

*Institutions, employee voice, and job quality:
Explaining cross-national variation in frontline
services*

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Background

- **Telecommunications industry:** Liberalization and privatization from 1980s/1990s → pressure for restructuring and work reorganization
- **Common challenges:**
 - Adjusting workforce size
 - Addressing changing skill demands
 - Reducing labour costs + improving sales, productivity, customer service
- **How have incumbent firms in different countries responded to these challenges? Focus on the USA and Europe**
 - Outcomes:
 - Restructuring intensity and outcomes
 - inequality in pay and conditions
 - HRM models: job quality

Methods

- **Case studies of 10 incumbent telecommunications firms**
 - Nordic: **TDC** (Denmark) and **TeliaSonera** (Sweden)
 - Centre European: **Deutsche Telekom** (Germany) and **Telekom Austria/ A1** (Austria)
 - Mediterranean: **France Telecom/ Orange** (France) and **Telecom Italia** (Italy)
 - Anglo-American: **BT** (UK) and **AT&T** (USA)
 - Central and Eastern European: **Telekomunikacja Polska/ Orange Polska** (Poland) and **Český Telecom/ O2 Telefónica Czech Republic** (Czech Republic)
- **Focus on 2 employee groups**
 - Technicians (focus on field technicians)
 - Call centre employees (focus on residential market)

Publications

Doellgast, V., K. Sarmiento-Mirwaldt, and C. Benassi. (2016) Contesting firm boundaries: Institutions, cost structures and the politics of externalization. *ILR Review*. 69(3): 551-578.

Benassi, C., V. Doellgast, and K. Sarmiento-Mirwaldt. (2016) Institutions and Inequality in Liberalizing Markets: Explaining Different Trajectories of Institutional Change in Social Europe. *Politics and Society*. 44(1): 117-142.

Doellgast, V., & Marsden, D. (2018). Institutions as constraints and resources: Explaining cross-national divergence in **performance management**. *Human Resource Management Journal*.

Doellgast, V., & Berg, P. (2018). Negotiating Flexibility: External Contracting and **Working Time Control** in German and Danish Telecommunications Firms. *ILR Review*, 71(1), 117-142.

Doellgast, V., M. Bellego, and E. Pannini. After the social crisis: The transformation of labour relations and work organization at France Telecom.

Questions

- How do different forms of institutional support for worker voice affect HRM & work organization?
- ‘High involvement model’ best for workers – but difficult to achieve in ‘easily rationalized service jobs’
- Focus on:
 - Performance management (monitoring, discipline, variable pay)
 - Working time (worker control, flexibility)
- 2 dynamics:
 - Worker/union ‘countervailing power’ supports high involvement model. Stronger with job security, co-determination rights. Weakened by outsourcing.
 - Flexibility, adaptability also supported → mutual gains

Performance management in call centers: BT, DT, TDC, France Telecom (Doellgast & Marsden)

- 2 'modes of influence' by worker representatives:
 - Negotiated or legislated **constraints** —> **ability to use sanction-based practices** (replace with incentive-based practices)
 - employment protections – legislated, negotiated
 - Participation **resources** —> **coordination model** - by standardization (rules) or mutual adjustment (flexible to needs)
 - co-determination, participation rights, joint committees
- Argue: these interact to influence the performance management model

	BT	FT	TDC	DT
Job security provisions Institutional constraints	Moderate EPL, moderate job security in collective agreements Moderate	Strong EPL and job security in collective agreements; high proportion of civil servants with very strong protections (70%). Strong	Weak EPL and negotiated employment protections; moderately stronger protections for former civil servants (35%) Moderate	Strong EPL and job security in collective agreements; some civil servants with very strong protections (35%); Codetermination rights over dismissal decisions. Strong
Workplace representation bodies & roles Institutional resources	Shop stewards represent employees through contract enforcement (via grievances); bargaining rights limited. Single channel. Moderate	Works councils have consultation rights; but weak influence of joint committees on practices. Dual-channel. Moderate	Works councils have consultation rights. Strong tradition of partnership on joint committees, with shop steward oversight. Single-channel. Strong	Works councils have strong consultation and co-determination rights with veto across a range of management areas. Dual-channel. Strong(est)

