td>
<td>Industriegewerkschaft Medien</td>
</tr>
<tr>
<td>IGM</td>
<td>Industriegewerkschaft Metall</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>IPSO</td>
<td>International Public Servants Organisation</td>
</tr>
<tr>
<td>IWW</td>
<td>Industrial Workers of the World</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
</tr>
<tr>
<td>OBU</td>
<td>One Big Union</td>
</tr>
<tr>
<td>ÖGB</td>
<td>Österreichischer Gewerkschaftsbund</td>
</tr>
<tr>
<td>ÖTV</td>
<td>Gewerkschaft Öffentliche Dienste, Transport und Verkehr</td>
</tr>
<tr>
<td>PMU</td>
<td>Pilbara Mineworkers Union</td>
</tr>
<tr>
<td>SDA</td>
<td>Shop Distributive &amp; Allied Employees Association</td>
</tr>
<tr>
<td>SPD</td>
<td>Sozialdemokratische Partei Deutschland</td>
</tr>
<tr>
<td>TDC</td>
<td>Trade Development Council</td>
</tr>
<tr>
<td>UFO</td>
<td>Unabhängige Flugbegleiter Organisation</td>
</tr>
<tr>
<td>VC</td>
<td>Vereinigung Cockpit</td>
</tr>
<tr>
<td>Ver.di</td>
<td>Vereinte Dienstleistungsgewerkschaft</td>
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</tbody>
</table>
TABLES AND FIGURES

Figure 1: Chaison’s Model of the Union Merger Process.................................. 4
Figure 2: Number of Unions in Australia and Germany 1987-2002....................... 7
Table 1: Union Membership and Density in Australia 1976-2001 ......................... 11
Table 2: Number of Unions and Union Mergers in Australia 1987-2000 .............. 12
Table 3: Largest ACTU Affiliates and Membership 2002 .................................. 13
Table 4: Union Membership and Density in Germany 1950-2002......................... 15
Table 5: Number of Unions and Union Mergers in Germany 1987-2002 .......... 16
Table 6: DGB Affiliates and Membership 2002 .................................................. 17
1 INTRODUCTION

Union movements in Europe, North America and Australia are engaged in or have recently completed a process of massive restructuring. Everywhere, mergers are the main form of structural change. The study of union structure is not only interesting in its own right, but also because of its implications for union action. Structure constrains the range of possible action, it is the medium for action, and it is in itself the outcome of action.

Union mergers are not a new phenomenon. They have taken place since the beginnings of unionism and generally occur in waves. Early waves of mergers have been identified, for example, in Great Britain from 1918 to 1924 (Waddington 1995, 22), in Australia from 1911 to 1930 (Griffin and Scarcebrook 1989, 260) and in Germany between 1919 and 1923 (Schneider 1987, 310-11). Their character has changed in the course of the twentieth century – while early mergers predominantly replaced craft with occupational or industrial unions, today, these types of unions are merging into general or multi-sectoral unions with semi-autonomous divisions.

The aim of this thesis is to use organisation theories to examine union mergers in Australia and Germany and to explain their occurrence and the course they have taken. In other words, the thesis analyses which factors triggered change in structure and how action was taken to direct the change process.

This introduction will discuss the merits of comparative analysis, the procedure of the thesis and the reasons for choosing these particular countries. It will then go on to present a general theory on union mergers, followed by descriptions of the Australian and German merger processes.
1.1 Comparative Analysis

Hyman (2001, 223) describes cross-national comparison in industrial relations as an “unattainable ideal”. However, an iterative process combining nomothetic and idiographic approaches\(^1\) can be used to attain a closer approximation of truly comparative knowledge. The findings of cross-national research have analytical and practical significance:

Robust explanations and encompassing theories can only be developed when using an international perspective because “each national system carries within it certain historical patterns of development and features that restrict the range of variation on critical variables such as culture, ideology, and institutional structures that affect how individual actors respond to similar changes in their external environments. Taking an international perspective broadens the range of comparisons available on these and other variables and increases the chances of discovering the systematic variations needed to produce new theoretical insights and explanations” (Kochan 1998, 41).

Policy-oriented research can use an internationally comparative approach to “facilitate reform by indicating alternative [employment relations] institutions or procedures that other countries have used in an attempt to solve particular problems” (Bamber and Lansbury 1998, 3). Although few direct lessons can be learned from other countries and no best practice can be identified because of the uniqueness of each national context, “it is also true that both researchers and trade unionists, if they are to adapt and innovate in the face of rapid change, can and must learn from each other, both within and across national boundaries” (Hyman 2001, 223).

Australia and Germany are two very dissimilar political economies. Regarding their institutional structure, Hall and Soskice (2001, 19) classify Australia as a liberal market economy and Germany as a coordinated market economy. This

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\(^1\) The nomothetic methodological tradition seeks to generate generalisations of an abstract and law-like character, while idiographic research seeks holistic understanding of what is contextually unique.
institutional variation also applies to their industrial relations systems and trade union structures. Therefore, any parallels discovered in the union merger processes in these two countries indicate a general rule while differences can be ascribed to the particularities of each national configuration.

The German discussion on union mergers – both the academic and the practical – is still in its infancy given the novelty of the phenomenon. It makes very little use of international knowledge and experience despite the large body of research available on union structure and mergers especially in English-speaking countries. These countries are sometimes compared among themselves (for example Bray and Rouillard 1996; Chaison 1996) but very rarely with dissimilar cases (examples are Sverke 1997; Visser and Waddington 1996). However, these studies are mostly parallel descriptions rather than authentic comparisons.²

The Australian merger wave took place in the main between 1991 and 1994, while the German one commenced in the late 1990s and is continuing. A comparison of mergers in these two countries has never been undertaken and the research in each respective country has found little resonance in the other. Quantitative research involving large numbers of mergers has been done in Australia (for example Griffin 1992; Griffin and Scarcebrook 1989; Hose and Rimmer 2000; Tomkins 1999), but is impossible in Germany given the small number of cases (Waddington and Hoffmann 2000 do examine the structure of the German trade union movement as a whole). On the other hand, there are few case studies of mergers in Australia (an example is Campling and Michelson 1998), while in Germany there are detailed analyses of the ver.di and the IG BCE mergers (see Keller 2001; Klatt 1997; Martens 1997; Müller et al. 2002).

In this exploratory study, key concepts of two organisation theories are used to examine union mergers in the two countries. An ecological perspective clarifies why union mergers occur, and a political view helps to understand the course mergers may take. The analysis generates hypotheses which subsequently need testing in empirical research. Further, it assesses merger outcomes in Australia

² See Hyman (2001) for a list of non-authentic types of comparative industrial relations.
and Germany and briefly discusses international developments. In sum, it produces some theoretical insights into the occurrence and course of mergers and, on the practical side, some facts and connections which will enable the countries to learn from each other's experiences, even if only in a rudimentary way.

1.2 Union Mergers – A Model

Chaison (1986) provides a model of the merger process which sets out long pre- and post-merger periods, the merger itself being the short event in the middle of the process in which the officers and members of the merging unions approve of the merger documents (see Figure 1).

Figure 1: Chaison's Model of the Union Merger Process

<table>
<thead>
<tr>
<th>Motivation to Merger Greater than the Barriers to Merger</th>
<th>Merger Negotiations</th>
<th>MERGER Approval of Merger Agreement by Union Officers and Members</th>
<th>Governing Structures of the Merged Union</th>
<th>Merger Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-merger Period</strong></td>
<td></td>
<td><strong>Post-merger Period</strong></td>
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</tr>
</tbody>
</table>

Source: Chaison (1986, 8).

The motivations to merge are mainly external. They emanate from environmental pressures, which weaken the unions' position in their sphere of activity and vary from country to country; however, two motivations play a prominent role everywhere. First and foremost, mergers are a method of escaping the vicious circle of membership decline and financial hardship: membership losses lead to reduced income and thereupon fewer resources for organising and servicing, which, in turn, cause dissatisfied members to leave while few are persuaded to join. Merging creates a surge in membership, and by combining operations and avoiding duplication, more resources should be available for organising and
servicing activities. Secondly, mergers are a method of expanding jurisdiction into growing industries without having to engage in organisational raids and rivalry with other unions. This is of particular importance for unions that organise in declining sectors of the economy. The barriers to mergers are, to a large extent, internal to the merging unions and to the union movement as a whole. Officers and members are often opposed to change because they fear it could weaken their positions in the organisation, and competing unions and peak federations are wary of mergers because of the uncertainty about how a new organisation would position itself in relation to the union movement. Furthermore, unions striving to merge may not be able to resolve their differences regarding the terms of the merger.

The earliest stage of a merger is the often secret and informal discussion between officers of two or more unions to assess potential gains and losses. If they believe a merger to be worth serious consideration, they make it public, and merger committees composed of top officers and staff negotiate merger documents – the merger agreement and the merger implementation agreement. The former is the constitution of the new union, or in absorptions, it only amends the constitution of the large union by describing the status of and the structures for the absorbed union’s members. It describes the principles and conditions of the merger, such as the composition and powers of the governing bodies, the frequency of conventions, the selection of convention delegates, the location of the headquarters, and so forth. The latter legally combines staffs’ pension and health care plans as well as strike funds, continues the employment of or retires staff and officers, and creates interim governing bodies until the membership elects officers at the first convention of the merged union (Chaison 1996, 5-6).

When these documents have been agreed upon by the committee members, they are presented to the governing bodies of the respective unions for approval. Once endorsed, they are presented to members or delegates at special merger conventions who vote whether to accept or decline the merger on the terms negotiated by their leaders.
As Chaison (1996, 6) writes, the governing structures of the merged union and the merger outcomes, measurable by indicators such as bargaining power, organising ability, protection against raids, officer compensation, membership participation in union governance, and economies of scale in operations, are linked to the pre-merger conditions (the balance between motivations and barriers to merge in the respective unions). It is hard to gauge the success of a merger until several years later because the merged union goes through a transitional stage. Furthermore, it may be that a merger is negotiated on terms that seem to defy the purpose because the new structure prohibits the attainment of favourable outcomes along the above indicators. In such a case, the resolution of internal differences may not have been possible in any other fashion, and the merger’s success needs to be seen in relation to the situation of the partners had they not merged at all.

Mergers can be classified as amalgamations and absorptions / acquisitions. Chaison (1986) distinguishes between amalgamations of two or more unions of roughly equal size resulting in the establishment of a new organisation, and absorption, where a small union is integrated into a large one, whereby only the small union loses its separate identity and legal status. However, the line between the two forms of merger is not always clear, even if a legal distinction exists. In an absorption, the smaller union may be granted a high degree of autonomy and the large union may experience change in its identity, culture, and decision-making processes. In an amalgamation, one union may come to dominate another despite similar sizes, for instance because it is financially better situated or has a growing jurisdiction. So in actual fact, it is the terms of the merger rather than the difference size which reveal whether it is an amalgamation or an absorption.

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3 In Great Britain the Certification Office for Trade Unions and Employer Associations distinguishes between transfers of engagements, where one union transfers members, property, funds, etc. to another union and then ceases to exist, and amalgamations, where a new legal entity is formed and all merging unions cease to exist. In Australia, the distinction is made according to ballot requirements: in an amalgamation, all unions must conduct membership ballots, in an absorption, the larger union is exempted. The cut-off mark fluctuates between 5 and 25% of total membership depending on legislative changes.
1.3 Union Mergers in Australia and Germany

Germany is undergoing a merger wave at the moment and Australia experienced one in the early 1990s. The Australian wave was planned, coordinated, and sweeping. A large majority of the mergers took place between 1991 and 1994. The German wave is uncoordinated and more gradual. It began in 1996 and is continuing today. Both waves are of a similar intensity – the number of unions in Germany has been halved since 1987 with more mergers to come, and in Australia, the number of federal unions is now less than one third of what it was in 1987 (see Figure 2).

Figure 2: Number of Unions in Australia and Germany 1987-2002

Source: see Tables 2 and 5. Left axis, dotted line: Australian federal unions, right axis, solid line: German unions.

1.3.1 Australia

In 1987, the ACTU presented a policy document titled “Future Strategies for the Trade Union Movement” to its affiliates. It established that environmental factors had placed pressure on the union movement and that it “needs to take a long, hard look at where it is now – at where it hopes to go in the future – and how it is going to get there” (Australian Council of Trade Unions 1987, 4). It recommended
a range of reform trajectories, the most prominent of which was a programme for amalgamation along industry lines. Its rationale was that economies of scale would allow unions to deliver better services to members. It claimed that most of the 326 unions extant in 1986 could fit into the following industry groupings which would then act as a catalyst for amalgamation (Australian Council of Trade Unions 1987, 13): (1) Textile, Clothing, Footwear; (2) Shipping and Stevedoring; (3) Rail and Tramway; (4) Road Transport; (5) Food and Transport; (6) Airline Industry; (7) Public Service Federation; (8) Education; (9) Post and Telecommunications; (10) Printing and Publishing; (11) Local Government and Services; (12) Large Union Amalgamation; (13) Australian Government; (14) Building Construction and Trade; (15) Retail and Clerical; (16) Banking and Insurance; (17) Health Industry; (18) Metal Industry ((a) Vehicle Industry; (b) Oil).

In 1990 the ACTU Executive adopted a policy on the rationalisation of union coverage and created a distinction between ‘principal’, ‘significant’ and ‘other’ unions in each industry, which was endorsed at the 1991 Congress (Australian Council of Trade Unions 1991, 122):

- A principal union has the right to recruit all employees in the industry, or in certain cases, occupational category.

- A significant union has a substantial number of members in the industry or occupation and must form a single bargaining unit with the principal union. It may recruit members in agreement with the principal union if it is able to recruit beyond the existing area of coverage with a view to maximising unionisation.

- An other union does not have a substantial number of members and must agree to be part of the single bargaining unit and to cede its members to the principal union unless they insist on remaining with the other union. It may not recruit in the industry.

The ACTU policy on amalgamation and rationalisation was complemented by legislative changes which facilitated amalgamation, enabled involuntary deregistration of small unions, heightened existing barriers to registration of new unions, and increased tribunal powers to determine membership coverage of particular unions (Fox et al. 1995, 190). Australian industrial relations legislation
is amended very frequently. Revisions that had particular significance for union amalgamations were made in 1972, 1983, 1988, 1990, and 1993.

In particular, voting requirements were changed: in 1972, the first provisions on union mergers were amended to the Conciliation and Arbitration Act (1904) by the Liberal-National government with the aim of forestalling them – the requirement that 50% of the members of each merging union voted and that more than 50% of votes favoured amalgamation proved to be an effective obstacle. This voting requirement was relaxed by the Labor government in 1983: if the ACAC (later called the AIRC) declared that the proposed merger was in the public interest, the minimum turnout was reduced to 25%. The Industrial Relations Act 1988 reduced the minimum turnout to 25% generally and completely eliminated it in the case of a community of interest being established. In 1990, the definition of ‘community of interest’ was broadened and the application of the test loosened, so that the AIRC had the discretion to find a community of interest even if the criteria were not satisfied. Furthermore, the larger union could be exempted from ballot if the membership of the smaller union was less than 5% of the merged union’s total membership (1988). This figure was increased to 25% in 1990.

Registration and size requirements enabled the involuntary deregistration of small unions and heightened barriers to registration of new unions: In 1988 the minimum size for a newly registered union was increased from 100 to 1,000, and in 1990 to 10,000. A two-stage review of membership levels of existing unions to ensure that they conformed to the new size requirements was set for March 1992 – February 1993 (1,000 members) and March 1993 – February 1994 (10,000). Unions that failed to reach these requirements were faced with possible deregistration. However, the peak employer body, now called ACCI, made a complaint to the ILO arguing that the Australian government breached its obligations under ILO conventions concerning Freedom of Association and the Right to Organise. The ILO upheld the complaint in 1992, and the government discontinued the review process and set the minimum size back to 100 in 1993, but by that time, many of the mergers had been completed and others were in process.
Changes to union coverage and eligibility rules increased the powers of the AIRC to determine membership coverage of specific unions: in 1988, the AIRC was empowered to resolve demarcation disputes by awarding one union the exclusive right to represent particular worker groups, and by excluding another from doing so. In 1990, the necessity of a demarcation dispute before the AIRC could alter union coverage rules was removed.

While the voting requirements facilitated mergers, the size requirements and the changes to the coverage rules actually compelled them. But besides the stick, the Labor government also offered a carrot: at the 1989 ACTU Congress, the federal Minister for Industrial Relations promised $450,000 in the current financial year to assist unions in pursuing amalgamations (Davis 1990, 104).

The mergers took place during a period of economic reform. It was generally accepted that reforming the industrial relations system and with it, trade union structure, was central to the process. Two political camps had opposing reform ideas: the ALP government together with the ACTU and the AIRC advocated an incremental reform within the existent centralised system. The opposition and business groups preferred radical decentralisation (Kollmorgen and Naughton 1991, 370). The result is somewhere between the two extremes: the conciliation and arbitration system has been maintained, but only to award minimum wages and conditions, alongside enterprise bargaining, which has become the main principle of wage fixation.

Membership density had been around or above 50% since the 1920s, so the sharp drop in the 1980s was perceived with particular alarm. Yet, as Table 1 shows, the mergers were not able to halt the decline. In 2001 and 2002, decline was halted and the labour movement is cautiously optimistic that unions may be able to reverse the trend.
Table 1: Union Membership and Density in Australia 1976-2001

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of members (000s)</th>
<th>Overall Density (% Unionised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>2513</td>
<td>51</td>
</tr>
<tr>
<td>1982</td>
<td>2568</td>
<td>49</td>
</tr>
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<td>1986</td>
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</tbody>
</table>


Following the presentation of the *Future Strategies* document, the Australian trade union movement experienced a merger wave unparalleled in its history. Many unions were involved not only in one, but in a series of mergers. Between 1987 and 2000, the number of federally registered trade unions fell from 144 to 45; a total of 79 federal mergers took place. The number of unions under state registration fell even more steeply, but the exact extent cannot be identified because the Australian Bureau of Statistics ceased collecting data after 1996. Between 1987 and 1996, the total of all mergers involving federally and state-registered unions is 172. If the merger wave at the state level ceased simultaneously with the federal one, the total number of unions is still well above 100 (see Table 2).
Table 2: Number of Unions and Union Mergers in Australia 1987-2000

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of Unions</th>
<th>No. of Mergers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Federal</td>
</tr>
<tr>
<td>1987</td>
<td>316</td>
<td>144</td>
</tr>
<tr>
<td>1988</td>
<td>308</td>
<td>146</td>
</tr>
<tr>
<td>1989</td>
<td>299</td>
<td>140</td>
</tr>
<tr>
<td>1990</td>
<td>295</td>
<td>134</td>
</tr>
<tr>
<td>1991</td>
<td>275</td>
<td>125</td>
</tr>
<tr>
<td>1992</td>
<td>227</td>
<td>94</td>
</tr>
<tr>
<td>1993</td>
<td>188</td>
<td>66</td>
</tr>
<tr>
<td>1994</td>
<td>157</td>
<td>54</td>
</tr>
<tr>
<td>1995</td>
<td>142</td>
<td>47</td>
</tr>
<tr>
<td>1996</td>
<td>132</td>
<td>47</td>
</tr>
<tr>
<td>1997</td>
<td>N/A</td>
<td>46</td>
</tr>
<tr>
<td>1998</td>
<td>N/A</td>
<td>46</td>
</tr>
<tr>
<td>1999</td>
<td>N/A</td>
<td>45</td>
</tr>
<tr>
<td>2000</td>
<td>N/A</td>
<td>45</td>
</tr>
</tbody>
</table>

Taken from Griffin (forthcoming-b), source: Australian Bureau of Statistics, Trade Union Statistics, Catalogue No. 6323.0; data from the Industrial Registrar’s Office.

