

**INDUSTRIAL RELATIONS IN THE TRANSPORT SECTOR IN THE
NETHERLANDS**

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a European observatory.

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PREFACE

This research report constitutes the Dutch contribution to the international research project 'Industrial relations in the transportation industry: a European observatory', funded by the Italian employers' association *Federetti*. This research project was aimed at exploring current practices in industrial relations in the transport sector, with special emphasis on the aviation sector, air traffic management and the road transport sector. *Federetti*, an Italian employers' association active in the transport sector, commissioned this research project as it believed that benchmarking in industrial relations may represent an added value for its member firms. The project was co-ordinated by two Italian professors, Tiziano Treu and Marco Biagi.

Cooperation of Aaron Johnston (student assistant) and Jelle Visser (scientific director of AIAS) is gratefully acknowledged. We express our gratitude to the persons in aviation and road haulage who have been so kind to share some of their scarce time allowing us to interview them by telephone or in direct conversations.

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1 INTRODUCTION

In the Netherlands, industrial relations are traditionally regulated by employers' associations and trade unions in collective bargaining. Due to the freedom of association and freedom of contract in Dutch industrial relations, different collective agreements have emerged with varying coverage of (groups of) companies and employees. In medium-sized and larger enterprises works councils are granted rights to information, consultation and co-determination in social affairs.

In this report the structure of employee and management representation and collective bargaining will be discussed in two important transport sectors: road transport, with a focus on the agreements in freights transport, and aviation, with particular attention to the case of KLM. In road-transport multi-employer agreements exist for the large majority of enterprises, though enterprise agreements are found as well. Aviation companies have one or more enterprise agreements; sector-level collective bargaining does not exist in this sector.

This paper makes a twofold contribution to the debate on industrial relations in the Netherlands. Firstly, the case of the transport sectors shows the rich institutional structure and variety of the Dutch industrial relations below the national level of consultation,¹ both at the industrial (meso) and enterprise (micro) level. Secondly, the paper aims to illustrate how and to what extent existing regulation in the transport industry is being adapted to the processes of economic internationalisation and decentralisation of industrial relations.

As road transport and aviation are very different in terms of public/private traditions, representative organisations, coverage of collective agreements and levels of collective bargaining, these two sectors will be discussed separately in each section. In this first section, the economic characteristics and general developments in road haulage and aviation will be discussed. In the second section, we will turn to the collective actors in these sectors, their representativeness and recognition in collective bargaining. In the third section, the level, structure and coverage of collective bargaining will be dealt with. In the fourth section we will discuss employee representation at company-level. In section five we discuss industrial conflict. Case studies have been conducted at collective bargaining in the road haulage sector and at Royal Dutch Airlines KLM. In the final section we draw some conclusions and give recommendation for future in-depth research.

¹ See Visser and Hemerijck (Il miracolo holandese, 1998) for an overview of industrial relations at national level.

2 THE DUTCH TRANSPORT SECTOR: ECONOMIC CHARACTERISTICS AND GENERAL DEVELOPMENTS

Transport is a significant sector in the Dutch economy.² Gross added value of the transport sector amounts to 6.9 percent (22,900 million euro) of the gross added value of the Dutch economy as a whole (352,200 million euro) (Ministry of Transport 1999a). Of the working population in The Netherlands (7,724 000 people), 5.4 percent (419,000 people)³ works in the broad transport sector (Ministry of Transport, Goods Transport, 1999). The transport sector can be divided into transport 'over land', which includes road haulage and rail carriage; transport 'over water' which includes sea freight and inland shipping; air transport; and services with regard to the transport sector. Each category includes the transport of both freight and people.

2.1 ROAD TRANSPORT

Road transport⁴ is the main and rapidly growing category of the Dutch transport sector. The road transport sector covers several subsectors, which are characterised by varying activities. A broad distinction can be made between road transport of people and road haulage of freight. In a decade (1986-1996), the number of undertakings in the category of road haulage of *freight* has increased by one-third and employment has grown by 44 percent. Road haulage of *people*, particularly by taxi, has increased as well. The number of companies in this category has risen by 40 percent and employment has increased by 90 percent (CBS, Zakboek Verkeer en Vervoer, 1997).

The vast majority of the companies in road haulage (about 80 percent) are smaller companies with less than 10 employees. However, most of the people working in road transport (about 45 percent) are employed by medium-sized companies. The large companies with more than 100 employees (1 percent of all companies) employ 35 percent of all people working in road transport (see Table 1.).

² The Standaard Bedrijfsindeling 1993 (the Dutch equivalent of the NACE classification system) of the Central Statistics Office (CBS) divides the transport sector into transport 'over land' (60), which includes road haulage (601), rail carriage (602) and transport through pipelines (603); transport 'over water' (61) which includes sea freight (611) and inland shipping (612); air transport (62); and services with regard to the transport sector (63). Each category includes the transport of both freight and people. When we discuss the transport sector as a whole, we refer to all these activities. We try to leave out the services with regard to air transport.

³ This figure also includes people working in communication.

⁴ The *road haulage sector* includes the following activities:

- organised transport of people (6021). This category includes public transport and organised private transport. Organised private transport includes haulage by bus of a closed group of persons according to a schedule with fixed routes and times of departure; unorganised transport includes the haulage of e.g. tourists and other groups (CBS, SBI 1993)
- unorganised transport of people by taxi (6022)
- unorganised transport of people by bus (6023).
- road haulage of freight (6024).

Table 1 Size and number of companies and employees in road haulage⁵ in 1997

Company size	Companies (x 100)	Workers (x 1000)
Total	126,4 (100%)	187,0 (100%)
0-9 employees	101,3 (80.2 %)	36,4 (19.5 %)
10-99 employees	23,8 (18.8 %)	86,1 (46.1 %)
> 100 employees	1,3 (1.0 %)	64,4 (34.4 %)

Source: CBS, kerncijfers verkeer en vervoer, 1999.

Of the 187,000 people working in the road transport, roughly 90 percent is employee, 7 percent is owner, firm holder or family member, 3 percent works on a flexible basis (CBS, Kerngegevens verkeer en vervoer, 1999).

Within the category of people's transport, the subsectors are public transport, private transport by bus and transport by taxi. In Table 2, we present the relevant statistics in road transport according to this subdivision. Most companies in transport (72 percent) are active in the road haulage of freight. This is also the subsector that employs most people (62 percent).