	Resources supporting labor cooperation	
Constraints Restricting disciplinary practices	Moderate	Strong
Moderate	<p>BT</p> <p>Managerial control model</p> <p>Coordination by standardization + sanction-based PM</p>	<p>TDC</p> <p>Co-managed concertive model</p> <p>Coordination by mutual adjustment + sanction-based PM</p>
Strong	<p>France Telecom</p> <p>Bureaucratic high commitment</p> <p>Coordination by standardization + incentive-based PM</p>	<p>Deutsche Telekom</p> <p>High involvement model</p> <p>Coordination by mutual adjustment + incentive-based PM</p>

Comparing outcomes

1. Performance information used to **discipline vs. develop** employees

- **BT and TDC:** **Progressive discipline** leading to dismissal if targets not met
- **Deutsche Telekom and France Telecom:** **No performance-based dismissal** due to job security, collective agreements. Limits at **DT** on **monitoring intensity**

2. Incentives and variable pay: **who is covered & how**

- **BT and France Telecom:** Variable pay restricted to sales staff due to union rules & **criteria relatively objective**
- **Deutsche Telekom and TDC:** Variable pay for all call centre employees, **based on meeting combination of team and individual targets.**

DT & TDC: Politics of working time (Doellgast & Berg)

Internal numerical flexibility (before late-2000s)