Obviously, the ACTU’s goal of 20 super-unions was not attained, and despite the massive restructuring, Australia is not dominated by industry unionism. Some mergers did not take place along the lines the ACTU had proposed, but what the ACTU had defined as industry groupings in its *Future Strategies* document was determined more by union groupings than by the structure of the economy. For instance, transport covers five groupings (Shipping and Stevedoring; Rail and Tramway; Road Transport; Food and Transport; Airline Industry), and the public sector is distributed in many groupings, too (Public Service Federation; Local Government and Services; Australian Government; also sections of the Health Industry, Education, and Public Transport). One grouping, Large Union Amalgamation, is not an industry at all. Missing on the list are industries such as chemicals, mining, energy, agriculture, and hospitality.

After the merger wave, the skewed distribution of membership remains, with the five largest unions covering 44.2% of members and the largest twenty unions organising around 80%. However, the five largest unions are similar in size, covering eight to eleven percent of total ACTU membership each (see Table 3).
Table 3: Largest ACTU Affiliates and Membership 2002

<table>
<thead>
<tr>
<th>Union</th>
<th>Membership (000s)</th>
<th>Percentage of ACTU Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SDA</td>
<td>209,708</td>
<td>11.0</td>
</tr>
<tr>
<td>2. CEPU</td>
<td>160,135</td>
<td>8.4</td>
</tr>
<tr>
<td>3. CPSU</td>
<td>160,000</td>
<td>8.4</td>
</tr>
<tr>
<td>4. AMWU</td>
<td>157,000</td>
<td>8.3</td>
</tr>
<tr>
<td>5. AEU</td>
<td>155,000</td>
<td>8.1</td>
</tr>
<tr>
<td>Total Largest Five Unions</td>
<td>841,843</td>
<td>44.2</td>
</tr>
<tr>
<td>Total ACTU</td>
<td>1,902,700</td>
<td>100</td>
</tr>
</tbody>
</table>

Taken from Cooper (2003b), source: ABS, ACTU.

1.3.2 Germany

In Germany there have been no peak federation policies aimed at altering the current principle of union organisation along industry lines. The DGB issued its fourth basic policy declaration in 1996. This Dresden Programme is called “Designing the Future” and includes a chapter titled “The Future of Unions”, but surprisingly, it does not mention union structure (Deutscher Gewerkschaftsbund 1996). Instead, a vision of a reformed union movement emanated from IG Metall. In 1995, Klaus Zwickel, the Chair of IG Metall, presented a model of a new DGB consisting of four or five multi-industry organisations. Three manufacturing unions, recruiting in industry and ‘industrienahe Dienstleistungen’ (services outsourced from manufacturing plants, such as catering or cleaning), one private sector service union and one public sector union were seen to be sufficient (Müller 2001, 112).

Nevertheless, the DGB confirmed the status quo of union organisation on two occasions: in an appendix to its constitution and in a document on organisational relations. The appendix to the constitution of the DGB added in 1992 reaffirms the principle of ‘one industry – one union’ and gives precedence to previous practice should there be a demarcation dispute (Deutscher Gewerkschaftsbund 2002). In actual fact, most of the eight affiliates cover a variety of industries and are more appropriately termed multi-industry unions. In some industries, particularly in those that did not exist when the DGB and its rules for union coverage were established in 1949, there is contention about which union can
rightfully organise and bargain. This issue became acute during the ver.di amalgamation, when the DAG, a union and peak federation in one and rival to the DGB, became an affiliate by participating in the merger. The DGB Executive concluded principles for organisational relations and cooperation between unions in 2000. In this document, it confirmed the ‘one industry – one union’ principle yet again and went on to suggest the formation of work groups for industries in which several unions organise. The members of the work group should decide unanimously which union is the coordinator. The coordinator’s task is to harmonize organising and collective bargaining activities and to form a bargaining alliance. The document further sets down the coverage rules for the most contested areas: ver.di is the coordinating union for telecommunications and for media and culture, while IG Metall coordinates information technology (Deutscher Gewerkschaftsbund 2000). This policy is similar to the ACTU’s union rationalisation policy without the coercive element. Earlier drafts had designated principal (‘*federführend*’) unions for particular industries, but conflict about this could not be resolved, and the issue was reformulated to create the impression of teamwork rather than a hierarchy of unions in contested industries. It does not mean that German unions are more consensus-oriented in their relations among one another than Australian unions.

A further distinction to the Australian case is that although labour conflicts and industrial relations at the workplace are elaborately regulated in Germany, there is *no legislation* on union mergers. The principles of freedom of association and of collective bargaining autonomy preclude any state intervention into the structure of union organisation.

In summary, neither the peak federation nor the government have tried to encourage mergers. The merger wave is uncoordinated and emanates solely from the desire of the merging unions to alter their structure. This desire is presumably closely linked to the growing pressures for *economic reform*. The continuing growth and employment crisis has slowly generated a public acceptance that renewal is necessary, and reforms are beginning to appear in the political, economic and industrial relations field (Jacobi 2003, 15). However, the balance of power between the federal government and the states and the
predominance of coalition governments prevents reforms from materializing quickly. In the industrial relations field, an amendment to the Works Constitution Act has strengthened the power of works councils. There is much debate concerning the relationship between collective agreements and individual agreements, and between collective agreements and works agreements. Some of the reform proposals would radically alter the traditional pattern of industrial relations and the role played by unions. Not surprisingly, unions are doing everything to prevent such a change (Weiss 2003).

Membership density was stable at a little over 35% for 40 years. After a short-lived surge in membership levels following German unification, density dropped to 25% during the 1990s. It is too early to tell whether the mergers among DGB affiliates have been able to halt or reverse the decline. The DGB is the dominant federation; its affiliates organise 83% of all unionists. Due to the ver.di merger, it now incorporates one of the previously rival federations, the DAG. However, this has not significantly boosted its level of inclusiveness, as membership in the DBB federation has been growing for 13 years (see Table 4).

Table 4: Union Membership and Density in Germany 1950-2002

<table>
<thead>
<tr>
<th>Year</th>
<th>DGB 000s</th>
<th>DAG 000s</th>
<th>DBB 000s</th>
<th>CGB 000s</th>
<th>All Confederations (DGB+DAG+DBB+CGB) 000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>5450</td>
<td>344</td>
<td>6028</td>
<td>41.7</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>6379</td>
<td>450</td>
<td>7679</td>
<td>37.5</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>6713</td>
<td>461</td>
<td>8086</td>
<td>36.2</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>7883</td>
<td>495</td>
<td>9487</td>
<td>38.3</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>7938</td>
<td>509</td>
<td>9555</td>
<td>34.9</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>11800</td>
<td>585</td>
<td>13749</td>
<td>37.1</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>9355</td>
<td>508</td>
<td>11242</td>
<td>30.7</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>7773</td>
<td>450</td>
<td>9733</td>
<td>25.8</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>7899</td>
<td>---</td>
<td>9415</td>
<td>24.9</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>7701</td>
<td>1224</td>
<td>9232</td>
<td>30.7</td>
<td></td>
</tr>
</tbody>
</table>

Taken from Müller-Jentsch and Weitbrecht (2003), sources: DGB, DAG, DBB, CGB and calculations.

2 2001: Merger of DAG with DGB.
Since the 1990s, the German union movement has experienced extensive restructuring. This must be assessed in view of the fact that after the re-formation of the union movement after World War II there had not been a single merger for 40 years. Beginning in 1989, there have been six mergers reducing the number of unions from 18 to 8 and the number of peak federations from four to three (see Table 5).

Table 5: Number of Unions and Union Mergers in Germany 1987-2002

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of Unions</th>
<th>No. of Mergers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>1988</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>1989</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>1990</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1991</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1992</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1993</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1994</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1995</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1996</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>1997</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>1998</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>1999</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>2002</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>

Sources: Waddington and Hoffmann (2000) and own calculations.

The mergers have resulted in a skewed membership distribution. The two largest unions, ver.di and IG Metall, make up 70% of DGB membership. The movement now consists of two giant unions – ver.di is the largest union in the Western world (Keller 2001, 15) –, one medium-sized, and five dwarfs (see Table 6). It remains to be seen whether the smaller unions will stay independent and insignificant, be absorbed by one of the two big unions, thereby enlarging the size difference between ver.di and IG Metall on the one hand and the rest of the movement on the other, or whether a third block including IG BCE will emerge.
This introductory chapter has been descriptive in nature. In order to explain union mergers, this paper will proceed to apply general theories to the specific contexts of Australia and Germany. The search for an appropriate theory is the subject of the next chapter.

2 ORGANISATION THEORY

The study of organisations has a wide theoretical scope. It examines:

(a) the effect of social organizations on the behavior and attitudes of individuals within them, (b) the effects of individual characteristics and actions on organizations, with a particular emphasis on the efficacy and, indeed, the possibility of potent individual influence (e.g., through leadership) in organizational systems, (c) the performance, success, and survival of organizations, (d) the mutual effects of environments, including resource and task, political, and cultural environments on organizations and vice versa, and (e) concerns with both the epistemology and methodology that undergird research on each of these topics. (Pfeffer 1997, 4)

The field of study is covered by theories derived from a range of disciplines, e.g. economics, psychology, sociology, politics, and biology. More recent theories agree that organisations are open systems, and must be analysed with consideration to their environment. They differ in their level of analysis (social
psychological, structural or ecological) and in whether they perceive organisations as rational or as natural systems (Scott 2003). Each theory’s explanatory power varies depending on the empirical matter at hand. This chapter is dedicated to identifying theories appropriate for analysing union mergers. All theories were developed using business enterprises as the point of reference, and this must be borne in mind when applying them to unions. Hence, the chapter begins by examining the peculiarities of unions as organisations.

2.1 Unions as Organisations

Looking at unions as a particular type of organisation, one finds that many things that apply to organisations in general also apply to unions, and one discovers in what way unions differ from other types of organisation. Important distinctions are that unions are non-profit, voluntary, political and ideological, and their policies are determined democratically. Union leadership has the task of representing rank and file interests. In everything they do, union leaders need to take the interests of their members and of potential members into account. This is not easy, seeing “unions are contested organizations: within any union can be found conflicting views of its underlying purpose, its priority objectives, the appropriate forms of action, and the desirable patterns of internal relations” (Hyman 2001, 211). These peculiarities merit attention when unions are the objects of research.

Organisations with the characteristics of unions are not likely to be rational – the attributes political, democratic, ideological, and contested are contradictory to the notion of rationality. Nevertheless, theories like the ‘New Economics of Organisation’ produce some insights when applied to unions. They see organisational relations as a nexus of contracts that are concluded when the market system fails. The focus is on problems of hierarchical control, property rights, principal – agent relations and transaction costs (Wieland 2000). Individuals are interpreted as rational, calculating costs and benefits, and intentionally choosing their behaviour on the basis of the best information available in order to maximize personal utility. This view is useful when explaining why unions were created at all or why individuals decide to join them. However,
when the research object is organisational structure, economic theories claim that “organizational design, practices governing the employment relation, and patterns of interorganizational relations that survive over time are all efficient [...] and do not reflect the operation of political interests and relative potency of those interests” (Pfeffer 1997, 45). They assume the existence of one optimal and efficient structural outcome. This view is not convincing when regarding union structure and the changes made to it. The structure is more aptly described as the crystallisation of interest politics. In fact, most explanations of union mergers call attention to political factors (how are union merger decisions made, and what are the motives of union leaders and members?) and environmental factors (What are the economic, technological, social and industrial forces which shape union decisions?) (Hose and Rimmer 2000, 222).

Accordingly, to explain union structure and its transformations, it is beneficial to interpret unions as natural systems that ‘live’, ‘behave’ and ‘learn’. A definition of organisations as natural systems is suggested by Scott (2003, 28):

Organizations are collectivities whose participants are pursuing multiple interests, both disparate and common, but who recognize the value of perpetuating the organization as an important resource. The informal structure of relations that develops among participants is more influential in guiding the behavior of participants than is the formal structure.

For a natural collectivity, the primary objectives are survival and growth. The organisation is not just a means to other ends, but its maintenance and strengthening is an end in itself. Survival is absolutely fundamental, because if it ceases to exist, the organisation cannot achieve any of its goals. Growth also tends to become a minimal ambition in organisations due to the expansionist bias of organisational leaders. Expansion builds power and prestige, and it is the process by which change can be absorbed in the least disruptive fashion (Thorelli 1995, 205).

The precondition for the attainment of survival, growth, and subordinate goals is the control over resources. Resources can take a variety of forms, such as money, information, social and political support, power, facilities, personnel,
goods and services, and time. They are the content of interaction within the organisation and between the organisation and its environment. Access to and control over resources differ between organisations and between interest groups and individuals within organisations. The different levels at which this struggle over resources takes place is analogous to the levels of analysis covered by different theories. Some theories focus on the social psychological level and explain the attitudes and behaviour of individuals. Others concentrate on the organisational structure level and observe interaction between groups, departments and authority ranks within the organisation. A third group of theories looks at the ecological level and views the organisation as a whole, operating in a larger system of relations. To analyse union structure, the latter two levels of analysis are important. Structure is influenced not so much by individuals, but by groups within the organisation, and by its environment.

Theories that view organisations as natural systems and that are concerned with the structural and ecological levels of analysis are organisational ecology and resource dependence. They will be applied to the matter of union mergers. But first, their propositions will be discussed in greater detail and it will become clear that the approaches are complementary and that both are necessary to reach a full explanation.

2.2 Organisations as Organisms

Organisational ecology draws very heavily on analogies with biological systems. In this line of inquiry, “distinctions and relations among molecules, cells, complex organisms, species, and ecology are paralleled in those between individuals, groups, organizations, populations (species) of organizations, and their social ecology” (Morgan 1997, 34). This view allows researchers to conceive of organisations as having lives, as being born and eventually dying, as being healthy or on the decline. Species, or populations of organisations, may cope well with their environment or suffer in the light of environmental changes, and then adapt to such changes or die. They may compete with other species for the resources available in the environmental niches in which they live or they may have a symbiotic relationship. For single organisations as well as for populations,
the main concern is survival. In order to survive, they must have a sufficient degree of fit with the environment, and also be effective and efficient: They must be good at what they do in order not to be wiped out by natural enemies or stronger members of the same species.

Change in organisations and populations comes about through the process of variation, selection, and retention. Random mutations occur, and exploratory responses are made to stimuli. Next, some of these variations are positively selected through the operation of consistent selection criteria, and a retention mechanism preserves, duplicates, or reproduces the positively selected variations (Aldrich and Pfeffer 1976, 81). Organisational ecologists emphasise the selection phase – they view organisations as resistant to change and unresponsive to their environment. Through selection processes, new organisations and organisational forms are created to replace old ones that no longer have a sufficient environmental fit.

Although the approach can be used to examine life-cycle processes of individual organisations, most research using organisational ecology theory is concerned with population level change. Researchers are interested in the development of organisational populations in a particular geographic area over time.

2.3 Organisations as Politically Negotiated Orders

A different way of looking at organisations is to conceptualise them as politically negotiated orders. Here the actors within an organisation become the centre of attention. The ultimate actors are individuals, and their actions are guided by self-interest. They link up to form interest groups with others who share their goals and fate, and it is through these groups that interaction to advance interests takes place. They may unite temporarily with other interest groups to form a coalition committed to achieving a common goal or to undertake joint action against other groups (Bacharach and Lawler 1980, 8). In this context, management has the task of governing the process of creating order and direction among people with potentially diverse and conflicting interests (Morgan 1997, 154).
In this setting, decision-making is a political process. Decisions are the outcome of bargaining between factions within the organisation and between the organisation and its environment. The objects of the bargain are resources – all groups endeavour to retain or obtain control of them. At the same time, the momentary control over resources is the basis of the relative power of groups, and this power is used to advance interests in the bargaining process. All actors are dependent on resources, and bargaining is the attempt to alter this dependence relationship.

The resource dependence model recognises that organisations are reliant on resources located outside their boundaries, and that a political bargaining process takes place with the holder of those resources in order to gain control of them. The organisation must make use of the resources and convert them into output – and here the internal resource distribution becomes important. A second round of bargaining proceeds within the organisation.

2.4 A Synthesis of Theories

As described above, no organisation theory can explain all aspects of organisations; rather, each theory throws light on particular aspects while overlooking others. Since the 1990s, there has been an increasing acceptance among organisational researchers that it is time to cease being “paradigm warriors” and instead to seek fuller explanations by combining perspectives. This should contribute to theoretical growth and ultimately uncover which explanations work in which settings (Hall 1999, 293). This theoretical chapter has identified two theories germane to the analysis of union mergers. The combination of an ecological and a political view of unions in their environments should help to gain an understanding of merger processes.

Organisational ecology downplays the role of actors in determining the fate of organisations and overemphasises the effect of the environment. Theories of power and politics bring actors and decisions to centre stage but tend to forget the outside influences. This dichotomy can also be expressed in terms of structure and agency: while organisational structure constrains agency by
providing a corridor of possible actions within the structure, agency can also be used to alter structure. By the same token, the environment (which can also be termed the institutional structure within which the organisation is embedded) influences organisational decisions, but these decisions in turn affect the environment. Thus, agency of organisations is constrained by two levels of structure – the structure of the organisation itself, and the institutional structure of the society, or ecosystem, in which the organisation ‘lives’. Therefore, agency of organisations cannot be analysed correctly without taking both levels of structure into account.