Table 2 Number of companies and employees by type of activity in road haulage in 1997

Type of activity	Number of companies	Number of employees
Total	12,640 (100%)	187,000 (100%)
Tram- and bus companies (people)	310 (3%)	32,900 (17.6%)
Of which:		
Public transport (regional and local)	30	24,900
Organised private transport	40	1,300
Unorganised transport	240	6,800
Taxi companies	2,860 (22%)	32,800 (17.5%)
Road haulage of freight	9,300 (72%)	115,500 (61.8%)
Pipelines	10	200 (0.1%)
Services for haulage	360 (3%)	5,600 (3.0%)

Source: CBS, Kerncijfers Verkeer en Vervoer, 1999.⁶

According to our interviews, the following developments play a crucial role in road transport. First, the application of information technology has resulted in an increasing scale-enlargement of the activities in the sector. Since 10-15 years, especially American enterprises are developing logistic networks in Europe that can be managed efficiently with use of information technology. Scale enlargement also occurs due to the investments put in mergers and take-overs of enterprises. Examples are van Gend en Loos (now part of Deutsche post), UPC and Fedex.

⁵ These figures also include services with regard to road transport (6321) and pipelines transport (603). Without pipelines transport and services with regard to road haulage, the total number of companies amounts to 12,270; the number of people working in the subsector is 181,200 (CBS, Kerncijfers Verkeer en Vervoer, 1999).

⁶ Note that these figures are from 1997 and that the present number of companies is probably higher.

Second, larger transport companies develop into suppliers of logistic services. The so-called 'third party logistics providers' develop and implement logistical concepts. Such service companies invest in several parts of the product chain, such as stocking, warehousing, assembly, production, and packaging. This results in long-term relationships between factory plants and logistics. Due to this process of change, larger transport companies in the Netherlands such as 'Frans Maas' have become merely logistic service providers, whereas the actual transport of freight has been subcontracted to smaller companies. 'Transport companies are thus no longer driving on wheels'. In addition, it should be mentioned that also companies with a specialization in 'fourth party logistics' have emerged. These companies are non-asset based and are specialized in the development of hi-tech computer applications for logistic chains.

Third, the perception is that scale enlargement in the industry has increased the economic gap between the larger and smaller enterprises. Especially medium-sized companies lose scale advantages, whereas the smaller companies are compelled to find niches to create value added or to work as subcontractor. Since 50% of costs are related to wages and social securities, competition in the smaller and medium-sized companies, is determined by the efficient calculation and use of personnel.

Fourth, in the larger enterprises the upgrading of HRM-policies has received policy attention, since competition occurs between the higher echelons in the labour market. In the large majority of small and medium-sized enterprises, which are often owned by families, HRM-policy still can be characterized as traditional. It appears that the smaller and medium-sized enterprises have a relatively flat, top-down organizational structure: the only distinction can be made between the board of directors, which is supported by personnel and planning staff, and the level of drivers, technicians, and employees in maintenance and storage.

2.2 AVIATION

The Dutch airlines sector includes the air transport of people and freight by aircraft, scheduled flights as well as irregular (charter) flights.⁷ Aviation is responsible for 20 percent of gross added value as well as 14 percent of employment *within* the Dutch transport sector.⁸ Added value of the aviation sector is about Dfl. 4600 million, which is about 0.6 percent of the added value of the economy as a whole (Ministry of Transport, 1999a). There are about 36,000 people working in aviation (35,800 in 1997, CBS, Zakboek Verkeer en Vervoer, 1999). The number of companies in aviation is small. The types of companies can be distinguished between airline companies, freight settlement (dispatch service) and maintenance. The four major airline companies in The Netherlands are KLM, Martinair, Transavia (together the KLM-Group) and Air Holland. These four firms employ the major share of employees in aviation.⁹ KLM remains the largest Dutch

⁷ According to SBI, the Dutch equivalent of NACE, it excludes services on behalf of aviation.

⁸ This figure excludes the number of people working in rail carriage and road transport of passengers.

⁹ The smallest airline company, Air Holland, went bankrupt at the end of 1999. It again continued in January 2000 and merged with the Belgium VGAirlines in May 2002. It may be added that there is also substantial employment in the ground-handling companies Cargo Service center (400 employees in cargo), Aero Groundservices (600

company in aviation, with 28,000 employees, of which 24,000 in The Netherlands and 4,000 abroad (KLM, Annual Report 1998/99). Martin Air counts 3,000 employees whereas Transavia has 600 employees.

Overcapacity and liberalisation in aviation have caused a significant increase in international competition between and cost pressure on companies (Blyton et al., 1998). All companies suffer from declining profits in a highly competitive market. In 1999, KLM for example made losses even though overall transport by KLM increased with 8 percent, freight transport increased with 13 percent and people's transport with 4 percent (HFD 1 and 4-2-00). The increased costs for fuel and staff, which both are responsible for 30% of cost price, are said to be the major causes of the real decline in profits. These developments have led to competitive pressures on employment and labour conditions as well as to the outsourcing of activities that are not directly related to aviation (particularly by KLM) in order to reduce costs. For example, in April 2000, KLM placed the technical service (5,000 jobs) with the American company United Technologies. KLM has furthermore responded to the recent economic challenges by proposing internal reorganisation programmes ('Focus 2000', recently replaced by the 'Baseline' program). The international competition also has compelled KLM to alliance formation with the American aviation company Northwest Airlines. An attempt at alliance formation with the Italian airline company Alitalia has broken down. In recent years, at several times, talks have been initiated between KLM and British Airways to discuss future cooperation. Furthermore, in Autumn 2001, the international air transport suffered from the decline in consumer demand after the Attacks on America. This has had direct consequences for the collective agreements at KLM, which we will discuss below.

employees in cargo), Globeground (500 employees in passage), Meznies Ogden (480 in passage and cargo), Dutchport (200 employees in passage), Avia Partner (300 employees in passage), and Servisair (120 employees in passage and cargo at Rotterdam Airport) (source FNV).