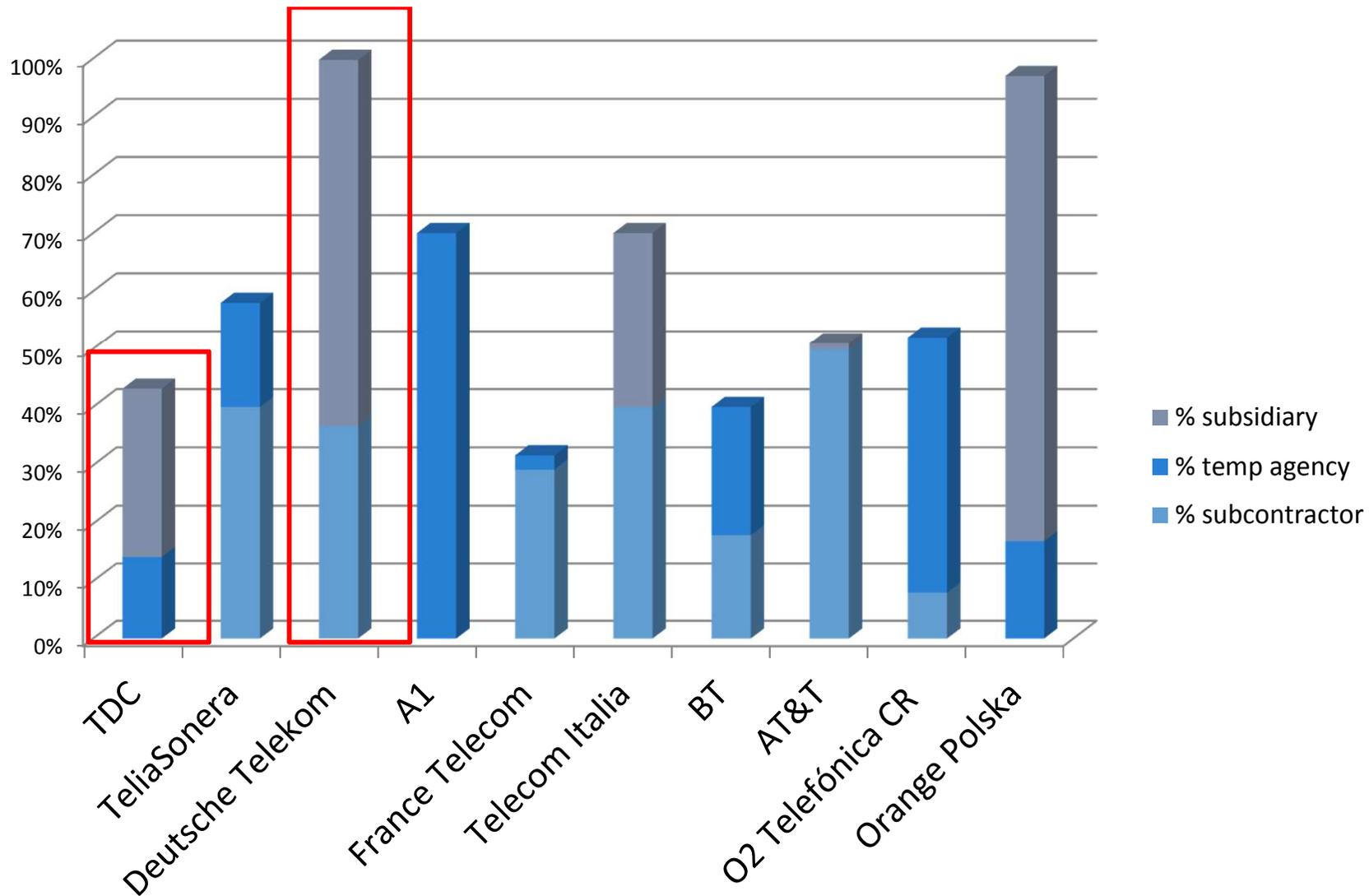
- **Deutsche Telekom**

- ‘Gleitzeit’: flexible starting/finishing times within 20-30 minutes
- Working time accounts: overtime not compensated at higher rate
- Strong worker control over breaks and working time accounts
- Local oversight on schedules via works councils