Organisational ecology and resource dependence complement one another in the examination of union mergers because they call attention to structure and agency at different levels of analysis. Organisational ecology is a suitable theory to explain the occurrence of mergers because it does not dig too deeply into the internal workings of organisations, but looks at them from the outside. It enables us to take into account the entirety of merger processes and their environments over a period of time. It shows how changes in the environmental structure cause changes within organisations. However, what happens inside organisations remains a black box. Organisational ecologists can explain why a change occurred, but how and on which terms a particular organisational change, or variation, comes about remains unclear. When zooming in to look at the course of merger processes, a theory is needed that looks at what is going on inside organisations. That means it needs to distinguish between different individuals and groups, who, as actors, express agency within the organisation and who alter its structure. Resource dependence theory does just this.

Resource dependence theory is compatible with organisational ecology’s variation – selection – retention model, but interprets it quite differently. It emphasises the variation phase, and sees change as an organisation’s designed reaction to improve its fit with the environment by altering its strategy, technology, culture, structure or management style. Variations are planned, rather than unplanned, as understood by organisational ecologists. So the bone of contention is whether organisations observe and respond to their environments and change to retain an adequate fit, or whether they are unable to do this and are either
selected or eliminated by environmental forces. However, there are movements towards a combined approach that sees the processes of adaptation and selection as complementary and interacting (Baum 1999, 100). Adaptation by the organisation and selection by the environment can be seen as two ends of a continuum and, in their ideal form, rather unlikely: it is improbable that an organisation will be proactive and strategically act upon anticipated changes in the environment, and just as improbable that it will do absolutely nothing in the light of environmental change. Organisations will do something. And whatever that may be, it will involve the redistribution of resources within the organisation, and between the organisation and its environment. Such a procedure is political and involves power dynamics.

What brings the organisational ecology and resource dependence theories closer together is that the boundary between an organisation and its environment is indeterminate. In other words, the political arena and the sphere of ecological processes overlap. Different groups pertaining to the organisation have their own interpretations about where it ends and the environment begins. There may be, for instance, disagreement over the question whether union members belong to the organisation or whether they are its clients. Thorelli (1995) suggests disaggregating the environment into several layers surrounding the organisation concentrically. Starting from the core of the organisation, for example the executive, the contiguous layer is its auto-setting, the broader organisation of which the unit under study is a semi-autonomous part, then comes the task-environment, which is the part of the total setting in which the organisation transacts and competes. Next, the macro environment is the social, economic and technological climate, and the extra-environment is irrelevant for the organisation. The whole configuration of the organisation and its relevant environment is termed an ecosystem. Some parts of the environment exert influence on the organisation but in turn cannot be influenced by organisational action, while other parts of the environment can be changed. The proportion of givens increases from the inner to the outer layers. However, even organisational changes that do not attempt to change the environment but only to adapt will never achieve a perfect fit between an organisation and its environment because the equilibrium between the two is dynamic. It is affected by changes in other
organisations as well. And as whole populations of organisations change, this has effects on the other populations in the ecosystem.

In the case of a union, the core of the organisation is the executive, or even all union employees, and its auto-setting includes activists and members. It may have several task-environments, depending on its activities. At the workplace, shop stewards are concerned with day-to-day grievances of members, and maybe wages and conditions are bargained for there. Bargaining may also take place at the industry level. Furthermore, a union interacts with other unions within a peak federation. Its macro-environment consists of the labour market and other markets, the vocational training system, the social security system, the political system and so on.

This chapter has presented the organisational ecology and resource dependence theories as suitable for analysing union mergers. Chapters three and four will apply the theoretical concepts to the subject matter.

3 WHY DO MERGERS TAKE PLACE? – ECOLOGICAL PROCESSES

This chapter outlines environmental changes affecting unions and then uses concepts of organisational ecology theory to explain why mergers take place. It points out that unions are structurally inert, and transformational shields make adjustments unnecessary despite environmental changes. When change is initiated, it can involve core or peripheral features of the organisation. Aggregated changes in individual unions constitute a change in the union population, and this altered population interacts with other populations within a community, thereby making the effects of intra-organisational change felt in a wide circle.

3.1 Environmental Changes

The environmental ‘niche’ that trade unions operate in is quite large – their activity spans from national level economic, social, and labour market policy to wages and conditions at the level of the individual workplace. Accordingly, the
environmental forces that affect trade unions emanate from changes in the economy at large, in the labour market, in the system of wage fixation and in the production system at the establishment level. Intertwined with these changes in the industrial order are changes in the attitudes and preferences of the principal actors – employers, employees, and the state. Changes in the system bring about changes in their positions and vice versa. Taken together, these factors create an environment that has become increasingly hostile to unions.

Since the 1980s, employers have increasingly seen flexibility and the decentralisation of industrial relations as the key to enhanced productivity and competitiveness. As unions are perceived to be a hindrance in this pursuit, employers have espoused more adversarial policies towards them and, at the same time, professionalised their human resource management. HRM regards unions as outside third parties potentially threatening the primary relationship between the employer and the individual employee. Its policies are aimed at achieving employee involvement and commitment, and labour market flexibility (Fairbrother and Griffin 2002, 7-8).

Fewer employees join unions – resulting in membership decline and financial restrictions for unions everywhere. This is often explained by a “growth of individualistic attitudes and a corresponding reduction in belief in the value and efficacy of collectivism” (Fairbrother and Griffin 2002, 9). It is also associated with a blurring of class boundaries and the increasing number of women and white-collar workers who do not identify with the masculine, blue-collar image that unions still portray. Also, employees engaged in new forms of work, such as part-time, temporary, or casual work, fail to see the benefits of unionisation.

Since the economic shocks of the 1970s and the demise of neo-corporatism and Keynesian economic policy, unions’ access to the political arena of the state has been curtailed. Governments embrace deregulation and labour parties are growing more centrist and distance themselves from unions. This development has been slower in Australia, where the Labor government (1983-1996) continued with neo-corporatist policies throughout the 1980s. A series of agreements on economic policy between the ALP and the ACTU from 1983 until
1996 are known as the Accord. Its core was incomes policy: the ACTU was committed to ‘no-extra’ wage claims in exchange for centralised real wage maintenance ‘over time’, increases to the social wage – family and welfare assistance, national health insurance, superannuation –, and consultation in the policy-making process. This arrangement was unstable and was failing towards the end of Labor’s period in office. It was abolished with the election of a conservative coalition government (1996- ), and unions’ access to the state has been minimal since then. In Germany, the Social-Democratic and Green coalition, which came into office in 1998 after 16 years of Christian-Democratic – Liberal government, made an attempt at corporatism with its Alliance for Jobs. The project was declared dead in 2003. The relationship between unions and the SPD is becoming more arm’s length as the SPD tries to occupy the ‘New Centre’ and promotes deregulation.4

The internationalisation of the economy, especially of finance, marketing and production operations, undermines the bargaining power of unions vis-à-vis employers. De-industrialisation, the decline in the proportion of manufacturing in GDP and the growth of services, as well as the emergence of new sectors such as IT and biotechnology, contribute to declining employment in traditional union strongholds and employment growth in non-unionised sectors. Centralisation of business through mergers and acquisitions and decentralisation through subcontracting and outsourcing cause confusion about the appropriate locus of union influence.

In the labour market, high levels of unemployment depress unions’ wage demands and thus employees’ perceptions of the benefits of unionisation. The unemployed are not potential union members. An increasing proportion of union members are retired, which means that they, like unemployed members, do not contribute to the union financially. The simultaneous rise of precarious employment and of multi-disciplinary career-based employment systems means that employees switch between occupations and industries, and in and out of employment altogether, making them less inclined to commit to a particular union.

4 Most recently regarding labour market reform, pension reform, health care reform and agenda 2010.
Technology and work organisation are changing: new production processes require new skills and increased flexibility, for example regarding working time, on part of the employees. These new production processes and occupations blur demarcation lines between unions. The decline in employment levels in large organisations and the increase in small to medium organisations unable to provide stable employment mean that employees switch employers more often, and that employers can use the more personal climate in small workplaces to discourage unionisation.

Pressure on the system of collective bargaining emanates from the changed attitudes of employers and of the state. Both favour decentralisation and flexibility, which are perceived as the means to achieve productivity and international competitiveness. In Australia, enterprise bargaining has become the dominant form of wage fixation and the previous system of arbitration has been reduced to setting minimum wages. In Germany, the system of sectoral collective bargaining is eroding as employers leave or abstain from joining associations in order to escape industry-wide collective agreements. These are increasingly becoming “framework agreements that provide general rules and selective options” and contain opening clauses, which allow “company specific fine-tuning of sectoral provisions by local management and works councils” (Jacobi 2003, 35).

3.2 Structural Inertia

The consequences of these environmental changes for unions are membership decline and financial restrictions, which go so far as to threaten their survival. Unions have to react. But, according to organisational ecology theory, “organizations reflect the environment at the time of their founding. As the environment into which an organization is founded changes, the fit between organizations and their environment erodes as incomplete information, bounded rationality, and inertial tendencies make it difficult, if not impossible, for individuals to keep their organizations aligned with environmental demands” (Baum 1999, 75-77). This is not to say that organisations do not change at all, rather, the
structural inertia of organisations means that they have difficulty changing at the same rate that their environment changes. Over time, the delayed change in organisations will cause a growing discrepancy between them and their environment. New organisations designed specifically to take advantage of some new set of opportunities will displace old ones. How quickly this happens depends on the cost of building new organisations, the expected time from initiation to full production and the existence of legal barriers to entry (Hannan and Freeman 1984, 152).

Hannan and Freeman (1984, 154) theorize that “selection in populations of organizations in modern societies favors forms with high reliability of performance and high levels of accountability.” In other words, the environment demands that an organisation’s products consistently have a given quality and that the organisation can rationally reconstruct how the outcome was generated. This is regarded as more important than efficiency, especially if, as is the case with unions, the organisation produces symbolic products, has long-term relations with its clients or members, and if its purposes are highly political. Reliability and accountability are attained through institutionalisation and standardisation of routines. This has the advantage of giving an organisation a taken-for-granted character, but the downside is that “changes in structural arrangements become moral and political rather than technical issues. Attempts at redesigning structures in organizations built on moral commitment are likely to spark bursts of collective opposition premised on moral claims in favor of the status quo” (Hannan and Freeman 1984, 154). The consequence of this reasoning is that, initially, structurally inert organisations are more likely to survive. However, as the fit with the environment erodes, survival depends on overcoming inertia.

Unions have remained inertial in an increasingly dynamic environment for the following reasons: Firstly, the development of alternative forms of worker representation such as works councils, team work, informal consultation committees, and human resource management, which are capable of substituting unionism, has been slow, though it is probably also the case that the danger they pose for unions has been underestimated. The expansion of their activities into wage-setting is restrained by the legal status accredited to unions. Secondly,
change is not easily negotiable within unions – structure really is seen as a political and moral issue. The matrix structure of ver.di is a case in point: The matrix is not an innovative new form for a conglomerate union with separate departments that mirror changed enterprise, industry and production chain structures, but is a means of conserving the structures of the old unions given that each merger partner wanted to maintain its organisational principles (Keller 2001, 43). Because unions are contested, representative, and democratic organisations, their form is a compromise between conflicting interests. Upsetting the carefully balanced *modus vivendi* could easily endanger the cohesion of the organisation. Thirdly, unions have enjoyed a taken-for-granted character since their institutionalisation through industrial relations legislation in the first half of the twentieth century. Employers and the state ceased questioning the legitimacy of unions as the representation of workers. The wage fixation procedures of sectoral collective bargaining in Germany and of conciliation and arbitration in Australia required unions to represent employee interests. Today, new procedures are emerging that make wage setting possible without union involvement.

The question now is whether unions can change their structure and strategy fast enough to avert the negative consequences of environmental changes. New forms of worker representation challenge unions to enhance their efficiency in order not to be marginalized. Mergers are one way to achieve this, and the most common method pursued by unions. At the same time, forces that protected unions from the effects of environmental changes are wearing away. These forces are the subject of the next section.

### 3.3 Transformational Shields

The structure of the union movement remained largely stable in Australia from the 1930s until the early 1990s. Despite the massive restructuring that was undertaken, the merger wave came too late: “the forces that decimated union ranks […] were well in train prior to the 1990s and swamped the potential membership benefits of mergers” (Griffin forthcoming-b). The German union movement was unchanged between 1949 and the late 1990s, although the
reasons that promoted mergers have been present since about 1970 (Waddington and Hoffmann forthcoming).

The concept of transformational shields against change can explain the delayed reactions. Institutional linkages and the extra resources and legitimacy derived from them defer change towards a better environmental fit. The transformational shield for unions is their incorporation into the political and economic system, which was designed to turn them into responsible social actors rather than opposing powers threatening to overthrow the system. The shield covers several areas, such as linkages to the state and integration into the bargaining structure.

In Australia, the reign of the ALP (1983-1996) and its strong connection with the union movement – Prime Minister Bob Hawke was a former ACTU President, and the union movement was involved in economic policy-making through a series of neo-corporatist Accords – was a transformational shield. A debate on mergers took place already in the 1970s and early 1980s within and outside the union movement. The conservative government and employer bodies called for union restructuring on an industry or enterprise basis, and were opposed to the growth of conglomerate or general unions. The ACTU agreed that fragmentation was detrimental to the movement (Deery 1983). The discussion was put on hold after the election of the Labor government in 1983, as unions’ position in society was ameliorated. It was taken up again in 1987 and seriously pursued from 1989.

Stability in Germany can be attributed to the acceptance of unions as corporate actors in society. The ‘coordinated’ structure of capitalism with strong and well-organised companies and capitalist fractions, and German ‘corporatism’, which is embedded in the structure and practices of capital, demanded strong and centralised unions able to commit membership to the outcomes of bargaining (Waddington and Hoffmann forthcoming). The highly regulated and rarely modified system of labour relations established a strong role for unions. Furthermore, works councils took care of the recruitment into the union of the workforce at their enterprise. However, the unions’ entrenched position was endangered in the 1980s and reform was debated. A first merger took place in 1989 (forming IG Medien). Then the process of unification between East and
West Germany interrupted reform efforts. To avoid upsetting the balance of power between them, unions and employer associations transferred the West German industrial relations norms, structures and mechanisms to East Germany without any attempt at institutional innovation – in spite of the time being ripe (Schmidt 2003, 83). The immense task of establishing structures in eastern Germany drained a lot of union resources, and when many East Germans left the unions after their high expectations – namely quick parity with living standards in the West – were disappointed, this left many unions in a financial crisis. In this situation, the reform debate was taken up again, including commissions in the DGB on structural and programmatic reform, and a reform congress in 1996.

The simultaneous reform of trade union structure and bargaining structure suggests that the latter is a strong transformational shield. Waddington (1995) links the rate of union structural development in Britain to changes in the bargaining position of unions relative to employers and the state. He observes waves of merger activity following state intervention in industrial relations and changed bargaining circumstances. In both Australia and Germany, the bargaining structures had the effect that the decline in membership did not necessitate immediate reaction by the unions. Membership levels were not directly linked to bargaining coverage. Through the centralised conciliation and arbitration system of wage fixation in Australia and industry bargaining in Germany, unions effectively bargained for members as well as non-members. Today, the shift to enterprise bargaining as the dominant mode of wage fixation in Australia has made union negotiating rights directly dependent on membership at a given workplace. The increased amount of company agreements being struck in Germany have a similar effect.

In sum, the transformational shields incorporating unions into the political and economic system have had the effect of delaying union reactions to environmental changes, but these changes have contributed to the weakening of the shields themselves.
3.4 Core and Peripheral Features

The concept of structural inertia sees organisations as inert entities for which adaptive response is difficult, infrequent and hazardous. This said, the fact that mergers are the most common reaction to environmental pressures indicates that merger is, in reality, the least radical type of change that unions can undergo. This proposition receives support from Hannan and Freeman’s (1984, 156) distinction between core and peripheral features of an organisation’s structure: they “conceptualize organizational structure as composed of hierarchical layers of structural and strategic features that vary systematically in flexibility and responsiveness.”

The core features are essential for the mobilisation of resources that keep the organisation alive. They comprise organisational goals (the bases on which legitimacy and other resources are mobilised), forms of authority (the basis of exchange between members and the organisation), core technology (capital investment, infrastructure, skills), and marketing strategy (the kind of clients to which the organisation orients its production and the ways in which it attracts resources from the environment). These features are in a rough hierarchy from unchangeable to changeable. For a union, the main goal is to represent workers’ interest vis-à-vis capital. A federal executive does the strategic thinking and full-time staff in regional branches carry out the day-to-day activities, supported by lay representatives in workplaces. A union council and a congress of delegates elect the full-time officers and check their work. A union’s core technology is its competence in bargaining with employers, and in lobbying the state and participating in public policy-making. It is also experienced in providing consultation in employment and workplace-related matters, and in representing members in labour court proceedings. Its aim is to provide its services to the maximum possible number of employed persons, but, in effect, it usually attracts a disproportionally high number of male, blue-collar, skilled, full-time employees. In order to get them to take out membership, a union will periodically conduct organising drives at particular workplaces, or, alternatively, rely on works councils to recruit new employees, as is done in Germany.
Peripheral features protect an organisation’s core from uncertainty by buffering it and by broadening the organisation’s connections to its environment. They include structure in the narrow sense of numbers and sizes of subunits, the number of hierarchical levels, spans of control, communication patterns, and arrangements such as joint ventures by which an organisation makes links with its environment. Such aspects of organisations change as they “grow and decline in size, as technologies change, and as competitive and institutional environments change. They can be transformed because attempts at changing them involve relatively little moral and political opposition within the organization and in the environment and do not raise fundamental questions about the nature of the organization” (Hannan and Freeman 1984, 157). Changes in peripheral features do spark opposition, but little in comparison to changes in core features, which are rare and costly, and subject the organisation to increased risks of death. In pursuing this line, mergers barely touch the core features of unions; they are essentially a redesign of peripheral features. Much attention is paid to structural aspects such as the number and size of departments and districts, the size and composition of the executive, the establishment of committees for minority groups, levels of autonomy for organisational subdivisions, and the locus of budgetary competence.

The terminology of population ecology – mergers as the death of the old organisations and the birth of a new one – is misleading here, unless the merging unions are fully integrated to form a new entity, which is seldom the case. Especially in amalgamations, merging unions tend to retain their identity in separate semi-autonomous divisions with own funds, officers and bargaining responsibilities. For example, each of ver.di’s 13 departments is dominated by one of the DGB affiliates ÖTV, DPG, IG Medien and HBV. In Australia, the majority of merged unions have a structure similar to conglomerate companies with separate divisions or branches de facto running their own operations (Griffin forthcoming-b). In absorptions, the smaller partner is often granted some degree of independent representation within the larger body. For example, IG Metall concludes separate collective agreements for the wood and textile industries that were organized by the unions GHK and GTB before their absorption in 1998 and 1999. The governance structures of merged unions are related to the extent of fit
between the members of each union, the historical power relationship between merger partners, and the organisational structures agreed upon at the time of merger (Griffin and Svensen 2002, 41). Sometimes the rules of the new union preclude full integration, but before deploining that merged unions are rarely homogenous and that their inner cohesion is endangered, it is worth considering that centralised structures are presumably not appropriate in an increasingly deregulated and decentralised bargaining setting. So, while unions formally cease to exist after merging, they may live on under the umbrella of a large, loosely linked organisation.