3 COLLECTIVE ACTORS, REPRESENTATIVENESS AND RECOGNITION

In the Netherlands, at the national level, there are three employers' associations: VNO-NCW for the larger and medium-sized enterprises (affiliated at the European level to UNICE), MKB Nederland for small and medium-sized enterprises (affiliated at the European level to UEAPME) and LTO Nederland for agriculture (affiliated at the European level to COPA). Employers are in general relatively well organised: among larger companies the association level is at almost 100 percent, for the whole economy between 50 and 60 percent of all firms is a member of an association. Smaller firms are organised to a substantially lower degree. There are also three national-level labour confederations: the social-democratic FNV, the Christian-democratic CNV and the white-collar Unie MHP. FNV and CNV are affiliated at the European level to ETUC. About 28 percent of Dutch workers are organised; in international perspective union density in the Netherlands is fairly moderate, about one quarter if trade union members is non-active. Independent unionism exists and is important in health services, railways, air transport, construction and public services. All national-level organisations, both the employers and the unions, are 'federations of federations'; they represent sector-level, independent employers' associations and labour unions, which do the actual collective bargaining to which the firms are affiliated directly. Below, we will discuss the employers' associations and trade unions in the road transport and aviation sectors.

3.1 EMPLOYERS' ASSOCIATIONS AND LABOUR UNIONS IN ROAD TRANSPORT

EMPLOYERS' ASSOCIATIONS

The representation of employers demonstrates the fragmentation of the sector according to economic activity, but all employers' associations are affiliated to the national-level VNO-NCW. There are two 'umbrella' organisations for the road transport sector in the Netherlands, KNV and TLN. Both organisations represent the interests of their members on trade as well as social issues and both organisations are members of the national employers' association VNO-NCW, which is again a member of UNICE, and of the European International Road Union (IRU).

Transport and Logistics Netherlands (*Transport en Logistiek Nederland, TLN*) is the sectoral organisation for companies active in the road haulage of freight. TLN represents its members at the collective bargaining table as well as in the development of transport policies, and is affiliated to the IRU.

The Royal Dutch Transport (*Koninklijk Nederlands Vervoer, KNV*) is the employers' association for companies active in people's transport. The association mainly represents firms in passenger's transport but also has a division for the road haulage of freight. The internal organisation also reflects the distinction between the various subsectors in

passenger's transport. The following sector associations, which must be seen as subdivisions of KNV rather than independent organisations, are active within KNV:

- KNV Mobis (public transport). All major public transport companies, including NS (railways), the four major regional bus companies (Arriva, BBA, Connexxion, and Hermes), the eight local public transport companies (in Amsterdam, Dordrecht, Groningen, Maastricht, Nijmegen, Rotterdam, The Hague and Utrecht) and two so-called 'multi-modal' companies (Syntus and Noordnet, that exploit both train and bus transport), are a member of KNV Mobis. KNV Mobis however does not conclude collective wage agreements as its members have company collective agreements; the regional public transport companies have established a separate organisation, VWOG (see below) as a contracting party for the regional transport collective agreement.
- KNV Busvervoer (private bus transport).
- KNV Goederen (road haulage of freight) represents 120 larger companies in the road haulage of freight (equivalent to about 40% of economic output). These conclude their own collective agreement with the unions, and are not bound by the TLN agreement.
- KNV Taxi¹⁰, which represents nearly half of all taxi companies with employees. According to KNV Taxi, about two-third of all taxi cars are owned by KNV members. According to the figures from the Ministry of Social Affairs and Employment, nearly two-third of employees are working for a member of KNV Taxi.

Two other employers' organisations in road transport have a peculiar position. The Association of Employers in Public Transport (*Vereniging Werkgevers Openbaar Vervoer, VWOV*) represents bus companies in public transport on social affairs only. The organisation has been set up exclusively to be contracting party to collective wage agreements. On general and trade matters, the members of VWOG are represented by KNV Mobis. All five companies in regional public transport are affiliated to the VWOG. The VWOG is neither affiliated to KNV or VNO-NCW, nor to any European organisation. This is considered not necessary, as the individual companies are also members of KNV, which is in turn affiliated to the national and European organisations. The VWOV is affiliated directly to the UITP (Union International de Transport Publique).

VVT is the Association of Vertical Transport (*'Vereniging voor Verticaal Transport'*), which represents firms active in transporting heavy freight and mobile cranes. In 1998, the Commission started a legal procedure against VVT because of a supposed cartel, which caused the bankruptcy of the predecessor of VVT, the FNK. The VVT is member of the European Association of Heavy Haulage Transport and Mobile Cranes.

¹⁰ Apart from 15 self-employed professionals, all member companies of KNV Taxi are companies with employees.

LABOUR UNIONS

In the road transport sector, membership density varies across subsectors. Organisational density in the road haulage of freight is about 36 percent, which is still above the national average of 28 percent. In public transport however, organisational density lies between 60 and 70 percent, due to the history of the companies as former state-owned companies. Employees in the taxi sector and private bus transport on the contrary are hardly organised.

The two major labour unions in all transport sectors (road transport, aviation, as well as the other transport sectors) are FNV Bondgenoten and CNV Bedrijvenbond. FNV Confederates (*FNV Bondgenoten*) is a member of the social-democratic Confederation of Dutch Labour Unions FNV (Federatie Nederlandse Vakbeweging). FNV Bondgenoten is the result of a merger of Industriebond FNV (Union of Dutch Industries), FNV Dienstenbond (Union of Dutch Services Industry), Vervoersbond FNV (Union of Dutch Transport Workers) and Voedingsbond FNV (Union of Dutch Food Producers) and now organises workers in all those sectors. FNV Bondgenoten has 491,169 members (CBS, SEM, 2000/01). The union is member of ITF and ETF. Employees in the transport sector are represented by the working group such as 'freight transport' and 'passenger's transport'.

CNV Industry Union (*CNV Bedrijvenbond*) is a member of the Christian National Union Confederation (Christelijk Nationaal Vakverbond). The organisation represents employees in industry, food production and transport. CNV Bedrijvenbond has 87,918 members (CBS, SEM, 2000/01). CNV is a member of ITF and ETF as well as the international Christian FIOST and European Christian FEOST.

In the road haulage of freight, only these two labour unions are signatory to all five multi-employer collective wage agreements in road haulage. It must be added that in local transport, in six (of eight) local transport companies, where employment conditions are regulated at firm-level, employees are represented by the public sector unions. This is due to the fact that local transport has been privatised in some cities whereas in others it is still a state service. As a consequence, the representation of the employees in local transport is fragmented as well. Employees working for state-owned companies, as well as employees in two privatised companies, are represented by the public sector labour unions (Abvakabo FNV and CFO (affiliated to CNV), whereas the private sector transport unions organise the other private sector employees. There is regular consultation between public and private sector unions about labour conditions and the expectation is that within a few years the members of the privatised companies will be 'taken over' by the private sector union. Organisational density in local public transport is very high (about 70 percent). This may be explained by the larger size of the companies and their status as former state-owned companies (FNV, interview).