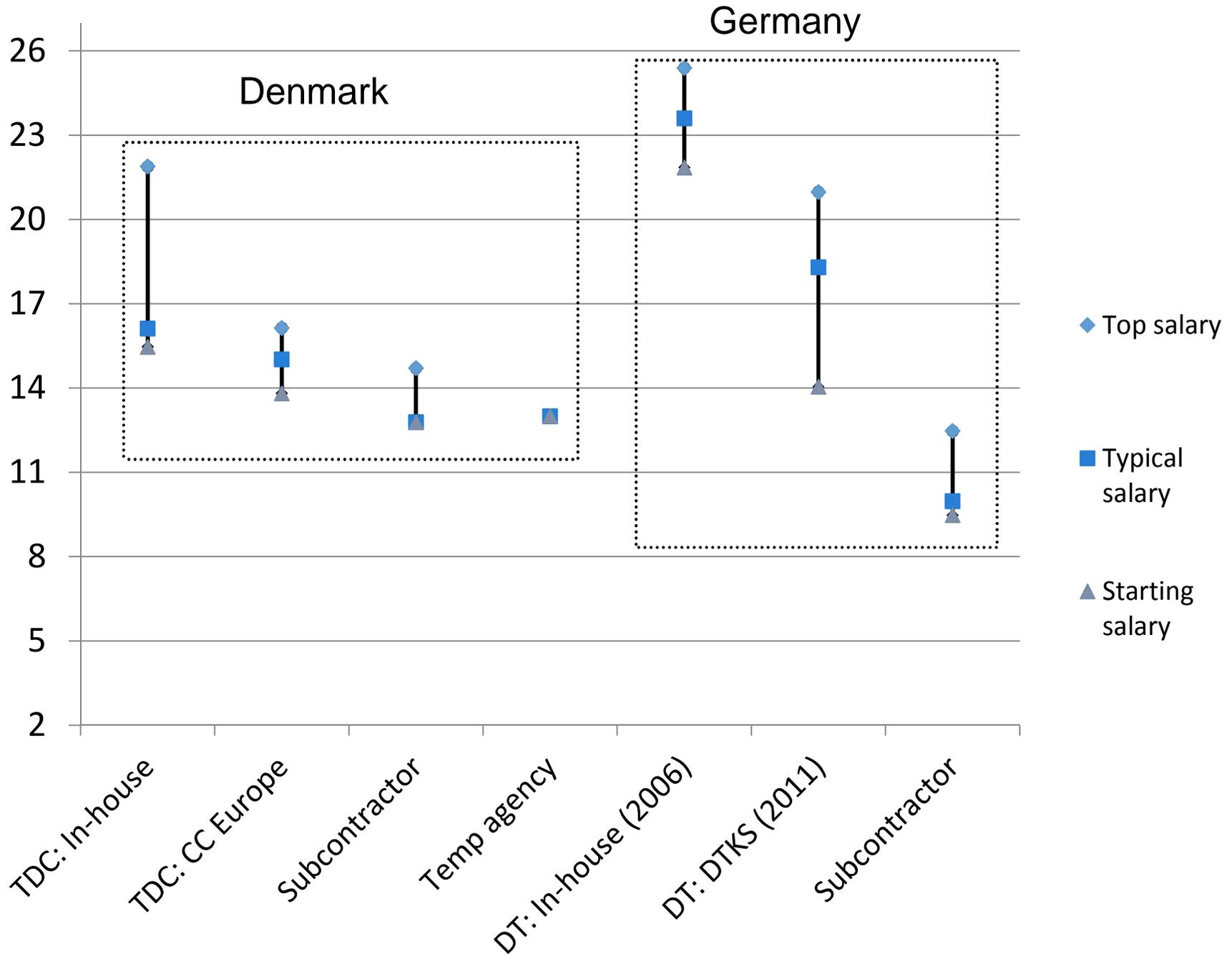
- **TDC**

- Overtime: compensated at +50% for first hour, +100% after that
- Less formal worker control: Overtime could be mandatory – but wasn’t in practice (‘They are human, after all’)

Pressure from outsourcing: % call center jobs externalized



Comparison of hourly pay levels for call center workers (customer service and sales, consumer segment) in US Dollars, based on purchasing power parity (2011-2012, unless otherwise stated)



Renegotiating working time

- T-Service subsidiaries – threat of outsourcing (2007)
 - Increased working hours without pay compensation
 - Schedule planning centralized
 - Declining worker control → working time account/ ‘Gleitzeit’
- **Deutsche Telekom Kundenservice (DTKS):** New working time model – agreement to reduce outsourcing & agency work
 - More **part-time contracts allowed** for evenings, weekends: all new hires 2-30 hrs/wk – 12pm-12am shifts
 - Pilot program: **3 working time models**, with different degrees of choice vs. flexibility
 - **Outcome:** subcontractors dropped from 11,000 → 6,000 EEs, agency workers from 500 → 20 EEs

- **TDC: New working time accounts** -- negotiated under threat of outsourcing
 - 2011-12 agreement that employees would always finish with final customer, and leave early when necessary – additional time put in ‘time bank’
 - **Outcome:** 2 year commitment from management not to outsource call center or field technician jobs

- **2014: management demands more concessions, the union refuses.**
800 employees transferred to Sitel – a multinational call center vendor

- **TDC negotiations: 2016.** Union proposed changes to work organization, training, IT, working time: narrow cost difference → weren't accepted. **Separate negotiations from working time – no co-determination rights**
 - Agreement:
 - No overtime premiums for first 1 hour (technicians); 15 min (call centers) + working time accounts
 - Unpaid lunch breaks – one time payment 50,000 krone technicians; 15,000 call centers
 - Reduced holidays & pensions in call centers
 - Jobs secured until 2018

Comparison

- Common changes to internal working time arrangements that:
 - Increased central management control – reduced worker control
 - Reduced costs of using internal, 'core' workers for unsocial times, to meet change in customer demand
- New working time agreements gave management more flexibility, control, cost savings in exchange for internalizing jobs/ halting outsourcing plans
- Differences:
 - **TDC**: changes largely concessions, weaker formal works council rights
 - **DT**: creative solutions to getting back some worker control via strong works council rights

Conclusions

- Configurations of institutions influence management strategy, job quality via effects on labor power at firm & workplace levels
- High involvement model (providing job quality and flexibility) highest where unions have both:
 - **Strong job security:** limits on dismissal + broader security for workplace, jobs (less outsourcing threat). Limits use of sanctions + threats – productive constraints encourage ‘voice’ over ‘exit’
 - **Strong voice mechanisms** based in bargaining rights & structures at local level: institutionalized participation in management decision-making
- Countervailing power of labor crucial for high involvement, professional model in easily rationalized service jobs: too much pressure to cut labor costs

Implications for France?

- Job security – but loopholes & outsourcing
- Decentralizing bargaining & encouraging participation don't address lack of labor power at firm/workplace level
- Institutions needed:
 - Co-determination rights
 - Inclusive minimum standards at sector level (including subcontractors performing similar work)
- Bargaining culture can be changed: e.g. France Telecom – labor power & involvement increased after 'social crisis'