An alternative strategy to mergers when attempting to secure resource control is organising. Organising means expanding recruitment into ‘greenfield’ areas and thereby maximising membership in the whole union movement, while merging simply rearranges relative membership levels within the movement. Such a strategy is the more viable alternative in the long-term because it enlarges the ‘market’ and is cooperative rather than only changing ‘market shares’ through competition. But recruiting new members and attempting to become attractive for groups of workers that are seldom unionised touches upon a core feature – marketing strategy. This option is rarely chosen by unions to solve their financial problems. They prefer to merge and thereby formally lose their organisational identity altogether rather than to change a core feature. This is surprising as marketing strategy is largely neglected in unions – it is not as though a lot of thought and effort has been put into a particular marketing strategy, as is the case with businesses, and that continuity is necessary for the long-term strategy to take effect. The ‘garbage can’ model of decision-making portrays the situation more accurately – mergers are contained in unions’ repertoire of responses to problems, or garbage cans, and now seem to be a satisfactory solution to unions’ current problems. So, unions apply them rather than embark on a search for new solutions. Unions have never had encompassing organising strategies; they are gradually developing in several countries, foremost in the United States, where membership density has decreased drastically.

Adjusting peripheral features and thereby strengthening the protection of core features against the environment should not be seen as an end in itself. If core
features are out of line with their environment, they will need to be altered sooner or later as well. Changes in peripheral features may be necessary before changes in core features can be made. So, mergers may be a necessary first step, but they must be followed by more fundamental changes. Griffin (forthcoming-b) argues that prior to the merger wave, the Australian union movement had neither the organisational structure nor the mindset necessary to organise workers. Experienced organisers and workplace-based officials simply did not exist in many unions, and financial restrictions made it impossible to ameliorate the situation. Since the merger wave, the ACTU has developed an organising strategy. Like the amalgamation process, it is top-down, with the peak council telling unions that their core business is organising. But it is not clear whether this change in orientation has trickled down to individual unions and union branches (Cooper 2003a).

Peripheral features can be changed at relative ease, but the determination of core features at the founding of unions severely limits the directions of possible transformations. A union that abolished democratic policy-making and delegate structures would not be defined as a union any more, even if a structure that, for example, resembles that of a public enterprise could more effectively represent workers’ interests to capital and the state and generate more favourable bargaining outcomes and public policies. Furthermore, irreconcilable differences and strong opposition are likely to forestall changes to core features. While there inevitably is political opposition to mergers, the nature of the organisation is seldom questioned. For example, Müller et al. (2002, 140) go so far as to say that the ver.di merger was accomplished mainly because a debate about a new political programme was suppressed. The nature of the organisation is something that must be discussed in an organising strategy: is a union a service provider with passive consumers or are the members the active core of the organisation? During mergers, this issue can be safely ignored.

The preceding sections have examined why unions do not change despite environmental pressures, and have discerned the different qualities of changes in particular features of unions, especially of mergers as opposed to organising. The
next section will examine the effects that structural changes at the organisation level have on the union population.

3.5 Populations of Unions – Legitimation and Competition

The main effects of mergers on the union population are the reduction in the number of unions, the “rise of the conglomerate union” (Streeck and Visser 1997), the increase in jurisdictional disputes between unions, and the changing relationship between peak federations and their affiliates.

Hannan and Carroll (1992) use the notions of legitimation and competition to explain variance in population density. In an initial phase of rising legitimation of a population, the density – the number of organisations in a population – grows rapidly. Following this is a phase of competition, where the density decreases. The density of unions is decreasing in Germany and Australia, as the competition process has superseded the opposing process of legitimation. Unions are losing members and competing amongst one another for the remaining ones. The density of the union population has decreased by 68% in Australia and by 55% in Germany since 1987 (see Tables 2 and 5) due not to disbandings but to mergers. The predominance of absorptions rather than the more cooperative amalgamations is an expression of the competitive situation.

At the beginning of the twentieth century, the density of craft unions declined as they were replaced by industrial unions in Germany\(^5\) and multi-craft and general unions in Australia, which were open for unskilled workers on a broad organisational base. Today, the emergence of conglomerate unions with ill-defined borders, decentralised structure encompassing many occupations and industries, little ideological zeal, and a moderate political stance suggests that they achieve a better fit with their environment than the older forms of occupational or industrial unions with rigid organisational boundaries, or than

\(^5\) In Germany, the principle of trade union organisation was initially craft unionism. By 1913, two thirds of union members were represented by industrial unions (Schönhoven 1987, 228), and in 1922, the principle of industrial unionism was recommended at the Congress of the ADGB (All German Trade Union Confederation) held at Essen. In this period, foundings of craft unions were offset by disbandings and mergers, resulting in a reduction in the number of member unions from 52 in 1919/20 to 44 in 1923 (Schneider 1987, 310).
unions with religious or political affiliations. They seem to cope better with changed economic and political circumstances: New sectors arise and old ones decline; workers frequently switch sectors when switching jobs; employer press for bargaining decentralisation; union constituencies grow more heterogeneous through the increase in non-standard employment, the number of working women, secularism and multi-culturalism; working class ideology and politics are on the demise; Labour parties no longer see themselves as the political arm of the labour movement; workers become more individualistic and conduct cost and benefit calculations regarding union membership.

Conglomerate unions do not, however, have a better relationship with other unions. The fuzzy borders can lead to heightened inter-union conflict, especially in combination with membership losses and financial problems. Contrary to occupational or industrial unions whose jurisdictions adhere to an occupational or sectoral logic, conglomerate unions’ domain demarcations are arbitrary, based on historical patterns that have lost their meaning. In Germany, this has led to inter-union competition on an unprecedented scale. Jurisdictions are defined in union rulebooks, and all members of the DGB must have peaceful organisational boundaries. Changes are only effective if the DGB Federal Committee (Bundesausschuss) agrees (Deutscher Gewerkschaftsbund 2002, §15(2)). Disputes are subject to DGB-internal conciliation and arbitration (§16). Recently, unions have unilaterally changed their rulebooks to expand their jurisdictions, which of course has increased domain overlaps and proliferated jurisdictional disputes that the DGB is having difficulty settling (Streeck and Visser 1997). In Australia, jurisdictions are set forth in rulebooks also, and are subject to approval by the Industrial Relations Court at the time of registration and in the case of changes. Registration or amendments will not be granted if there already exists an organisation to which the members of the association might ‘conveniently belong’. However, the judicial interpretation of this provision has been conducive to the registration of new unions so that several unions with different ideological positions organised in many industries (Fox et al. 1995, 177). Mergers are a way of informally changing jurisdictions without needing agreement within the DGB or a ruling by the AIRC. The importance of jurisdictional issues in the merger process is highlighted in Germany by the incorporation of the word environment
Umwelt in the new name, IG Bauen – Agrar – Umwelt, of the union that resulted from the absorption of the horticulture, agriculture and forestry union (GGLF) by the construction union (IG BSE). It is also illustrated in the conflict over jurisdiction in ‘industrienahe Dienstleistungen’ when the services union ver.di was founded.

Another point of conflict resulting from mergers concerns relations in the peak federation. In Germany, mergers are concluded with a view to voting relativities in the DGB. If ver.di and IG Metall agree, they can determine DGB policy; if they disagree with one another, forming a coalition with two further unions is sufficient to achieve a 50% majority. In addition, these conglomerate unions are similar to peak federations in themselves because their membership is diverse and they are organisationally self-sufficient. Their emergence prompts questions about the role and, at a later stage, maybe even the existence of the DGB.

3.6 Communities of Populations – Unions and Employers

The behaviour of organisations belonging to a particular population is difficult to understand without taking into account their interaction with organisations from other populations. If the links between populations are well-developed, they form a community. There is debate about what exactly constitutes a community of populations. One broad definition sees a community as “a set of coevolving organizational populations joined by ties of commensalism and symbiosis through their orientation to a common technology, normative order, or legal-regulatory regime” (Aldrich 1999, 301). Commensalism means that units make similar demands on the environment and cooperate or compete for the same resources. Symbiosis denotes a mutual dependence between units that operate in different niches and benefit from the presence of the other. It is disputed whether populations can become so strongly tied to one another to create a condition of common-fate, making communities a unit subject to selection (they can ‘die’ just like the underlying populations and organisations). But without a doubt,

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6 Community ecology is generally not well-researched. Organisational ecology remains focused primarily at the population level (Baum 1999, 86).
communities form and evolve as the interdependence between populations becomes tighter or looser.

The demands that unions make on the environment and the resources they seek to attain are in the main wages and conditions. The main setting within which unions transact and compete, their task-environment, may be generally termed the bargaining arena, irrespective of whether wages are fixed by collective bargaining at a national, sectoral or enterprise level, or by arbitration. The other populations interacting with unions in the bargaining arena are employers and employer associations, and in the case of arbitration the industrial tribunal, or in corporatist arrangements the federal government. The relationship between unions and employers and their associations is complex – at once they compete for the same resources (called wages or profits depending on who they belong to), but must cooperate to generate them in the first place. The relationship is symbiotic in the sense that unions would not exist if employers did not, and employers’ associations would not exist if there were no unions.

3.6.1 Employers’ Interest in Union Structure

Employers take interest in union structure because of its implications for interaction in bargaining. Mergers have an effect on the number of unions they must bargain with and on their relative strength. Employers rarely strongly oppose mergers because the defeat of a campaign does not result in a non-union status (Chaison 1996, 6). Remarkably, in both Germany and Australia, employers’ associations have publicly appealed for union mergers. The research institute of the German BDA envisaged seven multi-industry unions, each of which should represent contiguous trades or industries (Waddington and Hoffmann forthcoming). In Australia, employer groups had long been interested in changing the existent union structure. They were quite opposed to the growth of conglomerate or general unions and were in favour of restructuring along industry based lines, which the conservative government sought to facilitate in 1982 (Deery 1983, 191). In 1989, the BCA criticised multi-unionism at the workplace saying it caused difficulties in negotiations, and thereby reduced the productivity and competitiveness of Australian industry. It advocated the restructuring of the
union movement and the formation of enterprise-based bargaining units (Business Council of Australia 1989). The ACTU 1990 policy on rationalisation of union coverage may be a reaction to the BCA’s criticism. Which union structure is favoured by particular employers’ associations depends on their self-interest. Associations that negotiate sectoral and multi-employer agreements like the BDA have an interest in large and relatively strong unions, as employers will prefer to deal with them through the association than on their own. Business or trade associations such as BDI, BCA and ACCI are more interested in weakening unions and argue for enterprise unions, or at least enterprise bargaining units.

The interest of employers and their associations in union structure demonstrates the interdependence between the two populations. Hence, when analysing union mergers, the role of employer preferences should not be underestimated. They do seem to influence the occurrence of mergers, but the fact that their ideas of a desirable union structure were not achieved in either Germany or Australia suggests that they have absolutely no control over the course the ensuing merger processes take.

3.6.2 Bargaining Decentralisation

Links between union mergers and the system of wage fixation are often established by reference to the resource intensity of decentralised bargaining and the resulting exacerbation of the financial difficulties that induce unions to merge (Hose and Rimmer 2000; Waddington and Hoffmann forthcoming). In both Germany and Australia, the systems of wage fixation are subject to change.

In Australia, bargaining has been radically decentralised – national awards have been substituted by enterprise agreements. Towards the end of the 1980s, both the BCA and the ACTU were in favour of enterprise bargaining. However, their definition of the term differed widely, especially concerning the role of tribunals and unions in the bargaining process (Dabscheck 1995, 80). While the BCA saw enterprise agreements as substitutes to awards that were to be negotiated with or without unions in each enterprise, unions saw them as a supplement to awards. The tribunal was to retain a key function in the maintenance of the award system,
to provide conciliation in enterprise bargaining and to ensure that enterprise agreements met minimum standards. There are several explanations for the ACTU's shift from the centralism it had so strongly promoted at the beginning of the Accord to decentralised bargaining. One reason is that union solidarity behind centralised wage fixation eroded after a balance of payments crisis and declining national income led to dramatic cuts in real wages. Affiliate unions found it difficult to contain rank and file dissatisfaction (Briggs 2000). Secondly, the ACTU may have been motivated by concerns that the Opposition parties would win the next federal election and decentralise the system without union involvement. Its move to enterprise bargaining was a pre-emptive measure to relegate the next conservative government to the reform an existing decentralised system rather than enabling it to design a new one (Fox et al. 1995, 500). However, once the decision for enterprise bargaining had been made with support from employers and unions in 1991, the union movement lost control over the direction of reform. While unions were busy looking inward at the restructuring of union organisation and coverage, the BCA succeeded in getting its ideas on enterprise bargaining implemented. The 1993 Industrial Relations Reform Act was a triumph for the BCA because it placed arbitration tribunals and the award system firmly in the shadow of enterprise bargaining (Briggs 2000, 97), and this development was confirmed and extended in the Workplace Relations Act 1996. Awards now only set minimum wages, and the number of allowable award matters has been limited. Wages and conditions are now set by union or non-union collective agreements, and by individual agreements (Australian Workplace Agreements). Some of these remain unregistered, so the AIRC cannot control their compatibility with minimum regulations.

In Germany, decentralisation has come about more insidiously – employers’ abstinence from associations and their frequent undermining of collective agreements bargained by the association on their behalf have resulted in an ‘erosion’ of sectoral collective bargaining. A growing number of companies are not content with the performance of employer associations and prefer to conclude enterprise agreements with the union rather than be part of a multi-employer agreement. The percentage of enterprise agreements among all collective agreements has grown from 25% in 1981 to 37.8% in 1999 (Müller-Jentsch and
Ittermann 2000, 156). In addition, practices of undercutting the wages and conditions specified in sectoral agreements are pervasive. This happens firstly through ‘wildcat cooperation’ and ‘enterprise egoism’: at the establishment level, management and works councils conclude illegal works agreements concerning wages and conditions, or the works council and sometimes even the union that concluded the sectoral agreement tacitly consent to a deviation that is necessary to sustain employment. The second way in which sectoral agreements are undercut is through the extensive insertion of opening clauses, which allow works agreements undercutting sectoral wages and conditions in particular circumstances. Through these practices, the sectoral agreement’s function of setting a minimum wage is jeopardised. Instead of being the minimum, it is increasingly becoming the standard, and in eastern Germany even the maximum wage (Schmidt 2003, 100).

The growing distance between legal regulation and actual practice has brought about pleads for legislative intervention by the conservative parties. Their intention is to give works agreements priority over sectoral agreements in wage setting (Weiss 2003, 165-166). The difference to the Australian case is that employers do not have a blueprint for a decentralised bargaining regime and are thus not as decisive as the BCA in promoting their cause. The BDI is in favour of a shift to single-employer negotiations with unions or works councils at the enterprise level. The BDA rejects this idea and prefers an extensive reform of sectoral collective bargaining (Jacobi et al. 1998, 206). Besides, unions are opposed to a downward shift in bargaining structure. The intermediate level of centralisation in wage setting accommodates pressures for wage differentiation among different groups of workers, so unions are not subject to demands for decentralisation from the rank and file. It is unclear what the ramifications of enterprise bargaining would be. A change in collective bargaining legislation would alter the whole system of industrial relations, would redefine the relationship between unions and works councils and would have consequences 7 Types of opening clauses are hardship clauses, location clauses, entrance pay clauses, option clauses, corridor clauses, competition clauses, suspension and postponement clauses, and branch clauses (Jacobi 2003, 35-36). Some of these require that the ensuing works agreements are subject to the approval or the consultation of unions and employers’ associations as the originators of the collective agreement while others do not.
for the optimal union structure. An incremental reform of sectoral collective bargaining that sees sectoral collective agreements as a basic minimum and uses opening clauses to relegate more issues to works agreements reminds of Australian unions’ conception of a two-tier wage system of awards and enterprise bargaining. The Australian lesson is that a tentative shift can become the dominant method of wage fixation.

A change in bargaining structure, in this case decentralisation, has consequences for the distribution of resource control between the industrial relations actors. A concomitant change in union structure can be seen as an attempt to maintain the balance of power and secure representation. In both countries, unions now need to bargain for a much greater number of enterprise agreements, which requires additional resources. They see mergers as an easy way to secure economies of scale in bargaining and a large strike fund. Furthermore, when a large union threatens strike action, it is assumed that this will extract more concessions from employers. Bargaining outcomes will show whether this reasoning is correct. An interesting question is whether mergers in turn influence the bargaining structure. In Germany, it may well be that employers are less inclined to renounce employers’ associations if the alternative is to bargain on their own with a large conglomerate union. Mergers may tip the balance in favour of reform of sectoral bargaining rather than the introduction of enterprise bargaining. In Australia, if the enlarged unions were able to install pattern bargaining (as is happening in construction and metals), multi-employer bargaining, and ‘flow-ons’ from market-powerful to market-weak sectors, they would initiate a moderate re-centralisation.

3.7 Summary

In this chapter, unions have been interpreted as organisms living in a dynamic environment. Through changes in the attitudes of employees, employers and the state, and developments in the industrial order – the economy, the labour market, technology and work organisation, and the system of collective bargaining – the fit between unions and their environment has eroded. In other words, the ecosystem that they are a part of is in transition. Unions have been very slow to respond to the changes around them, and this is due firstly to their inert nature,
and secondly to the fact that the developments have not been threatening to survival as yet. As changes continue, unions preferably engage in mergers, which are merely structural adjustments of peripheral features, rather than in changes in core features, which they would find more destabilising. Taken together, the mergers affect the union population – its density is shrinking, disputes between unions are increasing, and a new type of union, the conglomerate, is emerging. The employer population is interdependent with the union population and has expressed its concern with union structure and its implications for the relationship in the bargaining arena.