In other economic sectors in the Netherlands, unions representing white-collar employees (usually affiliated to Unie MHP), and sometimes categorial unions (either company-based or representing very specific categories of staff), also participate in collective bargaining. This is the case in aviation.

3.2 EMPLOYERS AND LABOUR UNIONS IN AVIATION

In the airlines sector, firms conclude their own company collective agreements. Multi-employer collective agreements do not exist, nor are there any employer's organisations for the sector. The aviation companies KLM, Martinair and Transavia are directly affiliated to the national employers' association VNO-NCW.

At union side however, no fewer than 8 labour unions are active, an exceptionally high number in the Netherlands. Taken all members of the labour unions, the estimated membership density in the sector as a whole would be about 60 percent¹¹, which is much higher than the national average of 28 percent. Membership density amongst airline pilots is on average over 90 percent (at KLM: 98 percent) (source: VNV) and this figure quite increases the average membership density in aviation.¹²

In aviation, a general distinction may be made between unions that organise

- ground staff, freight settlement and maintenance
- pilots and cabin crew ('flying staff'),
- categorial company-based unions, particularly at KLM

Ad 1. Ground staff, freight settlement and maintenance employees are represented by *FNV Bondgenoten*, *CNV Bedrijvenbond*¹³ (which also organise employees in other transport sectors and which we discussed in the previous paragraph) and a white-collar union, De Unie. De Unie (Union for Industry and Services) represents 111,279 employees in all sectors (CBS: SEM 2/1999). De Unie is affiliated to the UOV, the Union of Independent Labour Organisations (*Unie voor Onafhankelijke Vakorganisaties*)¹⁴, which is again affiliated to the national white-collar confederation Unie MHP. De Unie is directly affiliated to FIET, the International Federation of commercial, clerical, professional and technical employees.

Ad.2 Cabin crew and pilots are represented by two separate labour unions. The Union for Dutch Cabine Crew (*Vakbond voor Nederlands Cabinepersoneel*, VNC) has members amongst the cabin crew of all major airline companies. At the international level VNC is directly affiliated to ETF and ITF (VNC, Interview). The Association of Dutch Airline Pilots (*Vereniging van Nederlandse Verkeersvliegers*, VNV) exclusively organises pilots. Organisational density under airline pilots is extremely high: the VNV organises about 90 percent of all Dutch pilots (at KLM the organisational density is even higher; at Transavia and Martinair a little lower but nevertheless around 70-80 percent). The reason

¹¹ FNV Bondgenoten, interview.

¹² An estimate of membership density amongst ground staff only is difficult to give as membership figures of the ground staff unions also include membership amongst freight settlement and maintenance companies. But if we exclude pilots and cabin crew from both categories of the membership density calculation (the total number of staff and the members of the respective labour unions), the estimate membership density amongst ground staff, freight settlement and maintenance is about 45 percent, which is still relatively high for Dutch standards.

¹³ CNV mainly represents employees of the airline companies and has fewer members among the freight settlement and maintenance employees.

¹⁴ The UOV is an intermediary organisation and does not have individuals as members but represents 25 independent labour unions.

for this high number of affiliates, apart from interest representation, is the ‘unwritten rule’ amongst pilots that one should be member of the VNV, and the social function the organisation has for its members. Being extremely well-organized, well-informed and higher educated, the pilots have the strongest bargaining power of all unions at KLM. VNV is member of the International Federation of AirLine Pilots Association (IFALPA) and the European Cockpit Association (ECA).

Ad 3. Apart from the three unions representing ground staff and the two unions representing cabin crew and pilots, there are three other labour unions that represent specific categories of staff at KLM. The Association for Higher KLM Staff (*Vereniging voor Hoger KLM Personeel, VHKP*) represents -according to the organisation- about 40 percent of higher staff at KLM (another 25 percent of the higher staff at KLM are members of FNV Bondgenoten). VHKP is signatory to the KLM collective agreement and participates in KLM's internal discussions about the reorganisation of the company (‘Focus 2000’ and ‘Baseline’) but does not operate outside KLM. The VHKP is not affiliated to any national or European organisation, although there are talks with VHP (affiliated to Unie MHP).

The second KLM-based union is the Association of KLM Flight Engineers (*Vereniging van KLM Boordwerktuigkundigen*). The organisation is not affiliated to a national association but is a member of the International Flight Engineers Organisation (IFEEO).

Since May 2002 a new third company-based categorial union at KLM represents the interests of the approximately 800 ground machine technicians (*grondwerktuigkundigen*).

List of trade union organisations at KLM, with national and European affiliation

Union	National Affiliation	European affiliation (other than ETUC)
FNV Bondgenoten	FNV	ETF, ITF
CNV Bedrijvenbond	CNV	ETF, ITF, FEOST, FIOST
De Unie	Unie MHP	FIET
Vereniging Nederlandse Verkeersvliegers (VNV)	-	ECA, IFALPA, WPC
Vereniging Nederlands Cabinepersoneel (VNC)	-	ETF, ITF
Vereniging van KLM Boordwerktuigkundigen	-	IFE0
Higher KLM Staff VHKP	-	-
Ground machine technicians GWK	-	-

Source: interviews

In sum: FNV Bondgenoten, CNV Bedrijvenbond and Unie MHP cooperate to represent ground staff whereas the labour unions for airline pilots and cabin crew ("flying staff") 'monopolise' representation in their respective categories at all airline companies. In the non-airline subsectors (freight settlement and maintenance), FNV Bondgenoten and De Unie are the major unions; CNV Bedrijvenbond is less important here. All these labour unions are recognised as sufficiently representative by the aviation companies to be able to bargain for the categories of employees they claim to represent.