4 HOW DO MERGERS TAKE PLACE? – POWER POLITICS

The previous chapter was concerned with the occurrence of mergers – why do they take place? Now we turn to the course of mergers. The choice of change trajectories is determined through protracted interaction between a number of actors. They all try to ameliorate their position by exercising power in their relationships. This striving for a better position and resource control becomes more important than the original rationale, and how a merger takes place becomes decoupled from why it takes place. The first section of this chapter will discern the relevant actors – union leaders, middle level officers, delegates and lay representatives, members, potential members, peak federations, employers and their associations, political parties, governments, and industrial tribunals. The struggles for resource control between the various groups are subject of the following sections. Interaction between different sets of actors will be analysed separately using concepts of resource dependence theory and examples from the Australian and German contexts. Because the relationship of and interaction between particular sets of actors is of varying importance in the national settings, examples will sometimes pertain to one country or the other rather than referring to both. In particular, the analysis reflects the extent to which the merger processes are top-down. For the Australian case, the actions of the state and the peak federation are very relevant, whereas in Germany, dealings within unions are more important.
4.1 Actors

*Union Leadership:* Merger discussions take place on this level. The terms of the merger are negotiated in these highest ranks of the union structure, and the result is a carefully balanced compromise of interests. Thus, mergers are top-down processes and not a grassroots initiative. When taking an economic perspective on organisations, one assumes that such a strategic top-down change process is undertaken in a rational fashion. Analysis of power positions shows that this is by no means the case.

*Officers:* Like middle managers, union officers on intermediate ranks have the most to lose from change processes. Their strategic position as a liaison between the leadership and the membership is a source of power which allows them to be a massive hindrance to change that is not beneficial to them. Thus, they have a large influence on the terms of the merger agreement. On the other hand, officers are the ones that diffuse change throughout the organisation. In a practical sense, they are responsible for the success of a merger.

*Delegates and lay representatives:* Lay representatives are union members who take on tasks and responsibilities on an honorary basis, for example as shop stewards. The structures and the amount of honorary work differ between unions. Lay representatives may also be delegates to union congresses and propose, discuss and vote on motions concerning union policies, for instance the merger process, on behalf of the members they represent. In some cases, officers are simultaneously delegates and therefore control their own work. How this issue is resolved in the merged union influences the internal structure and the extent of union democracy. It may also have an effect on how well members feel that their interests are heard and represented in a large union structure.

*Members:* Through the merger, they become members of a different entity that may have a different ‘feel’ to it and that may deliver a different quality of services and bargaining outcomes. Whether they retain membership depends on their satisfaction with the new union. Nevertheless, members are even less involved in merger negotiations than delegates. While in Australia the law requires that
members endorse the merger by way of ballot, in Germany merger legislation is inexistent and the current practice is that they are not involved in the merger decision at all – delegates approve of the merger proposal.

**Potential members:** Mergers are conducted with a view to expanding recruitment bases to areas of potential membership growth and to improving services to attract potential members. New horizontal structures of representation for specific interest groups such as youth, women and occupational groups are introduced to persuade untypical groups to take out membership.

**Peak federations:** Although peak federations are essentially associations of unions designed to pursue mutually desired objectives, they develop, as all organisations do, their own agenda committed to their survival and growth. Their position regarding union mergers will by influenced by the implications, real or perceived, that these will have for the peak federations themselves. A highly fragmented union movement is disadvantageous for a federation because it will have high costs maintaining relations with all of its members and problems coordinating individual unions’ actions. A very concentrated union movement is also unfavourable because large unions will no longer require a federation to provide services they cannot supply themselves, and in a small group, coordination can take place informally without the mediation of a peak federation. The number of national peak federations plays a role in union restructuring – if several federations exist, mergers will tend to take place among their affiliates only. In both Australia and Germany, there is only one dominant peak federation. The federation is also the channel through which other unions can object to merger plans.

**Employers and employers’ associations:** As described above, employers have an interest in union structure because it affects their interaction with unions, and they reason that union structure has an effect on productivity and competitiveness. They cannot control directly the form union restructuring takes, but they can influence unions’ preferences and options through their own actions and by lobbying for legislation supportive of their objectives. Although employers benefit from weak unions, fragmentation is detrimental because they must deal with
several opponents. The viability of the type of employer associations that are engaged in bargaining depends on a certain degree of union strength without which they would be superfluous. Because employers do not bargain directly with unions in the merger process, they are not subject of analysis in this section.

The state – political parties, government and tribunals: Governments are concerned with union structure insofar as it influences the state of the economy. The constitution and legislation have bearing on the extent to which it can become involved. Ties between unions and labour parties influence how a party, when in government, responds to union interests. An industrial tribunal may be responsible for the administration of internal union matters including mergers.

The following sections analyse the interaction of these groups at different levels in their attempts to further their interests during merger processes.

4.2 Interaction Between Merger Partners

The focus of this section is the interaction between factions within each union and between merger partners. How the union leaders engineering the merger process relate to one another depends on the pressure they receive from factions in their own organisations. That is why these two levels of analysis cannot be clearly distinguished. Given that there are few studies of the political processes internal to mergers in Australia, most of the evidence in this section will refer to the ver.di merger.

4.2.1 Interest Group Politics

Organisational change involves changes in the distribution of power – there will always be winners and losers. Each actor’s relative power and bargaining position influence the course of change, in which all actors are anxious not to weaken their status quo position. The fear of negative consequences for themselves and the attempt to assert their interests in the bargaining about the change process is why they unite into interest groups. These groups of individuals, who are aware of the commonality of their goals and fate, tend to resist innovation – if there is no change, there is no danger to their positions.
In the case of union mergers, it is particularly the group of *middle level union officers* who are opposed to restructuring. Middle level officers are not involved in the planning of the merger to the extent that the leadership is, and are afraid of losing their status and even their jobs. Merger is more of a threat to them than anything else. Stated generally:

> It is not likely that those promoted and rewarded by a particular career system for a specific set of competencies are now going to turn their back on that system – particularly because, except for the person at the very top, these individuals are, in fact, still climbing the organizational ladder. To change the rules is to discredit the source of their success, and to make their chances of rising any farther unlikely. Even if the person at the top (who, after all, has the least to lose in terms of future promotion possibilities) wants to change, those in the ranks immediately below have nothing to gain and much to lose from changing the criteria for success. (Pfeffer 1992, 318)

As they are the liaison between leadership and rank and file, officers are the ones who must diffuse change throughout the organisation and establish a new sense of identity and cohesion. Hence, their cooperation is crucial for the long-term success of the merger. Employment guarantees and interim arrangements are commonplace features of merger agreements that reflect the power of union officers:

In the ver.di merger, especially the ÖTV officers had reason to worry about their jobs. Because the number of ver.di districts was to be smaller than the number previously in ÖTV, and because the post of district secretary was to be allocated to all merging unions proportionally to their membership, around two thirds of ÖTV district secretaries would lose their positions. The rebellion of these officers at the ÖTV conference in November 1999 surely contributed to the *employment guarantee* given in May 2000 and to last until 2007 in the “Grundsatzvereinbarung zu Gründung und Aufbau von ver.di” (agreement in principle about the formation and structure of ver.di) (Müller *et al.* 2002, 155). Interestingly, prior to the IG BCE merger, dismissals resulting from the merger
were ruled out as well, and transfers were to be an exception (Waddington et al. 2003).

The widespread use of interim arrangements is another expression of interest group politics, especially of the power of middle level officers. The ver.di merger agreement contains interim arrangements until the second conference in 2007. By this date, the number of local and regional districts is to be reduced, the employment guarantee given to all union employees expires, the calculation of dues will be standardised, quotas for nominations, elections, appointments according to membership strength of each union at the merger date will be discontinued, and the executive will be reduced from 19 to 11 members. The nearly seven year interim period could prove problematic, especially for the financial consolidation of the new union, unless it is shortened through informal arrangements (Keller 2001, 94-95). In Australia, interim arrangements are also widespread in merger agreements. They were usually intended to last for three or five years; however, many have continued in place (Griffin forthcoming-b). This prompts the question how long-lasting the interim arrangements in ver.di will be.

The size of the executive of the merged unions is the outcome of interest group politics of union officers of a higher rank. Ver.di’s executive is twice the size of IG Metall’s though IG Metall has nearly as many members. In Australia, executives were often enlarged to accommodate leaders of all unions, and Joint National Secretaries and Joint National Presidents abounded (Griffin forthcoming-b). Mergers are only negotiable between the top union executives if suitable positions are found for all of them – which is often only possible when the retirement of some is imminent: the DAG Chair Issen retired during the ver.di merger, and the intended reduction of the ver.di executive to 11 members by 2007 will happen solely through retirement and voluntary resignations. Both IG CPK’s Chair Rappe and IG BE’s Berger retired when IG BCE was formed. Beforehand, they agreed that the post of Chair of IG BCE should be assigned to an IG CPK representative and thereby defused conflict (Waddington et al. 2003, 25).
Waddington et al. (2003, 37) find autonomy for lay representatives and local and sectional groups augmented after the ver.di and IG BCE mergers. This decentralisation is concurrent with a strengthening of central authority in IG BCE, while the relationship between centralisation and decentralisation is weakly defined in ver.di and is likely to be subject of post-merger negotiation. Ver.di has semi-autonomous federal, regional and local committees for minority groups: youth, senior citizens, blue-collar workers, civil servants, foremen, engineers, technicians, freelancers, and the unemployed. These groups stand outside and in an uncertain relation to its complicated matrix structure. The authors leave it open to discussion whether this autonomy can be ascribed to interest group politics or to the recognition among senior leaders that this is a more suitable form of organisation in times of social and economic decentralisation and individualisation. It may also be a bit of both – it is easier for lay representatives and minority groups, who do not possess a great deal of power, to achieve their demands if they are not contrary to the interests of the union leaders.

Certainly a result of interest group politics among merger partners is the establishment of ver.di’s matrix structure comprised vertically of 13 semi-autonomous departments and horizontally of federal, regional, and local levels. Though it may seem to be an innovative organisational form, it is in actual fact the conservation of the merging unions’ structures. As the four smaller unions were aware of and determined to control the superior strength of the ÖTV, the equal status of all participants was made the premise on which the merger proceeded. Consequently, the negotiators of each union managed to preserve a high degree of autonomy for their constituencies. The downside is that this autonomy is a serious impediment to integration. However, the cross-sectional nature of the minority groups could encourage integration of the departments.

4.2.2 Commitment

As soon as a union is involved in merger talks, they enter the slippery slope of commitment. Once the intention to merge has become public, it is difficult for a

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8 Women constitute nearly 50% of members and are thus not a minority group. Gender mainstreaming is seen as a cross-sectional task and structures are integrated into all departments.
union to back out of the project and to distance itself from its previous actions. This is true for the union towards other unions and the public, as well as for union leaders towards members and officers. Unfortunately, information is only available on the commitment process within unions for the German case. The Australian unions’ commitment to the ACTU’s amalgamation programme will be analysed in the section on peak federation – affiliate relations.

An example of a commitment to preserve inter-union relations and public opinion is the conflict within the ÖTV regarding its participation in the ver.di merger. In 1997, the ÖTV had become the leader of a group of unions aiming to form the new service union that eventually became ver.di (Müller et al. 2002, 37). In 2000, the ver.di merger came close to failing because of conflict between the ÖTV leadership and middle officers afraid of losing their positions. Although the four small merger partners developed a (probably unrealistic) ‘4+1 model’, which gave the ÖTV the possibility of joining the merged union at a later date, the whole project would have been a disaster if the ÖTV had left. Publicly, the ÖTV would have been viewed as chaotic, inconsistent and obstinate to change. And worse: failure of the ver.di project would not only have had devastating consequences for the internal relations among the merging unions, but above all, it would have been publicly perceived as a clear indication of the inability to reform, not only of the involved unions, but of the union movement as a whole (Keller 2001, 57).

Union leaders use agendas strategically to commit officers and members to merger processes. They know that:

Agendas represent a sequence of decisions. These decisions, once taken, may produce behavioral commitments that affect how subsequent decisions are made. Agendas can be used to build commitments to a course of action, which might otherwise be impossible to obtain. (Pfeffer 1992, 240)

The decision to divide the ver.di merger agreement into two parts provides an example: Delegates of the merging unions had endorsed the creation of a cartel union, Go ver.di, as a founding organisation at separate congresses in November 1999. Congresses resolving the disbandment of the old unions and the actual
founding congress did not take place until March 2001. It is easier to attain a majority in favour of a founding organisation than it is for a disbandment. And following the commitment to the founding organisation, it would have been quite a big hurdle to leave during this transition period. Go ver.di’s statute prohibited secession until June 2000 and even then only with six months’ notice, thereby making withdrawal from the merger project highly unlikely.

Union leaders do not attempt to establish a general willingness to merge via a formal decision before engaging in any merger talks. Rather, they often begin talks in secret and involve officers and members only after considerable decisions on the nature of the merger have been made. Officers, activists, and members are only involved to the extent that is necessary to ensure their cooperation and endorsement of the merger agreement.

*Stretching* the pre-merger phase is one way to build commitment and to ascertain cooperation. The IG BCE merger process is such a case. Officers and members learned about the merger project only when the executive committees of IG BE and IG CPK issued a joint declaration after secret discussions in December 1991. The project was consolidated through a cooperation agreement in May 1992 and was endorsed in 1997. Although the lower levels of the organisations were not familiarised or involved in the process until 1996 (Martens 1997, 425), it was improbable that delegates would render five years of preparation a waste of time by refusing to endorse the merger.

*Contracting* the pre-merger phase by postponing discussion about objectives and political positions is another option to secure cooperation, and this was chosen by the leaders of the ver.di project. Fearing that the process could be endangered by a programmatic discussion given the broad political spectrum covered by the member unions, they decided to found ver.di without a defined vision and to put off the debate until the first congress in 2003, two years after the merger. Their rare political statements were quite vague and “displayed a tendency to search for the lowest common denominator between the partner unions rather than testing and creating common political ground” (Waddington *et al.* 2003, 28). The
danger of this strategy is that political differences remain latent and can cause difficulties at a later date.

4.3 Interaction in the Union Movement

The previous section dealt with the interaction of factional groups within unions, and with bargaining between unions that have already made the decision to merge with one another. This section also examines inter-union relations, but of a different kind: firstly, the relations between unions before the choice of merger partners is made, and secondly, the interaction of coalitions of unions, i.e. a group of unions committed to a common goal.

4.3.1 Finding a Merger Partner

The concentration of the German union movement at the outset of the merger wave made finding a suitable merger partner difficult. Previous mergers and ongoing negotiations created a pressure for unions to engage in merger talks themselves. Thus, one trigger of the rapid transition that is taking place at the moment is the scarcity of partners and the worry about being left out. All German unions with the exception of the GdP have been involved in merger negotiations, and even the GdP has been part of cooperative arrangements among public sector unions during the 1990s. If a union chooses to remain independent, it takes the risk that if it needs to merge at a later date for financial or other reasons, all desirable merger partners will be gone and it will have to agree to absorption by a conglomerate union. Its bargaining position in merger negotiations will be less powerful than if it had participated at an earlier date. This is a problem that the GEW faces. It had originally planned to participate in the ver.di merger, but left the negotiations in 1999 due to factional pressures to remain independent. Ver.di’s department five, ‘Education, Science, and Research’ is especially designed to incorporate the GEW, and ver.di Chair Bsirske invited the union to join ver.di in his speech at the founding congress. But should the GEW decide to take up the offer, it would have missed the opportunity to influence the basic organisational and political decisions made in the pre-merger phase (Keller 2001, 55). Ver.di is now interested in organising in pre-school education (Bsirske 2003) and by moving in on the GEW’s jurisdiction,
creates a greater pressure for it to join. The decision of the ÖTV to merge was particularly influenced by the cooperation agreement between HBV, DPG and IG Medien, the acquisitions completed by IG Metall, and the IG BCE merger, which created the fear in the ÖTV that it could lose its position as the second largest union in Germany (Waddington et al. 2003, 19).

In Australia, the fear of being left out of the merger process did not play a role. The fragmentation of the union movement meant that, in principle, there were many merger partners to choose from. However, the ACTU’s amalgamation strategy made long searches unnecessary by requesting mergers within industry groupings. Also, mergers have been frequent in the history of the union movement, as have changes in the ranks of unions according to membership. No union is large enough to determine peak federation policy. This suggests that Australian unions were more calm and pragmatic about with whom to merge than their German counterparts.

### 4.3.2 Inter-Union Coalitions

Not only do mergers tend to take place within peak federations, they also tend to maintain cleavage lines within the movement. Which cleavage is predominant differs between countries. Visser and Waddington (1996) point out a religious cleavage in the Netherlands and a differentiation between blue- and white-collar unions in Sweden.

The course of the German merger wave shows that the main cleavage line between unions is between the industrial and service sectors, and this cleavage has become more prominent. During the ver.di merger, industrial unions brought forth the argument that there is no such thing as a service industry, that services are performed in all industries, and that the establishment of an amalgamated service union runs contrary to the principle of industrial unionism. Prior to the merger, IG Metall had been the largest union in Germany since 1949 and had had a pioneering role not only in collective bargaining but also in policy-making. One instance is Chair Zwickel’s ideas for the reform of the DGB in 1995. Of course, his ideas maintained the superiority of IG Metall and the manufacturing
unions and did not adequately reflect the sectoral shift towards services. The growing importance of services and the probably irreconcilable disagreement between manufacturing and service unions about who may rightfully organise in the area of ‘industrienahe Dienstleistungen’ (outsourced services for manufacturing plants) resulted in the reluctance of service unions to accept IG Metall leadership in the issue. The unions forming ver.di adopted the strategy of moving first, which had the advantage that by staking out a position, they could compel the other unions to accommodate themselves to it. By combining public and private sector services, they rendered obsolete IG Metall’s idea of keeping them separate and banished it to second place regarding membership strength. On the other hand, the disadvantage that the merging unions took into account is that they exposed themselves as potential targets for attack by opposing unions. Indeed, the project did have an Achilles’ heel: IG Metall protested against the inclusion of the DAG in the merger project and pointed to a DGB cartel rule that admission to the DGB is only allowed for associations with “peaceful” borders. The DAG, it said, was a competitor to DGB unions. The point of IG Metall’s protest was to strike a gain out of the ver.di merger for itself – it hoped to accomplish a switch of DAG members working in its jurisdiction to IG Metall (Müller et al. 2002, 114-115).

Political cleavages do play a role, yet to a much lesser extent. For example, IG CPK and IG BE were both ‘moderate’ unions whose merger to form IG BCE was influenced by the desire to form a counter-balance to the left-led IG Metall in the DGB. But several unions of different political camps have united. For example, the GTB had a moderate political stance and decided to merge with IG Metall rather than with the politically and industrially more fitting partner IG CPK, not least because of the higher pay rates for union officers at IG Metall (Waddington and Hoffmann 2000, 118). The ver.di merger included the moderate DAG and ÖTV and the left unions HBV, DPG and IG Medien.

In Australia, the main line of dispute is a political one. At the beginning of the twentieth century, unions espoused either a tradition of Labourism or of
Small craft unions were Labourist, while larger unions tended to be revolutionary. Craft unions have long since merged into multi-craft or multi-industry unions, and radical objectives have been marginalized since the mid-1950s. Today, the two political wings of the labour movement are situated within a reformist ideology that endorses capitalism (Fox et al. 1995, 144). They are referred to as right and left. Their reservations about the ACTU’s merger strategy concerned the inefficiency of super-unions or their undemocratic nature, respectively. Hose and Rimmer (2000, 224) deplore that a political explanation of merger motives and actions of individual unions is missing in Australia, and that “the literature tells us relatively little about the nature of such coalitions [between leaders of individual unions as well as ACTU officers], the extent to which they broke down, [and] the degree to which mergers failed or took a different form from the ACTU’s plan […].” Their analysis of the deviations of the amalgamation process from the ACTU’s strategy to restructure along industry lines shows that several multi-industry conglomerates were formed between ideologically compatible partners. In the metal industry, the AMWU merged with fellow left-wing food preservers, printers, and vehicle builders, while the right-wing metal unions ASE and FIA merged with the also right-wing general union AWU to form AWU-FIME. Another left-wing combination is the CEPU formed by communication workers, electricians, and plumbers.

There was some opposition to restructuring, especially among craft unions who wished to remain independent. In particular, the ETU and the FCU criticised the ACTU’s policy for restructuring at the 1989 ACTU Congress by questioning whether industrial unionism was a panacea and by disapproving of the top-down imposition of reform. They did not receive much support from other unions and were told by ACTU Secretary Bill Kelty that they could not survive in their current form and must face up to the challenge ahead (Davis 1990, 103). Both unions were subsequently engaged in mergers that did not follow to industry lines: the ETU was part of two amalgamations in 1993 and 1994 forming the left-wing

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9 The main tenets of Labourism, developed around 1910, were White Australia, tariff protection, compulsory arbitration, strong unions, and the Labor party. Opposition to Labor-in-Government came from the Industrial Workers of the World (IWW) and from the NSW Labor Council, which was dedicated to the establishment of One Big Union (OBU) as the instrument to overthrow capitalism (Hagan 1989).
CEPU, and the FCU participated in an amalgamation in 1993 to form the ASU, which comprises public and private sector clerks and other occupations, such as shipping and transport.

Summarising, the inter-union coalitions regarding mergers mainly follow political lines in Australia, while in Germany the cleavage runs between service and industrial unions. Who merges with whom is further influenced by the fragmentation or concentration of the union movement as this affects the number of potential partners.

4.4 Interaction Between Peak Federations and their Affiliates

As mergers concern the union movement as a whole, the peak federation is involved with and affected by changes in union structure. The situation of the Australian and German peak federations could not be more different: the ACTU exerted considerable influence on the restructuring process, while the DGB is very much affected by it. The ACTU was active in the face of environmental changes, while the DGB has adopted a very passive stance. How the ACTU went about reform and the implications of restructuring for both federations is subject of this section.

4.4.1 Influence and Leadership

Bacharach and Lawler (1980) distinguish two dimensions of power – influence and authority. Authority is the formal power to make decisions that flows down the organisational hierarchy. It is static because its source lies in the structure of the organisation. Influence, on the other hand, is an informal and multidirectional power that has an indirect effect on decision-making. It is not a matter of rights but is generated through voluntary submission of other actors. Influence can be transformed into authority through institutionalisation. Because it is dynamic, it is the primary source of change in organisations. Influence has a number of sources, namely personal characteristics, expertise, and opportunity.

The use of influence and authority by individuals to elicit followers’ voluntary compliance is called leadership. Its functions are the definition of the
organisational mission and role, the institutional embodiment of purpose by building the policy into the structure and by deciding upon means to achieve ends, the defence of the organisation’s integrity towards the public and its own members, and the ordering of internal conflict (Hall 1999; he refers to Selznick 1957).

Accordingly, the 1980s and the early 1990s were a period in which the ACTU enjoyed a great amount of influence, and increased authority to the extent that this influence was institutionalised. It used this influence to pursue its amalgamation programme. In order to comprehend the exceptionality of the situation during this time, it is necessary to take a look back at the ACTU’s origins:

It was established in 1927 with the objective of socialising industry (ACTU Constitution §2). Industrial unionism was one method by which the objective was to be obtained, as stipulated in §3a:

The closer organization of the workers by the transformation of the trade union movement from the craft to an industrial basis, by the establishment of one union in each industry.10

However, there were diverse interpretations of the socialisation objective among affiliate unions, and the federal structure of the newly founded federation represented a balance of power between craft and industrial unions that ensured that the transformation envisaged in the constitution could not take place in the near future: the strength of the state-based Trades and Labour Councils gave craft unions a guarantee of continued existence and independence, while the government of the federation by a biennial congress favoured large industrial unions. “Thus the structure was a compromise which allowed all delegates to imagine that the new body could serve their purposes” (Hagan 1981, 83).

The ACTU was not in a position of power that would have enabled it to realise its goal of transforming the union movement until the late 1980s. It was during a period of unprecedented power that the federation recognized and seized the

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10 The ACTU Constitution is printed in Hagan (1981, 455-456).
window of opportunity. It used its newly found power to lead the union movement into “the most far-reaching and detailed reorganization programme ever undertaken by an established, autonomous trade union movement of its own volition” (Martin 1992, 140).

The sources of the ACTU’s influence were a mix of opportunity, personality and expertise: The opportunity arose through a range of factors: By the 1980s, the ACTU had reached a high level of inclusiveness – it has represented around 90% of trade unionists since the affiliation of the AWU in 1967 and the mergers with three white-collar federations, the ACSPA in 1979, the CAGEO in 1981 and the APSF in 1985. This has made it the “parliament of organised labour in Australia” (Griffin 1994, 95). The Accord (1983-1996) improved the power position of the ACTU by augmenting its importance as the main liaison between the state and the unions and by making it the de facto negotiator for improved wages and conditions, not only for unionised workers, but also for non-unionised employees. Concomitantly, the portrayal of the ACTU in the media became that of the authoritative voice of trade unionism (Griffin 1994). Personality and expertise are the other sources of ACTU influence. Griffin (1994, 98) claims that “since the election of Bob Hawke as ACTU President in 1969 the peak-council has, by-and-large, been led by a group of extremely capable, influential and high-profile officials.” The character and style of ACTU leadership has changed in the early 1980s from “fireman” to “planner”, and especially Bill Kelty as Secretary (1982-2000) and Simon Crean as President (1985-1990) sought to develop pro-active policies based on unity and consensus across factional lines.

The assertion that the ACTU used influence and not formal authority to promote its amalgamation programme is confirmed when one expounds on the properties of influence listed above in relation to the ACTU’s case: The ACTU’s power was dynamic in nature – it rose in the late 1970s and early 1980s and subsequently fell in the 1990s. The ACTU used its power to orchestrate the merger programme in two directions: it promoted the programme downwards to its affiliates through policy documents and discussion, and in the upward direction, it lobbied the Labor government to facilitate mergers through legislative amendments. The federation indirectly affected the outcome since the merger decision was
ultimately made by the unions involved. The ACTU (1987, 50) clarified in advance that its role was important but not authoritative:

The ACTU has the responsibility not merely to assist unions in the process of amalgamation but also to promote amalgamation. To assist unions plan for amalgamation the following structure has been drawn up for purposes of discussion. It is not prescriptive, nor should it be regarded as a blueprint.

Unions’ submission to the ACTU’s strategy was voluntary in the sense that no formal rules existed between the ACTU and unions to enforce compliance. It can be argued that in some cases, unions had to amalgamate against their wishes (Griffin 1994, 87). This can be explained by the temporary institutionalisation of the ACTU’s influence under the aegis of a Labor government, and by its ability to harness state power and exploit it for its purposes (Briggs 2002, 95).

During the Accord, the state institutionalised and thereby transformed the ACTU’s influence into authority to a certain degree. The nature of corporatist arrangements like the Accord is that on the one hand, it gives the state control over unions, and on the other, unions have privileged access to the state. These relations are mediated by the peak federation which assumes authority in the process. However, this authority pertained to incomes policy and not to trade union structure. The ACTU negotiated wage claims with the Labor government and subsequently ensured that no extra wage claims were made by single unions. The AIRC delegated authority to the ACTU to define which of the additional claims were covered by ‘extraordinary circumstances’ and which constituted an ‘extra’ and were vulnerable to legal sanctions. Thus, during the Accord, the ACTU was a conduit for the exercise of state power over unions. This was only possible, however, so long as the wage system orbited around national wage cases (Briggs 2002, 95). Since the move to enterprise bargaining in the early 1990s, the institutional source of the ACTU’s power has eroded.

It was the ACTU’s doing to exploit the authority vested in it to pursue its own agenda of amalgamation. Its heightened power benefited the ACTU in its external relationship with the state: it lobbied the government to encourage mergers
through legislative amendments, speaking to it, like it did concerning incomes policy, as the united voice of trade unionism. In its internal relationship with its affiliates, it was not as unproblematic to translate the authority it enjoyed regarding incomes policy to the field of union structure. The ACTU did use affiliates’ dependence on its function in the Accord process to extract unity behind its policies, but this could not be enough. As a voluntary organisation, it needs membership participation to stay viable, and involvement and compliance of its affiliates are much more important than coercive powers (Hall 1999, 124). The accomplished exercise of leadership by top ACTU officials, especially Bill Kelty as the “chief architect and executor” (Martin 1992, 139) of the merger campaign, elicited unions’ compliance. In the 1980s and early 1990s, the ACTU fulfilled all four leadership functions mentioned above:

The organisational mission of the trade union movement was explicitly stated in ‘Australia Reconstructed’ (Department of Trade 1987), the report of an ACTU/TDC study mission to Western Europe in 1987. The report contains a total of 72 recommendations for Australia regarding macroeconomic policy; wages, prices, and incomes; trade and industry policy; labour market policies; industrial democracy; and trade unions. The first two recommendations reflect the pervasive ideology of social reform in Australian unionism and envision unions as a partner in corporatist economic management. They read:

1.1 Australia should develop a central national economic and social objective. This must be negotiated, set and given substantial support by all major parties, e.g. government, unions, business and community groups. The objective should be highly visible and actively embraced; it should be promoted by all parties.

1.2 Such a national objective for Australia should aim to achieve full employment, low inflation and rising living standards which are equitably distributed. This is dependent on maintaining the maximum possible level of economic growth and development. Australia must have an innovative, positive and consensual approach to the management of change and to the removal of all impediments to achieving these objectives.
It is notable that the organisational mission has changed since 1927, when the goal was to socialise industry, but the means have remained the same: industry unionism. If unions intend to be active in their macro-environment and influence the social and economic climate rather than to overthrow capitalism or to operate only in their task-environment and focus on bread-and-butter issues, their structure needs to allow them to do so. In other words, purpose must be embodied in their institutions, or the structure must be adapted to the strategy. After deciding on the mission, the ACTU also decided upon the means to achieve the ends – ‘strategic unionism’, comprising broad policies, industry-based unionism, education and research. The ACTU was already involved in macro-economic policy-making during the Accord, and thus, reforming union structure became the centre of activity. The ACTU also secured the union movement’s integrity. Outwards, it spoke as the unified voice of trade unionism, and inwards, it used co-optation to mitigate internal conflict. Griffin (1994) argues that factionalism declined in the 1970s and virtually disappeared in the 1980s and 1990s due to the exercise of ACTU leadership. He describes the willingness among senior union leaders to work in harmony with ACTU officers and one another as the greatest achievement of the union movement in the 1980s. This was due not least to the restructuring of the ACTU, particularly the enlargement of the Executive to incorporate a key power-broker of each union group, and to the increased involvement of affiliates in a consensual policy-making procedure (Griffin 1994, 98).

It must be emphasised that the ACTU never had uncontested authority over its affiliates. Even in the absence of attractive alternatives, the submission of the affiliates remained essentially voluntary. Writing when the ACTU enjoyed much power, Griffin (1994, 100) contends:

So long as the consensus view remains that a strong peak-council helps affiliates to maximise their chances of achieving their goals significant authority will reside with the ACTU. Changed perceptions on the part of the affiliates, perhaps caused by external factors such as an improving economy, the change from an arbitral to a collective bargaining system
of industrial relations or a change of federal government, could clearly result in a lesser role, and hence reduced authority, for the ACTU.

In the meantime, the power of the ACTU has receded to its pre-1980s level. Enterprise bargaining, a conservative government, and a change in leadership in the ACTU and the affiliate unions have caused the source of its influence to run dry. It has not pursued its goal of 20 unions any further.

The ACTU’s official goal of the amalgamation process was industry unionism. As mentioned above, it has not been attained – neither has the number of unions been reduced to 20, nor do union jurisdictions follow industry lines. Why did the ACTU pursue industry unionism at a time when internationally, industry unions were being substituted by multi-industry, conglomerate unions? Possibly, it did not revise the goal it had set itself in 1927. More likely, it found that industry unionism generated more consent among affiliate unions, particularly with the state and employers. There was no considerable opposition to the amalgamation plan from within or without the union movement. However, the ‘industry groupings’ in the federation’s plan were not reflective of the structure of the Australian economy. In reality, the plan set out restructuring according to what was feasible.

Needless to say, the role the ACTU played in the Australian merger wave is extremely untypical. A number of events conspired to permit the coordination and rapid implementation of the mergers. Although a coordinating role of the peak federation is beneficial to union restructuring, not too much can be expected in other national settings because of the lack of federation power. The position of the DGB is at the other extreme – it is very quiet about the massive restructuring going on around it and affecting it in a fundamental way, and merger initiatives come from the head offices of individual unions only. Its only activity is the attempt to conciliate jurisdictional disputes that arise in the process.11

11 The Austrian federation, ÖGB, adopted a role between those of the ACTU and the DGB: it presented a plan for restructuring in 2001. However, affiliate unions, especially those negatively affected by the plan, were quick to initiate a merger that runs contrary to it and makes it unfeasible (see Blaschke 2002).
This section has described the unusual case of a peak federation orchestrating a merger wave. The next section will outline how peak federations can be affected by mergers among their affiliates.

4.4.2 Changes in the Distribution of Power

Any organisational change involves shifts in the distribution of power. The restructuring of unions within the movement generally involves a loss of power on part of the peak federation: by merging, its affiliates become larger and more powerful entities. They are less dependent on the peak federation to provide services such as legal support, training, and adjudication of inter-union disputes, to perform coordination functions between unions, and to lobby the state. The fragmentation of the union movement in Australia and the concentration in Germany are the primary determinants of the extent of this power redistribution.

The ACTU did not anticipate a loss of power through the merger wave. It envisioned Australia as a ‘Sweden of the South’ with a great role for itself. Obviously, this has not happened, the ACTU has lost power through a range of factors, and it is now in the same position that it was in before its exceptionally powerful phase in the 1980s. It still has a large number of affiliates. As can be seen in Table 2, its membership consisted of 45 federally registered unions in 2000. At least another 45 state-registered unions must be added to this figure.\textsuperscript{12} In 1996, the total number of federally and state-registered unions was 132. Of these, 21 unions had a membership of less than 100, 62 had under 1,000, and 98 under 10,000 members (Griffin and Svensen 2002, 36). Despite mergers, these unions are still very much dependent on the ACTU to provide services and lobbying. The coordination of about 100 unions is still a considerable task. The federations that are more affected by the merger wave are the state-based Trades and Labour Councils. Their affiliates are very small unions that operate only in one state, and in the amalgamation process, many of these have come under federal jurisdiction. The Trades and Labour Councils are becoming more and more just the regional branches of the ACTU rather than peak federations in their own right.

\textsuperscript{12} Due to the discontinuation of ABS statistics, no exact figure is known after 1996.
The German union movement is now comprised of eight unions. This has far-reaching consequences for the DGB. Firstly, the sheer size of the unions – the smallest, GdP, had 186,000 members, and the largest, ver.di, had 2,806,000 members in 2001 (Waddington and Hoffmann forthcoming) – means that they can produce many of the services traditionally provided by the DGB in-house. Ver.di, owing to the heterogeneity of its members, is referred to as a ‘DGB on a small scale’. Secondly, there is not much need for coordination between them. In addition, they are increasingly reluctant to accept the decisions of the DGB Disputes Committee and resort to Labour Courts to resolve inter-union disputes. Thirdly, the large unions have direct relations with the state and do not require the DGB as an intermediary. And finally, the DGB’s role in representing German unions at the European level through the European Trade Union Confederation is moderated by direct linkages at industry and workplace level (European Industry Federations and European Works Councils). In conclusion, the DGB is the major loser of the merger process (Waddington and Hoffmann 2000).

The different effects that the merger processes have on the two federations make their different behaviour towards the issue plausible. The ACTU not only actively promoted mergers, but actually orchestrated the whole process. It has not suffered any unfavourable consequences. Its power has been reduced, albeit to an extent that was sure to happen in any case at the end of the period of Labor government and the Accord. It is quite possible that its task has been facilitated as fragmentation has decreased. It retains the ability to manage encompassing policies, as its organising initiative shows.13 The DGB, on the other hand, has not promoted mergers and is negatively affected by their outcomes. It may seem surprising that it has not sought to prevent them, but a glance at the composition of the DGB Executive shows that it is made up of five DGB officials and the leaders of the eight affiliates. Essentially, it is the space where affiliates meet and exchange views, and as an organisation, the DGB is only as strong as the affiliates allow it to be. In such a structure, there is no possibility for an independent DGB policy that contradicts the volition of the majority of unions –

13 The organising programme is described in chapter five.
and, as mentioned above, all unions except the GdP have been engaged in merger talks and view mergers as the appropriate response to their current difficulties.

At this stage, the shift in power from the DGB to the individual unions can be observed but not evaluated. In general, power shifts are “more often than not therapeutic, because they permit new ideas, new information, and new skills to take over and solve critical problems that may have developed under the previous regime” (Pfeffer 1992, 302). The strengthened position of the individual unions is associated with a segmentation of the union movement into several large blocks. This could mean a loss of cohesion and common vision, and result in a weakening of unions altogether (Tenfelde 1999), or maybe it will facilitate effective interest representation, and ultimately, attract members. It could be necessary to allow more differentiation within the union movement in order to prevent the development of cross-class alliances between sections of the working class and employers, which undermine the cohesion of the union movement more severely. After all, workers’ interests in the export-oriented production sector are disparate to and sometimes contrast those of workers in low-productivity services or in the public sector. An aggregation of the increasingly heterogeneous interests may no longer be feasible.

Another reason for the DGB’s receding significance is that relations between the union movement and the SPD have become arm’s length. The interaction between the state and the unions is discussed in the next section.