3.3 EMPLOYERS AND LABOUR UNIONS IN AIR TRAFFIC CONTROL

Until the beginning of the 1990s, air traffic control activities were solely controlled by the state. In 1993, the service for air traffic control was put at greater distance from the state. The service was given the legal status of Independent Governing Authority (Zelfstandig BestuursOrgaan, ZBO). ZBOs are either public-law organisations, which form part of the central state, but have a non-hierarchical relation to the according Minister; or private-law organisations, which have been delegated public authority and competencies by the state (Staatsalmanak 1998). The ZBO for air traffic controllers is related to the Ministry of Transport, Public Works and Water Management, and the minister is still politically accountable. This service is called *Luchtverkeersleiding Nederland* (Air traffic control Netherlands, LVNL).¹⁵ The LVNL is involved in practically all discussions about Dutch

¹⁵ Recently, a discussion about the status of the LVNL has commenced. In December 1999 the minister of Transport announced that the LVNL were to be financially independent by the beginning of 2002; and that the aim was the full privatisation of air traffic control in the future. This may have major consequences for the smaller airports in

aviation as well as the discussions concerning the future of Schiphol Airport (institutionalised in the Temporary Consultation Platform Schiphol, Tijdelijk Overleg Platform Schiphol, TOPS). The LVNL has ties with EUROCONTROL, the European association for air traffic controllers. The LVNL employs 976 people, of which about 250 'real' air traffic controllers (LVNL, interview). Based on these membership figures, with around 80 percent the organisational density among air traffic controllers is very high.

Employees are organised in the Netherlands Guild of Air Traffic Controllers (*Vereniging het Nederlandse Luchtverkeersleidersgilde*, abbreviation Het Gilde, The Guild). The 'Guild' has in its statutes the explicit aim to represent the interests of its members including the conclusion of collective employment agreements. The Guild is a member of the Dutch sector labour union CMHF, the federation for staff and white-collar employees (*Centrale voor Middelbare en Hogere Functionarissen bij overheid, onderwijs, bedrijven en instellingen*) and is a member of the Confederation Unie-MHP. Internationally, the Guild is member of IFATCA, the International Federation of Air Traffic Controllers Association.

The second labour union representing air traffic controllers is the social-democratic Abvakabo FNV. Abvakabo FNV represents employees in the public sector. Abvakabo FNV is a member of the Confederation of Dutch Labour Unions FNV.

The third labour union, the Union of Staff at the Air Traffic Service (*Vereniging van Personeel bij de Luchtverkeersdienst*, VPRL), is affiliated to the Union of Independent Labour Organisations (Unie van Onafhankelijke Vakorganisaties (UOV) which is again member of Unie MHP.

The Netherlands (Maastricht, Rotterdam and Eelde), as they attract a too small number of flights to be able to finance the air traffic controllers on those airports. Without state subsidy, those airports might have to close down as a privatised air traffic control would not be willing to lose money in providing those services (only half of the costs of air traffic control are covered at regional airports). Even now, before the full privatisation, nearly half of the jobs on regional airports are already at stake, as a consequence of cuts in budgets (Het Financieele Dagblad, 23-2-2000). The political discussion continues, as several parties fear a declining security as a consequence of the independence of the service and the reduction of staff on air traffic control (Het Financieele Dagblad, 25-5-2000).

4 COLLECTIVE BARGAINING IN THE TRANSPORT SECTOR

4.1 COLLECTIVE BARGAINING IN THE NETHERLANDS

Before discussing the number and coverage of collective agreements in road transport and civil aviation, a brief introduction on the general framework of collective bargaining in The Netherlands will be given. In collective wage-setting, the contractual freedom of collective bargaining is the most important principle; all associations that statutory are allowed to represent employees and to undertake negotiations with an employer or an employer's association, may freely and on equal footing agree on a collective wage agreement for employees in a certain domain. In the Netherlands, collective bargaining on wages and employment conditions predominantly takes place at sector-level but also at company level. Sector-level collective agreements have a legally binding status to the companies that are members of the signatory parties and may be generally extended by the Minister of Social Affairs and Employment to non-organised firms. In the case of general extension, non-membership of an employers' association does not lead to derogation from the collective wage agreement. Apart from collective wage agreements, the sector-level social partners also conclude agreements on the establishment of collective funds for education and vocational training, early retirement schemes, pensions, social funds. These collective funds are managed by bipartite sector-level foundations. Overall, there are 1273 collective wage agreements known to the Ministry of Social Affairs and Employment. Of these agreements, 185 are regular sectoral agreements with 200 related (sectoral) agreements on pre-pension, education and training, social funds etc.; and 767 regular company collective agreements with 121 related (company) agreements, also on the aforementioned themes. 5.7 million employees are covered by regular collective wage agreements, of which 4.9 million employees (86 %) by sector-level agreements and 800,000 employees (14 %) by firm-level agreements. Of the 4.9 million employees covered by sectoral agreements, 4.4 million employees (77 %) are covered directly; the remaining 500.000 (9 %) are covered as a consequence of the general extension of the agreements to non-organised firms (SZW 2000).

Since 1982, the government has abstained from active intervention in wage setting, although the Wage Act (1970, amended in 1987) permits specific wage freezing measures by the state in case of extreme economic decline. Although sector-level social partners have a de facto bargaining autonomy, bargaining policy is to a certain extent co-ordinated at national level by the confederations of capital and labour. The national-level social partners thus have a role in collective bargaining. National-level consultation between management and labour takes place in the Foundation of Labour (Stichting van de Arbeid, STAR). Founded in 1945, the Foundation of Labour is a private bipartite foundation established by the social partners, in which consultation between the employers' associations VNO-NCW, MKB Nederland, LTO Nederland, and the trade union federations FNV, CNV and Unie MHP takes place. Agreements reached between

the social partners in the Foundation of Labour are not legally binding and have the character of recommendations to the affiliated organisations and lower-level bargaining tables to discuss and implement agreements reached on certain issues into sectoral and company collective wage agreements. The affiliated sector-level labour unions and associations are under no formal obligation to follow these central-level recommendations, and formal mechanisms to co-ordinate the outcomes of bargaining do not exist. Figures from the Labour Inspectorate of the Ministry of Social Affairs and Employment however reveal that many policy goals set by the Foundation of Labour also reappear in the collective wage agreements and that means are made available to implement them.

Over the course of the 1990s, the Foundation of Labour has been productive in publishing broad agendas for collective bargaining in at industry and enterprise level. The 'Agenda 2002' (published in 1997) set the agenda for collective bargaining during the years 1997-2002. Starting point of Agenda 2002 is the continuation of decentralisation of collective bargaining that has been started in 1982, in which tailor-made agreements should be reached between employers and employees at company-level. Such developments are acceptable for the national trade union confederations and employers' associations as long as the wage increase takes into account the profitability and labour market situation of particular sectors and companies (STAR, 26-10-1999). Furthermore, Agenda 2002 foresees a new balance between employment flexibility and employment security on the labour market by protecting the temporary work agency workers and relaxing the dismissal protection of incumbent employees. In Agenda 2002, is also recognized that both employers and employees have an interest in measures that increase the employability and mobility of workers. Recommendations and suggestions are made for themes relevant to collective bargaining: on wage policy, working time, employability, combining work and family life, older workers, integrating the unemployed and working conditions. As will see below, in transport and aviation many of these issues are taken up by the actors involved in collective bargaining.

4.2 COLLECTIVE BARGAINING IN ROAD TRANSPORT

There are five multi-employer collective wage agreements in the road transport sector: three for the different categories of people's transport (public transport, private transport by bus and transport by taxi) and two for the road haulage of freight. All agreements are signed by the representative organisations for the respective sectors and on labour union's side by FNV Bondgenoten and CNV Bedrijvenbond. Below, we will discuss the structure of collective wage agreements for each subsector in more detail. We will specifically focus on the agreements for road haulage and KLM.

Table 3 Multi-employer collective wage agreements in the road transport sector in the Netherlands

Agreement	Employers' associations	Labour unions
Public transport (regional)	Vereniging Werkgevers Openbaar Vervoer (VWOV)	FNV Bondgenoten CNV Bedrijvenbond
Private transport by bus	KNV Busvervoer	FNV Bondgenoten CNV Bedrijvenbond
Taxi	KNV Taxi	FNV Bondgenoten CNV Bedrijvenbond
Road haulage of freight	KNV	FNV Bondgenoten CNV Bedrijvenbond
Road haulage of freight	VVT TLN	FNV Bondgenoten CNV Bedrijvenbond

Table 4 The number of companies and number of employees covered by the collective labour agreement and coverage after general extension of the collective labour agreement¹⁶.

Agreement	Number of companies covered directly	Employees covered directly	Employees covered after general extension of collective agreements
Public transport (1/2000-12/2001)	5 ¹⁷	20,000	No general extension
Private transport by bus (1999-2001)	310	8,700	9,000
Taxi (1/2000-12/2001)	750	16,000	25,000
Road haulage of freight TLN (1999-2001)	7300	95,000	140,000 ¹⁸
Road haulage of freight KNV	100	25,000	No general extension

Source: FNV, 2001; interviews.

¹⁶ These figures are based on the 1998 figures of the Labour Inspectorate of the Ministry of Social Affairs and Employment. In 1999 the Labour Inspectorate has changed its database structure and the new database is still under construction. However less recent, the 1998 figures are more reliable indicators of the representativeness than the actual figures.

¹⁷ A couple of years ago, the 4 transport companies had 24 subdivisions, which were counted separately by the Ministry of Social Affairs. Apart from the four public transport bus companies, one bus maintenance company has adopted the public transport collective agreement.

¹⁸ This figure also includes employees covered by the KNV Goederen collective agreement. Firms affiliated to KNV Goederen receive dispensation from the TLN agreement.

Public transport (bus and tramway companies) can be divided into regional transport and local transport. Regional transport has been fully privatised but the major companies have a regional monopoly.¹⁹ Although regional transport used to be in public ownership, their employees never had civil servants' status and have traditionally been represented by the private sector transport unions. Wages and employment conditions are regulated by one sectoral collective wage agreement. Local transport companies operate in eight major cities in The Netherlands. Local transport is partly privatised (with the government (mostly the local government) being the major shareholder), partly still a state service. As a consequence there are two regulatory regimes of employment conditions for people working in local transport: company collective wage agreements for 'private' employees (in the cities The Hague, Groningen, Maastricht and Nijmegen), and the municipal juridical legal status (*'gemeentelijke rechtspositieregeling'*) for civil servants (in the cities Amsterdam, Dordrecht, Rotterdam and Utrecht). The representation of these companies and their employees is fragmented as well. Employees working for state-owned companies, as well as employees in two privatised companies, are represented by the public sector labour unions, whereas the private sector transport unions organise the other private sector employees.

- Collective bargaining in private bus transport

There is one sectoral collective agreement for this subsector. Company collective agreements do not exist (KNV Busvervoer, interview).

- Collective bargaining in taxi transport

The companies with employees are covered by one sectoral collective wage agreement. It must be noted that the taxi sector is characterised by a high percentage of self-employed professionals, particularly in the major cities. According to estimates of KNV Taxi there are about 3000 taxi companies of which 1600 companies have employees; the others are self-employed professionals.²⁰

- Collective bargaining in road haulage of freight

Since 1989, there are two multi-employer sectoral collective agreements for the road haulage of freight. One collective agreement is concluded by the employer's organisation for the road haulage of freight, TLN. TLN merged out of several smaller employers' associations, and currently covers 6-7,000 most small- and medium-sized enterprises. This agreement has been generally extended by the government and covers apart from the TLN-members also the 5,000 companies that are unaffiliated with an employers' association. In sum all 12,000-13,000 enterprises are covered by collective bargaining.

The second agreement is signed by KNV, the employers' association for the about 120 larger companies, that has antecedents to the 19th century. In 1989 this organization decided to quit the sectoral agreement when a union strike on night bonuses for employees especially appeared to hit the larger companies. The decentralised

¹⁹ Connexxion (Noord-Nederland), Arriva (Midden-Nederland), BBA (Zuid-Nederland), Hermes (Zuid-Nederland)

²⁰ So-called "eigen rijders" (self drivers).

organisational structure of KNV enables the representation of its members that represent 40% of turnover, on their specific issues (see below).

It must be added that apart from regulating the employment conditions for the sector, the social partners are also involved in consultation with the government. In the road transport sector, social partner consultation by the government has been institutionalised in the consultative committee for passengers' transport (*Overlegorgaan personenvervoer*), the subcommittee of the Social-Economic Council for questions regarding transport (*Commissie vervoersvraagstukken*) and the consultative committee of freight transport (*Overlegorgaan goederenvervoer*) to the Ministry of Transport and Public Works (which mainly has technical issues on the agenda). In aviation, there is consultation with the *Rijksluchtvaartdienst* (Governmental Aviation Department) about technical and flight safety measures and with the Ministry of Social Affairs about working time (*werk- en rusttijdenregeling*, WRR). Social partners also have seats in the Subcommittee of the Social-Economic Council on Transport, the Consultative Committee on Passengers' transport of the Ministry of Transport and Public Works and the Temporary Consultation Platform on Schiphol Airport.