4.5 Interaction Between the State and the Unions

A further difference in the Australian and German merger processes concerns the involvement of the state. Affiliation between political parties and unions, as well as constitutional and legislative powers affect the role the state plays in the merger process.
4.5.1 *Strategic Alliances*

Organisations interact with their environment in several spheres. In spheres where much interaction takes place and interdependencies exist, they attempt to make stable connections by building networks. One possible way to achieve this is to enter into strategic alliances with other organisations. The partners agree “to pursue joint objectives through a coordination of activities or sharing of knowledge or resources. The partners remain legally independent but share benefits and control over specified tasks” (Scott 2003, 207). They pool their strengths in different areas for mutual benefit. The interdependence and reciprocity of the relationship distinguishes networks from markets and hierarchies.

In many countries, unions as organisations and the union movement, represented by its peak body, as an association of organisations have formed a strategic alliance with a political party. In both Australia and Germany, the labour movement in its beginnings was divided into the unions as the industrial arm and a workers’ party as the political arm. Today both the ALP and the SPD have become people’s parties, and together with their conservative counterparts, form the dominant parties in the political system. The relationship between the labour party and the unions is continually in a state of flux and the connections are becoming tighter or looser.

The ties between organisations can be assessed on the basis of the following properties: the connectedness of the organisations, meaning how directly they can influence one another; the density of direct contacts; the number of organisations in the network; the centrality or degree to which one organisation is the centre of the network; whether overlapping membership is possible or mutually exclusive; whether one organisation is dominant in several decision areas; and the existence of formal structures that reflect the influence patterns (Bacharach and Lawler 1980, 205-206).

The relations between the ALP and the Australian union movement are quite strong. Many unions are affiliated to the ALP, and are involved in its policy-making process by providing half the representatives at state conferences. Labor
Advisory Councils at federal and state level are the formal consultative mechanism between the party and the union movement. Party members are encouraged to join a union or to employ union labour, and union members are offered discounts in membership subscriptions. Labor MPs must establish dialogue with local union activists in their electorate (Australian Labor Party 2002). Numerous direct personal links exist, for instance, Bob Hawke was first President of the ACTU and then became Prime Minister of Australia; currently, the past ACTU President Simon Crean is Opposition leader. The 1983-1996 period of Labor government was characterised by very strong ties between the party and the unions, as shown by the longevity of the Accord. However, the unions were clearly the junior partner in this relationship. Although the ALP Constitution contains provisions that unions should determine their own internal policies, Labor under Hawke made extensive changes to registration and coverage rules and thereby not only promoted, but also forced the ACTU’s amalgamation programme. This is surely an expression of Bob Hawke’s sympathy towards his successors in the ACTU and the sense of personal loyalty between him and Bill Kelty.

German unions, by contrast, are not formally affiliated to any political party. They were re-established after 1945 as politically independent organisations. In practice, they have links to both the SPD and the CDU. Most union officials are SPD members, but a minority of seats in the decision-making bodies of the DGB and its affiliates are reserved for CDU members (Jacobi et al. 1998, 200). Zeuner (2000) describes how the relationship between the SPD and the union movement has changed over the years. At the beginning of the labour movement in the nineteenth century, the party was the ‘big brother’, whereas now, unions formulate their policies independently, and search for issue-oriented alliances with all political parties and social movements alike. The relationship between unions and the SPD was more consensual when the SPD was in the opposition; now that it is in government, differences of opinion are evident. For instance, following unions’ discontent with the government’s Agenda 2010, ver.di Chair Bsirske affirms the union’s determination to follow an independent policy and to engage in discussions with the SPD about social democracy and the significance of the welfare state (Bsirske 2003).
In general, German unions’ participation in the political arena is characterised by more continuity than that of the Australian unions – the latter are only involved in periods of Labor government. However, ALP policy is conducive to union preferences while recent SPD policy generates union dissent. The ALP actively supported mergers – the Australian merger wave could not have happened without the according legislative changes. Contrarily, having the SPD in government is of no use to German unions seeking to merge as the government has neither issued legislation nor has it provided moral support.

4.5.2 Legislative Coercion

The significance of networks between parties and unions is restrained or promoted by constitutional and legislative stipulations. These affect the capacity of the government to introduce and amend industrial relations legislation. Laws are a form of coercion because they directly manipulate outcomes. Although ‘juridification’ is an often cited feature of German industrial relations, there is no legislation regulating internal union matters. In Australia, such laws are pervasive and frequently amended.14 The legislative changes that forced amalgamation are not only a sign of close ties between the ALP and unions, but point to differences in the German and Australian political systems. Even if the relations between unions and the SPD were close, the party would not be able to encourage mergers in the same fashion.

In Australia, unions must be registered with a state organisation, the AIRC. Laws were introduced that changed the conditions of union recognition. Secondly, the Australian Electoral Commission conducts the membership ballots endorsing mergers. Here new laws changed the ballot requirements. Thirdly, the AIRC establishes organisational coverage, and laws changed the conditions under which it can grant exclusive coverage to particular unions.

14 Merger legislation also exists in the United States and Great Britain. It is remarkable that the countries in which industrial relations are relatively unregulated have the most extensive regulation on internal union affairs.
In Germany, there is no legislation on union recognition. Therefore, the raising of minimum size requirements for unions is not an option. Unions decide themselves on the voting requirements to endorse a merger, and the government cannot interfere. Organisational coverage is established in union rulebooks in accord with the DGB statute, and disputes are resolved by the DGB Disputes Committee. There exists no state-run industrial relations tribunal to conciliate and arbitrate in inter-union matters. The constitutional principle of freedom of association guarantees the right of unions and employers’ associations to autonomously regulate their affairs, and thus forecloses the possibility of the introduction of any of these laws. There is no legislation that the government could introduce that directly encourages mergers. It is also unable to introduce an enterprise bargaining principle, as was done in Australia, because unions and employers have the right to negotiate at whatever level they please without state intervention. The only thing the government could do is to grant works councils bargaining rights and to wait and see what effect this has on union structure.

Not only the constitution and industrial relations legislation affect how the government can play a role in union mergers, but also the configuration of the political system. In Australia, the ALP forms government alone, and it is easy to amend legislation. In Germany, coalition governments are the rule. In addition, many laws require the consent of the Bundesrat, which brings the interests of the Länder to bear in federal legislation. If the majority in the Bundesrat is in opposition to the federal government, passing legislation is more difficult. That is why industrial relations legislation is more lasting than in Australia, and why changes are relatively moderate. Therefore, no drastic change in legislation and no intervention into union structure can be expected.

4.6 Summary
This chapter has considered unions as politically negotiated orders. It has interpreted change not as a quasi-automatic response to environmental pressures, but as the result of protracted interaction between several groups of actors. During a merger, bargaining occurs between factions in each participant union and between the leaders of the unions, who represent the interests of their
constituencies as well as their own. A particularly important group in internal bargaining processes are middle level union officers. Union leaders who are engaged in merger talks endeavour to conclude them in order to avoid repercussions for the union’s internal and external relations. Within a national union movement, merger choices are made according to existing cleavages, and coalitions of unions with similar views on the reform of the movement emerge. The Australian and German merger waves differ greatly concerning the involvement of the peak federation. The ACTU formulated and implemented an amalgamation programme with extensive support from the state, while the DGB has remained inactive as its power position is adjusted downwards. Constitutional and legislative provisions, as well as the fact that German unions are not affiliated to any political party, have foreclosed state intervention in union restructuring.

5 AFTER THE MERGER

So far, this paper has analysed why and how union mergers have taken place in Australia and Germany. The connection of empirical knowledge with organisation theories has generated hypotheses, which are summarised below. The focus in the previous chapters on the pre-merger period has given rise to several questions which are now approached in an examination of the post-merger phase in Australia and Germany and of international developments. The thesis ends with an outlook, as the subject of union restructuring is far from conclusion.

5.1 Hypotheses and Open Questions

Seven hypotheses concerning why and how union mergers take place are formed on the basis of the preceding analysis. They need testing in other national settings and in case studies of particular merger processes:

1. Unions are structurally inert in a dynamic environment. This has caused the fit with their environment to erode over time.
2. Transformational shields, namely the incorporation into political and economic systems, have protected unions from environmental pressures and allowed them to remain inert without risking elimination.
3. Mergers adjust peripheral features of unions and leave their core features untouched.

4. As competition within the union population increases, conglomerate unions are becoming more widespread.

5. Changes in union structure affect interaction between unions and employers.

6. During merger processes, power struggles take place between the parties involved.

7. The outcome of these power struggles is the redistribution of resources between the union and its environment, and within the merged entity.

Going one step further, organisational ecology and resource dependence theory prompt a range of questions about the post-merger phase. They were touched upon in the analysis and will now be elaborated in greater detail.

In the variation – selection – retention model, union mergers are classified as a structural variation that has often been selected. In retrospect, questions are:

1. what other structural variations are possible and why they have not been as popular as mergers;

2. why structural variations have been favoured above variations in strategy, and whether strategic variations are appearing after structural changes have been concluded;

3. which retention mechanisms unions have to secure their new structure and whether structural variation is continuing within the boundaries of the new large organisations.

Organisational ecology draws attention to:

4. whether interim arrangements and autonomous divisions are a slow death of the old unions or whether they live on indefinitely in a large, loosely coupled organisation;

5. whether divisionalised conglomerate unions are a structural modification of their predecessors or a fundamentally new organisation;

6. whether mergers have suppressed the penetration of unions’ environmental niche by rival organisations;
7. what consequences changes in the union population have had on the ecosystem, and whether variations in other populations or in industrial relations institutions are direct or indirect consequences of union change.

According to resource dependence theory, an assessment of merger outcomes must consider:

8. whether mergers have improved unions’ access to and control of resources vis-à-vis their environment;
9. whether resource distribution within merged unions is more efficient, and what structural and strategic outcomes the resource conversion process within unions has produced after mergers; and finally,
10. whether mergers are a sufficient adaptation to the environment or whether further steps must follow.

The remaining sections of this paper cannot provide definitive answers, but an attempt will be made by assessing merger outcomes in Australia and Germany, by exploring alternatives and by reviewing union structural change in other countries.

5.2 The Post-Merger Situation in Australia and Germany

Merger outcomes can be assessed regarding the state of the union movement in its environment after a merger wave, and regarding the fate of a particular merged union. Caution must be exercised because links between the post-merger situation and the merger process itself are tentative. It is unclear what the situation would be had mergers been concluded on different terms or not at all; and in the absence of mergers, if nothing was done or if alternative strategies were pursued. Moreover, it may take several years until the results of a merger become apparent. However, merger outcomes can be cautiously evaluated on two counts. In a narrow sense, a merger can be called successful if the retention of the new structure is accomplished. In a broader sense, success depends on whether official goals that were formulated in the pre-merger period have been or are in the process of being reached. In addition, a merger might be judged a
success if the new union engages in new activities – in other words, if structural change enables strategic variation.

5.2.1 Retention of Union Structure

A merger is unsuccessful if the participant unions de-merge at a later date. It could also happen that groups that do not coincide with those unions break away from the merged entity in order to become independent or to merge with a different union. In Germany, there have been no de-mergers or breakaways to date. In Australia, the Workplace Relations Act 1996 facilitates de-mergers and breakaways and encourages the formation of enterprise unions. The minimum size of unions has been reduced to 50 members. In spite of this, disintegration has been marginal.

De-mergers and breakaways can be anticipated by surveying the satisfaction of members with their merged union, and by observing developments at the boundaries of these unions. In a survey of the rank and file of two recently amalgamated Australian unions, Hanley (1999) finds that member satisfaction is mixed. The merged unions are seen to provide better wages and fringe benefits, and to keep members well-informed about union issues, but they do not perform well in terms of employment security or union democracy. Furthermore, member–union relationship issues are more important for satisfaction than bread-and-butter issues. Growth in the number and membership of professional associations indicates the dissatisfaction of small, homogenous groups with the representation of their interests in a large union. German examples are VC, a pilots’ association which was affiliated to the DAG but preferred to become independent rather than to affiliate to ver.di, and the newly founded cabin crew association UFO (Jacobi 2003, 23). Müller et al. (2002, 105) term the development of these professional associations “erosion at the edges of the organisation”, which may in the future challenge the monopoly of established unions.

The integration of the participant unions into the merged structure is another indication of success. Complete fusion is not necessarily the goal of mergers, nor is it unambiguously the best solution. But an examination of whether the degree
of integration that was sought after has been achieved can show how well a new
culture and identity has been diffused. The extension of interim arrangements
and of representation proportional to the membership of the merging unions are a
sign of distrust and skepticism. An Australian example of poor integration is the
fact that ten years after the merger, the ETU continues to use its no longer legal
name in its daily activities, rather than operating under its official title CEPU
(Griffin forthcoming-a). Moreover, preoccupation with structural issues for years
after the merger has been ratified shows that internally, the merger has not been
brought to a conclusion. For example, ver.di set up a commission in 2002 to fine-
tune its matrix structure. Its results were subject to discussion at the congress in
October 2003 (Bsirske 2003, 595). Thus, the concern within the union is not yet
with retention, but still with variation.

5.2.2 Goal Attainment
In both countries, mergers took place at a time when unions faced high
environmental pressures to adapt their actions. Structural adaptation through
merger is a method of enlarging the range of possible actions, but questions are
whether this range really has been expanded and whether unions have made use
of their new possibilities. This section reviews whether the outcomes claimed to
arise from mergers were actually accomplished.

The main goals of merger processes in Australia and Germany were to halt or
even reverse membership decline, and closely related to this, to improve unions’
financial situation. The mechanism through which mergers were thought to
achieve these goals was the following: mergers would improve economies of
scale, and these would free up resources which would then be used to improve
services and to increase bargaining power. This would make union membership
more attractive. Furthermore, mergers were thought to rationalise union coverage
and thereby mitigate inter-union disputes. A danger recognised early was that
large unions might be undemocratic. In many mergers, care was taken to ensure
the new structures provided for membership participation in union governance.
Membership decline in Germany is continuing at a rate similar to that encountered before the mergers, which suggests that the impact of mergers on membership has been minimal. However, merger advocates regard the ver.di merger as the “acid test”, as its intention is to spread union organisation throughout private sector services, while all previous mergers were among unions organising in contracting industries (Waddington and Hoffmann forthcoming). In Australia, decline has halted in 2001, seven years after the most intense part of the merger wave. But in the immediate post-merger years, membership dropped dramatically. The resultant interpretation that mergers were a failure must be qualified because “with the shift to a decentralised enterprise bargaining system, it is highly unlikely that the union movement would have had any greater membership success if the mergers had not taken place” (Griffin forthcoming-b). Accordingly, Peetz (1998) points out that the recent stabilisation cannot be attributed to the mergers themselves, but to their effects on workplace unionism. An individual’s unionisation decision is made depending on its perceived benefits at the workplace, so if merged unions improve workplace outcomes, merger will contribute to membership increase. This redirects attention to economies of scale, bargaining, services, union cohesion, and the reduction of in-fighting.

In principle, scale economies can be achieved through a spread of fixed costs over a larger pool of members. Large unions can also improve efficiency by means of specialisation, division of labour and increased experience, and they can reduce duplication of work and of investment in assets. A reduction in staff and officers and the merging of training, legal and research departments may be accompanied by a sale of unneeded property. Where multi-unionism exists in an enterprise or industry, mergers between those particular unions reduce the amount of collective bargaining required. In practice, potential economies of scale are frequently diminished by the terms on which mergers are concluded. Many merger agreements guarantee the employment of union officers and staff and the autonomy of divisions and establish new representative structures for minority groups. So, economies of scale may arise from mergers, but unless this goal is consistently or even ruthlessly pursued in the terms of a merger agreement and post-merger practice, the opposite may well set in, as the maintenance of old and establishment of new structures as well as their inter-linkage require additional
resources. In the ver.di merger agreement, all factors that diminish scale economies are present. In Australia, even a multivariate analysis of 34 unions does not provide unambiguous evidence for the existence of scale economies in large unions. While a negative association is found between membership size and administrative expenditure per capita, the economies of scale hypothesis cannot be accepted before inspecting whether large unions reduce expenses by providing services and benefits of a lesser quality or quantity to their members (Davis 1999).

Griffin (forthcoming-b) supports the economy of scale hypothesis when he identifies a “veritable explosion” in the number and range of non-industrial services provided by Australian unions, ranging from legal and financial services, to shopping, medical, travel and telephone discounts, and computer rental and access to the internet. Also, industrial services are delivered more effectively and efficiently in the newly decentralised enterprise bargaining system. However, the perception of service provision by members and the effect different types of service have on an individual’s decision to take out or retain membership are largely unexplored. In Germany, the maintenance of services is an often cited goal of mergers, but little is known about whether it has been achieved, or whether services have been expanded. Newly offered services could be previously unavailable or services that were formerly provided by the DGB, such as legal services. In the latter case, they are not much of an additional benefit to members, and presumably have little impact on membership growth. Returning to the economies of scale argument, attention is called to the fact that German unions are many times the size of their Australian counterparts, and that the level of membership dues is double as high, situated at around 1% and 0.5% of gross income, respectively. An inquiry into the quality and quantity of services must reveal great differences between the countries, or else it seems that diseconomies of scale exist once a particular size threshold is exceeded.

It is difficult to link the outcomes of bargaining, which is an industrial service, to mergers. In Australia, the change from awards to enterprise bargaining was concurrent with mergers so that a comparison of pre- and post-merger bargaining outcomes can scarcely measure merger success. Overall, working conditions
have deteriorated since the introduction of enterprise bargaining, particularly in areas such as hours of work, overtime and penalty rates (Griffin and Svensen 2002, 50). In Germany, the first ver.di bargaining round attracted much public attention. Chemical and manufacturing unions have concluded agreements on private pensions and IG Metall has succeeded in securing entitlements to further job training (Jacobi 2003, 33-34), but these qualitative aspects say nothing about developments in quantitative bargaining. As collective agreements in all industries tend to follow a pilot agreement reached by a regional bargaining unit of IG Metall, mergers between small unions will presumably have a negligible effect on bargaining outcomes. At this stage, it is impossible to tell whether the ver.di merger will alter the German form of pattern bargaining and IG Metall’s role as pacesetter. By and large, bargaining outcomes have a lot more to do with external factors, such as decentralisation or economic developments, than with mergers. Furthermore, even if outcomes are a success for a union given the economic situation of the enterprise or industry and the relative strength of the employer, they may not meet the expectations of employees and therefore not induce membership growth.