4.3 A CASE STUDY OF COLLECTIVE BARGAINING IN ROAD HAULAGE OF FREIGHT

All companies in road haulage of freight are covered by one of the two sectoral agreements. In addition, there are also 7 company collective agreements in the road haulage of freight, which are concluded by FNV and CNV as well (FNV, interview). Examples include Van Gend en Loos, Brinks' value transport and Dutch Post KPN. Finally, there are also about 3,000 self-drivers; some of them are affiliated with the Netherlands Association for self-drivers (*Vereniging eigen rijders Nederland*) and are not covered by the collective agreement.

Since 1989, the content of the TLN and KNV agreements has evolved in a similar direction and there is frequent consultation between the two organisations about the agreements for transport. In macro-economic terms both agreements are comparable in costs. The official competition regime (*concurrentie voorwaardenstelsel*) prescribes that market conditions should be similar for all companies, so the wage structure in both agreements is identical. Functions have been described in the official function classification. Both TLN, KNV and the Unions FNV and CNV take part in the 'Stichting functiewaardering' a foundation with a committee that is responsible for the job evaluation and pay grades in the industry. This administrative structure serves as benchmark for all occupations in the industry (varying from drivers on international transport to secretaries).

All jobs are being appreciated on the basis of the following five criteria: 1. knowledge/capabilities; 2. independence/ risk/ responsibility and influence; 3. social capabilities and ability to expression; 4. mobility and attention; and 5. inconveniences (working conditions, health and safety). On the basis of the appreciation of the job, job/ wage scales (*functieloonschalen*) have been scheduled in eight categories. In each of the job/ wage scales, four labour market segments have been distinguished: drivers (including co-

drivers); logistical professions (warehousing, distribution); technical professions; indirect professions (administration, planning, financial, management, HRM, IT, et cetera).

The two collective agreements in the industry have evolved substantially. For example, the KNV agreement consists of twelve chapters. Each is regulating particular issues such as the general norms; wages; functions; additional hours; weekend hours; supplements; compensation; holidays and work time reduction; training and development; and other issues. In addition, seventeen annexes have been attached to the agreement including protocols, regulations and legal texts that explain in more detail the main text of the agreement. The annexes relate to issues regarding the binding advice in case of disputes on the stipulations of the agreement; the function and wage schemes; procedural rules in case of lodging an appeal; the role of the function appreciation committee; a standard wage formula; policies for ageing of employees; working hours; a standard labour contract; dismissal regulation; advice on the ‘in company’ rules on norms and obligations for management and employees; advice on social plans in case of reorganizations of enterprises, exemptions, and systematic protocol for calculating additional hours.

In material terms the wage levels in the KNV agreement are at a somewhat lower level than in the TLN agreement. This is compensated by the larger extent of labour time reduction in the KNV agreement. Especially older workers (older than 50 years in age) have been granted the right to 18 additional days of work time reduction. Moreover, the KNV agreement includes more qualitative issues, such as training and employability, labour time reduction and older workers. The separate agreement for the 120 KNV members allows them negotiate more qualitative issues, to be self-responsible and to distinguish themselves to competitors, and to anticipate a further decentralization of decision-making competences in wage setting.

The social partners in the Netherlands cooperate in many social funds that have been agreed about in collective bargaining. All the funds are administered on a bi-partite basis by the unions and the employers’ associations, allowing for intense contacts between trade unions and employers’ associations.²¹ The following five funds are established:

1. the pension fund, established in 1964, that regulates the industrial pensions of employees
2. the early retirement fund. Originally funded as a pay-as-you-go system, the scheme was changed into a capital-accumulation system by April 2001. It now contains a transition period for employees in age 21-54.
3. the training scheme (*vakopleiding transport en logistiek*) that provides for the apprentice schemes for new employees.
4. the occupational health scheme (*bedrijfsgezondheidszorg*) that studies, control and improves working conditions, safety and health. It is also responsible for the reintegration of inactive workers.

²¹ In addition to TLN, KNV, FNV, CNV, also the VVT (Association for vertical transport, *Vereniging vertikaal transport*, formerly known as FNK) cooperates in the administration of these funds.

5. the foundation for education and development. This foundation refunds the occupational health fund and the training fund. It is also used for research related to the industry.

The collective agreement in road haulage is a standard agreement, meaning that exceptions from the agreement are not allowed. All employees are minimally granted a 40 hours working week. When persons work 35 hours per week, still 40 hours are being compensated. Additional hours are paid a 130% rate. Work on Saturday and work on Sunday is granted a 150% respectively 200% compensation. In addition, supplements are paid for food and residence.

A major issue at the collective bargaining table of the road transport and airlines sector is working time (*Wet en RusttijdenRegeling*, WRR). In 1996, the regulation of working time in the Netherlands has been reformed. The 1996 Working Hours Act allows for more flexibility in working time as it grants the social partners the right to determine working hours at the industry and enterprise levels. Due to the Act's emphasis on more decentralized decision-making, collective bargaining actors and/ or works councils have become an important body (Mevisen, et al., 2001: 12-13). The 1996 Working Hours Act creates a so-called double-norms system (*dubbele normstelling*) to regulate working time (Mevisen, et al., 2001: 14-15). On the one hand, there is a standard arrangement, which lays down basic provisions, which in principle apply to everyone. These are maximum weekly working hours, a maximum work shift, and a maximum working time in a 13-week period. The second arrangement, the consultation arrangement, allows for sector- or company-level derogation from the standard arrangements on these three subjects, but upon two conditions: only if employers and workers' representatives agree (by means of a collective arrangement), and as long as their arrangement remains within specified limits. In the private sector, such a collective 'consultation' arrangement can take the form of a collective agreement (concluded between management -or an employers' association- and the labour union(s), or of a written agreement between management and a works council or a personnel representation. The collective wage agreement does not explicitly have to grant this right to firm-level management and employee representatives; mentioning working time as a subject means that firm-level representatives are entitled to make their own firm-level arrangements (Mevisen 2001:16).