A further goal of mergers is to reduce inter-union competition by rationalising coverage. Comprehensive rationalisation is impossible as mergers take place between whole unions – unions that organise in overlapping or incongruent areas are not split up. Thus, previous jurisdictions constrain the scope for rationalisation. A prominent development in Germany is that demarcation disputes are increasing as the jurisdictional boundaries of conglomerate unions become arbitrary and as the structure of the economy changes. The ver.di merger mitigated some disputes, for example, there are no longer four unions organising in the banking sector – DAG, HBV, ÖTV and DPG – but one (Keller 2001, 11). However, contested areas are new sectors, which are simultaneously the areas of employment growth: ‘industrienahe Dienstleistungen’, discussed earlier, and education, where ver.di’s organising efforts will lead to heightened conflict with GEW. In Australia, demarcation disputes are at an all time low (Crosby 2002, 140). This can be interpreted as an achievement of the amalgamation programme, which set out to rationalise coverage through appropriate mergers and to categorise unions as ‘principal’, ‘significant’ and
'other' (see chapter 1.3.1). However, demarcation is reported by unions to be one of the greatest problems when seeking to achieve growth. Particularly in non-unionised sectors, it is inconceivable to workforces that they should be covered by several unions based on dated demarcation lines (Crosby 2002, 140) – this is a problem that would not arise had the transition to industry unionism been complete. Although the AIRC has authority to determine demarcation, the 2001 ACTU Congress endorsed a “use it or lose it” policy whereby any union with a well thought out organising proposal can seek permission of the Executive to enter unorganised sectors (Crosby 2002, 141). No union has sought to use this policy yet, but it shows that the focus on organising opens up a whole new set of problems. As demarcation lines are perceived as arbitrary, dated and too inflexible, “use it or lose it” becomes the rule and inter-union disputes rise. The next step to determine which union is adequately “using” its organising area is to introduce certification elections in each enterprise bargaining unit. Certification ensures union recognition by the employer and mitigates inter-union disputes, but on the other hand, organising strategies will have to change as unions need to weigh up organising efforts with the probability of winning a certification election.

The final issue discussed in this section is democracy and participation within merged unions. Large unions are bureaucratic in nature, and opposition to incumbent leadership is difficult because a sizeable group must be mobilised to challenge leadership policies. Furthermore, in Germany and Australia, mergers were concluded with minimal membership involvement and most unions have weakly developed workplace structures. Consequently, activism, and ultimately, membership may decrease as loyalty to and identification with the union diminish. Thus, a major challenge for merging unions is to establish structures that encourage rank and file participation and that facilitate articulation and coordination, defined as the vertical and horizontal inter-linkage of levels and divisions, respectively (Waddington forthcoming). Ver.di’s matrix structure is purported to guarantee democratic decision-making and a balance between the central organisation and its divisions (Keller 2001, 21). Also, new representative structures have been added for minority groups. However, the matrix comprises only federal, regional and branch levels and neglects the local level of organisation, which is the level most conducive to membership participation. So,
while all union governance structures are important, particular emphasis must be laid upon the development of workplace representation. Of course, the establishment of an additional layer of organisation will diminish economies of scale which may initially cancel out its beneficial effects on membership. A further problem associated with union democracy is that disagreement within unions is viewed negatively in public. A current example is the debate between ‘traditionalists’ and ‘modernists’ in German unions, especially IG Metall. Thus, a dilemma faced by merged unions, which due to their membership heterogeneity are predisposed to be a forum in themselves, is that democracy is at once beneficial and detrimental. Little research has been conducted in Australia and Germany on the extent to which new governance structures promote democratic decision-making and to which members make use of participation rights.

5.2.3 New Activities

Merger advocates claim not only that resources will be freed up by economies of scale and invested in service provision and bargaining, but also that these resources will be used to pursue new activities and strategies. Given that the realisation of economies of scale through mergers is uncertain, it may also be that structural rearrangements wrench unions from an inertial state and encourage them to engage in new activities. On the other hand, these activities are also alternatives to mergers when trying to increase membership. Examples of new items on unions’ agenda are organising, links with new social movements, cross-border collaboration, community unionism, and the strengthening of workplace structures.

After the amalgamation programme, the ACTU developed an organising programme. Similarly, it began with a study mission, this time to North America, in 1993. Organising Works was initiated in 1994, which was a training programme for organisers who were then employed by individual unions. In 1996, a course for senior union leaders was developed to build commitment to organising reform. In 1997, an Organising Unit was established in the ACTU. Its team of organisers helps organisers in unions to build campaigns. A strategy document, ‘unions@work’, was issued in 1999 after a further study mission. It is the most
significant policy statement since ‘Future Strategies’ in 1987. An Organising Centre was established in 2000 and incorporates the functions of Organising Works, the Organising Unit and the Trade Union Training Authority. The organising initiative is top-down, but compared to the amalgamation programme, it is less coercive and attempts to mesh activities at the level of the ACTU and of individual unions. It is also driven by the personal leadership of the current ACTU Secretary Greg Combet. These changes are far-reaching, but still too little is known about the approach to organising at the union branch level to understand the extent to which organising has been accepted as a ‘core business’. It has definitely become an important field of activity since the introduction of the Workplace Relations Act 1996, which outlaws closed shops and promotes non-union collective agreements and individual agreements, and as enterprise agreements tend not to include union preference clauses. At any rate, membership decline has halted for two consecutive years, and this development is an outcome of organising efforts (this account of the ACTU’s organising strategy is based on Cooper 2003a).

German unions have traditionally relied on works councils to recruit members, yet this is no longer sufficient as works councils are becoming more independent actors and as external factors contribute to membership decline. Unions are becoming active in recruitment, but as with mergers, the initiative lies in individual unions and not with the DGB. So far, few unions have succeeded in implementing a coherent organising strategy and many continue to rely on advertising and public relations campaigns. Only DPG and IG BCE are reported to have developed an “organising approach” (Behrens et al. 2003). Ver.di Chair Bsirske (2003) mentions notable success in organising in information and communication technology and the intention to organise in child care, nursing care, education, and private household services. However, he does not explain the strategy by which this is to be achieved. Ver.di has not yet developed an overarching organising strategy. Instead, pre-merger projects in specific recruitment areas are continued, namely the cooperation between ÖTV and DAG around IPSO (International Public Servants Organisation), which recruits in European level organisations based in Germany, and IG Medien, HBV and DPG’s connexx.av
project, which recruits members in radio, film and audio-visual media (Waddington and Hoffmann forthcoming).

Behrens et al. (2003) record a “striking level of activity” in German unions, not only in organising, but also in coalition building and cross-border collaboration. They find involvement with green and anti-fascist movements more salient than links to anti-globalisation or unemployed movements. Again, these connections are made at the individual union level or even at the local level. Several institutionalised settings for European cross-border collaboration exist, namely Social Dialogue, European Works Councils, Inter-regional Trade Union Committees and European Industry Federations. Unions have concluded some agreements on the coordination of wage policies in the metal and construction industries. But, as is the case with mergers, organising and coalition building, there is no integrated strategy, rather, all action is sporadic and decentralised.

Australian unions are not concerned with new social movements or cross-border collaboration, and organising remains the main strategy for union revitalisation. A very specific area of activity is the campaign to reorganise the mining communities in the remote Pilbara region of Western Australia which were progressively de-unionised in the past 15 years. Here a new type of unionism, ‘community unionism’, is emerging as local practice adapts and rushes ahead of national organising strategy: four mining unions formed a new, unregistered organisation, the Pilbara Mineworkers Union (PMU), for which members of the mining unions can register free of charge, and non-unionised workers for $5 weekly. The PMU explicitly targets community issues, which are inseparable from workplace issues in the mining towns. Of particular concern is the preference of the two companies that directly or indirectly own all mining operations, Rio Tinto and BHP-Billiton, to employ fly-in/fly-out labour and contractors. Consequences are falling population in the mining towns, less employment of locals and declining social life and facilities. The PMU has been involved in local government elections, support of small businesses and women’s support groups. Starting from a community base, it attempts to build a presence at the workplace. A new organising technique was tested with great success. In an ‘organising blitz’ coordinated by the ACTU, Pilbara organisers and delegates from across Australia
visited homes and discussed work and community issues with mineworkers and their families (this account is based on Cooper 2003b; Ellem 2003).

In both Australia and Germany, union structures are well-developed at national and regional levels, but are relatively neglected at the enterprise level. However, bargaining decentralisation has made it necessary to establish and strengthen workplace structures. In Australia, this has caused tensions within unions used to the dominance of full-time officials. Some unions are attempting to devolve power to the shop floor, for example by encouraging shop steward involvement in negotiations or by granting stewards the authority to conclude agreements (Griffin and Svensen 2002, 43). But there has not been a radical shift in union governance structures, despite the fact that the core of the new “organising approach” to unionism is rank and file involvement in every segment of union activity. German unions also need to strengthen their workplace structures, the ‘Vertrauensleutekörper’. Until now, Vertrauensleute, if they are at all existent, have been nothing more than the right-hand of works councillors. The original intention to install an independent union presence at the workplace which would monitor the works council has not been reached (Keller 1997, 101). This initial rationale has gained currency as relations between works councils and unions become looser and as more and more bargaining issues are devolved to the enterprise level.

In sum, the outcomes of mergers in Australia and Germany are mixed. New structures have successfully been retained, though structural variation often continues unseen within the boundaries of a merged union. Mergers have had a negligible impact on membership levels, and little is known about their effects on economies of scale, bargaining outcomes, and intra-union democracy and participation. They have not involved an extension of workplace representation. In Australia, inter-union competition has, at least for now, receded, while in Germany, it has intensified. The passage of time since the merger wave in Australia makes it possible to discern that unions now offer a wider range of services more efficiently and that they have lifted their focus from restructuring to organising. Concerning Germany, it is too early to make such judgements.
5.3 International Mergers and Structural Alternatives

As a reaction to the environmental changes of the 1980s and 1990s which were similar in the European Union, North America, Australia and New Zealand, union movements in most countries engaged in a wave of mergers. Thus, union mergers in Australia and Germany should not be viewed in isolation, but as two national examples of restructuring. This section will review structural developments in other countries, firstly mergers and secondly structural alternatives.

5.3.1 International Merger Intensity and Emerging Union Structures

While the environmental pressures and the response in form of mergers are similar across countries, there is no uniform pattern of merger intensity, nor is there a convergence in union structures.

Reviewing merger intensity in several countries, Waddington (forthcoming) finds a single pronounced peak in Australia and Sweden, a peak followed by a long period of high merger intensity in Britain, Portugal and Denmark, a relatively constant process of structural reform in Norway, and continual variations in merger intensity in the United States. Additionally, the timing of the merger waves differs: in Denmark and Sweden, merger intensity peaked in the mid-1970s, while in Austria and Germany, union structures have been very stable until recently. It is unclear to what extent these divergences are due to fluctuations in the intensity of environmental pressures exerted on unions or to their relative inertia, which itself has a variety of causes.

In an analysis of emerging union structures, Griffin (forthcoming-a) notes that common forms are occupational, white-collar, industrial, and general unionism. In most countries, several forms exist simultaneously. Merger waves have had two effects: firstly, the number of existing organisational forms has increased in many countries, and concomitantly, there have been shifts in the relative importance of each structural form. Altogether, industrial and general unions have become more widespread and are now dominant forms in several countries. White-collar and occupational unions have not become less common, but their importance has
diminished. It is remarkable that in several countries, among them Australia, mergers were intended to introduce industrial unionism. This goal was not realised in full anywhere, and the two countries that represented industrial unionism to the greatest degree, Germany and Austria, are now dominated by general unions. Germany is a particular case, as it is the only country among the ten reviewed where post-merger, only one form of unionism is found, namely general unionism.\textsuperscript{15} In Australia, all four forms now exist with none being dominant. Overall, Griffin observes that there is no international convergence following merger waves. Instead, countries that had similar union structures before mergers have developed along similar lines. The four clusters identified are central Europe, which has moved towards conglomerate unionism, Scandinavia, which has retained its blue-collar – white-collar divide concurrent with multi-sectoral development, English-speaking countries, where occupational and white-collar unionism remain but with a strong trend towards industrial and multi-sectoral forms, and southern Europe, where few mergers have occurred and occupational and white-collar unions are focused at the local level. The two organisational theories applied in this paper provide competing explanations for this plethora of organisational forms. From the viewpoint of organisational ecology, it is obvious that environmental selection is restrained by transformational shields so that a variety of organisational forms can flourish. Resource dependence theory, on the other hand, proposes that several forms are fitting in a given environment. Either way, as the course of mergers is dominated by power and politics, the resulting organisational forms are essentially random mutations rather than planned variations to adapt to the environment. Consequently, the ultimate form may be one of the four most common forms or a completely different one that has not been explored. The regional differentiation pointed out by Griffin (forthcoming-a) suggests that different forms are appropriate in different institutional settings or even geographical areas, for which the emerging form of community unionism in the Pilbara, discussed above, is an example.

\textsuperscript{15} This assertion only holds when limiting the analysis to the DGB. However, 13\% of all unionists are organised in the civil servants' federation DBB, see Table 4.
5.3.2 Structural Alternatives

Instead of embarking on a process of structural change, unions could also change their strategies. A range of strategic alternatives to mergers have been discussed in chapter 5.2.3. Therefore, this section concentrates on structural alternatives to mergers. The most widespread kind is some form of contracting with other unions, whereby future behaviour is coordinated in limited and specific ways. Three examples are negotiation cartels, federations and cooperation contracts. Otherwise, a union may reject interaction with other unions and enter a process of internal restructuring.

In Denmark, collective bargaining is handled by cartels of unions, and therefore a large number of small unions has been able to survive in a centralised bargaining environment. There has been some structural development of cartels, for instance, the cartel in the metal industry has expanded to cover the entire industrial sector (Due and Madsen forthcoming). Although cartels have been an alternative to mergers for many small unions, a large number of mergers took place in Denmark after 1970 and the number of unions has dropped from 267 in 1970 to 169 in 2000. Cooperation in cartels has proved not to be a sufficient structural change as bargaining was decentralised to the enterprise level within national framework agreements.

A second form of contracting is the establishment of a federation, which is an intermediary institution between unions and peak federations found predominantly in Greece and Portugal (Waddington forthcoming). In these countries, unions are very small and organise in a limited number of occupations in a particular geographical area. They remain viable as federations pursue their interests within the union movement and provide membership services which the individual unions, given their limited number of full-time officials, cannot offer. As there have not been many mergers in Greece or Portugal, it seems that federations have allowed small unions to sustain themselves. However, in other countries, federations are often forerunners to mergers.

In the late 1990s, a number of Austrian unions concluded contracts regarding cooperation in various fields, including collective bargaining, coordination of
politics and campaigns, and the joint use of resources, such as offices and services to members (Blaschke forthcoming). Except in one case, they were not intended as a precursor to merger, and the mergers that were concluded at a later date cut across cooperative groups.

*Internal restructuring* is an alternative to entering into some form of cooperation with other unions. According to Behrens *et al.* (2003, 30), several attempts have been made in Germany. Measures include a watered-down version of management by objectives in the fields of organising, dues revenue, involvement in works council elections and membership activation, training programmes and new hiring procedures for union staff. The most comprehensive example of internal restructuring in Germany is IG Metall’s organisational development project (1993-1999).

A less frequently adopted option for structural development is a *joint venture*, where several unions create a new organisation, such as the Pilbara Mineworkers Union in Australia or the International Public Servants Organisation in Germany, both discussed above.

A possibility that has not been pursued anywhere is to *strengthen the peak federation*. Theoretically, economies of scale should be greatest when a large amount of services are provided by the federation and each union concentrates on the essentials, collective bargaining and workplace representation. This strengthening of the top level could run parallel to a devolution of power to the enterprise level. However, as the international examples show, structural developments have largely maintained the locus of power in unions at the head office level of individual unions. Mergers do not necessarily entail a shift in the locus of power, and neither do cooperation, joint ventures or organisational development projects. Consistent with resource dependence theory, the range of adaptive responses to environmental change is restricted as those in power are determined to maintain their position.

The international perspective adopted in this section has revealed that Australia and Germany are not typical examples of union structural change, but then again,
there is no typical example because the intensity and direction of merger processes differ between countries, and because unions virtually everywhere engage in mergers as well as in other forms of structural change.

5.4 Outlook

At first sight, mergers are a far-reaching reorganisation of national union movements. On closer inspection, they are merely a structural rearrangement that has taken up a lot of union attention and resources. Union organisation in Australia and Germany has not changed fundamentally through the construction of large divisionalised entities: the locus of power remains at head office level, union movements stay confined to the nation states, peak federations are still relatively weak coordinating bodies and workplace structures remain underdeveloped. Thus, mergers have failed to solve the most challenging task faced by unions today, which is to realise simultaneously greater centralisation and decentralisation. As Davis (1994, 131) writes: “Influence at senior national levels of decision making is important in determining the framework within which unions operate. Influence within the work force is crucial to provide a daily reminder of their practical relevance.” While much attention has been given to representative structures within merged unions, the issue of local as well as national and supra-national representation has been largely neglected. The focus of union attention and of research in the future should be on shifts of power up and down the line, and with that, the role of peak federations, of supra-national union structures and of workplace delegates.

In themselves, mergers do not alter the resource distribution between unions and their environment. They are essentially defensive adjustments to adverse circumstances which have the potential to be transformed into a strategic advantage (Waddington and Hoffmann 2000). In particular cases, mergers are necessary to solve acute financial restraints, but in general, they are not a precondition for unions to engage in new activities. However, mergers may increase the propensity of unions to develop and implement innovative strategies. More and more, the opinion is held that in order to remain significant agents of social and political mobilisation, unions must stop relying on their institutional
embeddedness and must venture out in a search for new ideas and identities (Behrens et al. 2003). If they fail to do this, they may die out and go down in the annals of history as organisations of the industrial age which were ill-equipped for survival in the information age. It remains to be seen if mergers are a promising first step.

The comparative method used in this paper has been very enlightening and should be useful in further research on union structure. One approach is a comparison between similar union movements, for example Germany and Austria, which were regarded as the epitome of industrial unionism. Starting from an initial 16 unions, both movements are involved in a merger wave resulting in general unionism in the late 1990s and early 2000s. In both countries, the merger wave is dominated by an amalgamation of five unions, including a white-collar union that previously disrupted the principle of industrial unionism. Australia and New Zealand are not only geographically close, but also similar regarding the role of legislation – especially registration and minimum size requirements – and the shift from arbitration to enterprise bargaining. The merger wave in New Zealand slightly preceded the Australian one, and its concurrent industrial relations reform was more radical. Seeing both merger waves took place a decade ago, the countries are well-suited for an analysis of post-merger developments. A different type of comparison that abstracts from union mergers and contemplates how organisational structure affects significance contrasts union structure with that of business enterprises, social movements, political parties, or of unions in developing countries. An alternative theoretical approach to union mergers is institutional theory. Like organisational ecology and resource dependence, it interprets organisations as natural and open systems and analyses them on an ecological level (Scott 2003, 108). It draws attention to government regulations and cultural expectations, purports that organisations mimic each other, and views organisational reality as socially constructed. It has often been used in an analysis of non-profit organisations, and applied to union mergers, could help explain why different forms of union structure persist in different countries.
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