Table 5 The double norms system of the 1996 Working Hours Act and some examples for road haulage

	National standard arrangement (hours)	National consultation arrangement, maximum bandwidth (hours)	Sector agreement for road haulage (category above 500 kg).	European Working Time Directive by 2005
Maximum weekly working hours	45	200 in four weeks	60 working hours (or 110 working hours in two weeks); 56 hours is maximum driving hours per week or 90 driving hours in two weeks	60 hours (maximum 48 hours)
Maximum work shift	9	10	9 (twice a week 10 hours is allowed)	10 for night workers
Minimal rest hours			45 minutes after 4.5 driving hours; 11 hours per 24 hours; 45 hours in a row per week	30 minutes break after 6 hours of work; 45 minutes break after 6-9 hours of work
Maximum 13-week working time	520	585	No more than 35 night services per 13 weeks.	

Source: Column 1-2: *Arbeidstijdenwet 1996*, column 3: collective agreement, column 4: euro-online 04-2002.

The dual framework attempts to reconcile flexibility with the preservation of an adequate level of protection for the employees by allowing for more flexibility and longer hours in the short term but by at the same time mandating compensation in the long term through shorter working hours or a longer rest period later on. The 1996 Working Hours Act has been accompanied by more extensive laws dealing with decisions on working hours in specific sectors, amongst which the transport sector (*Arbeidstijdenbesluit, ATB and Arbeidstijdenbesluit vervoer, ATB-V*). In the transport sector, there are different and supplementary provisions for registered pilots and those working in road transport, rail transport, air transport, inland shipping, and sea freight.

In the road haulage sector, the driving and rest hours issues are being regulated by the national decree on working hours for the transport sector (*Arbeidstijdenbesluit vervoer*), which was developed in close cooperation with the social partners. This decree prescribes maximum drivers and minimal rest hours per day and week; the (maximum) number of working hours is not regulated. The content of the decree has been included in the collective agreement.

In Table 6 column three, the most important provisions have been summarized, that fit with the principles of the consultation arrangement (*overlegregeling*). It should be noted that in December 2001, the European Commission has issued a notice that in March 2005

national legislation should be granted regarding the average 48 working hours per week, with a maximum of 60 hours per week (including waiting time). A 30 minute break should be taken after six hours of work, or a 45 minute break after in between six and nine hours of work (Euro-online, April 2002). This notification implies that in the years to come the maximum in working hours will be dealt with by the Dutch government and collective bargaining actors, that may regulate derogations from the European directive regarding technical, objective and organizational reasons, as well as about the concept of waiting hours that is differently defined in the Dutch and European regulation.

4.4 COLLECTIVE BARGAINING IN AVIATION

In aviation no sectoral agreement exists, collective bargaining is a matter of enterprise agreements. In Table 7 an overview is provided of the collective wage agreements in aviation and their signatories, the labour unions. In addition to the enterprise agreements, a bipartite sectoral council for aviation has been established, in which the employers KLM, Martinair and Transavia co-operate with FNV Bondgenoten, CNV Bedrijvenbond, De Unie and VNC (Sectorraad Burgerluchtvaart, 2000).

Table 6 Collective wage agreements, coverage and signatory parties in the aviation sector in the Netherlands

Company collective agreement		Number of Employees covered	Labour unions
KLM	Ground Staff	16,800	FNV Bondgenoten CNV Bedrijvenbond De Unie VHKP
	Flight engineers	122	Association of KLM Flight engineers
	Cabin crew	7,000	VNC
	Pilots	2,000	VNV
Transavia	Ground Staff	500	FNV Bondgenoten CNV Bedrijvenbond De Unie
	Pilots	350	VNV
	Cabine Crew	750	VNC
Martinair	Ground Staff	1000	FNV Bondgenoten CNV Bedrijvenbond De Unie
	Pilots	400	VNV
	Cabin Crew	900	VNC
	Flight engineers	40	VHP
Air Holland		80	De Unie, VNV, VNC
Freight Settlement (four companies)		±2350 ²²	FNV Bondgenoten De Unie (CNV Bedrijvenbond for one company)
Maintenance		±1000	FNV Bondgenoten De Unie

Source: interviews

4.5 COLLECTIVE BARGAINING IN AIR TRAFFIC CONTROL

Employees of the Dutch air traffic control organisation LVNL are civil servants by law. Since the end of the 1980s the government aims at the normalisation of employment conditions as well as their negotiations, similar to the private sector establishment of employment conditions. The employment conditions of civil servants are therefore decentralised into eight sectors, and the air traffic controllers are part of 'state employees'. Employment conditions are determined by negotiations between the board of the LVNL and the labour unions.

²² De Unie, interview

4.6 A CASE STUDY OF COLLECTIVE BARGAINING AT KLM.

At National Dutch Airlines KLM there are four different collective agreements, for pilots, crew flight engineers and ground staff.²³ The agreements are negotiated between the KLM-management, department Industrial relations, and a varying combination of trade unions. The mission of the Industrial relations department is to support and advice business-units to arrive at productive and profitable intermediation with employees. At KLM the department Human Relations, is involved with the function classification schemes, legal services and the preparation and monitoring of labour conditions, wages, pension and insurances. The social policy at KLM includes the following five aims: to continue employment levels; to compensate employees with appropriate rewards, to support career development and promotion from within the internal labour market, to provide good working conditions, and to take co-determination seriously.

The collective agreements at KLM are grown-up, they are the product of many years of negotiations ('cutting and pasting') in which was attempted to regulate most important issues. For example, the KLM collective agreement for ground workers consists of thirteen chapters and 20 annexes. Issues dealt with in the agreement include, definitions; coverage; obligations for the actors involved; obligations for KLM; the employment relationship; obligations regarding the employment relationship; spot of activities; working and rest hours; holidays and leave; financial affairs; assistance and appeal; disciplinary ordinances; and concluding stipulations. In the annexes issues are dealt with such as standard model contracts, working hours, function categories; compensation for irregular hours; training; company uniform; disability; extraordinary leave; residence; study facilities.

KLM does take national-level agreements in the Foundation of Labour into account in collective bargaining ("it would not be appropriate if we did not do that") but at the same time sets out its own course. Management aims to develop the employment relations and labour contract allowing for more responsibility and accountability for the individual employees, to make management more output-based, to develop rules on the procedures in stead of on the contents of employment conditions, to allow for more individual choice, and to enhance flexible staffing policies. The national unions do also follow the central guidelines about wage setting of their national copula federations, but are more critical about individualization of employment relations. The categorical unions represent exclusively the interests of their rank and files. According to an FNV-spokesperson for ground staff, the wage-level, working hours (on average 39 hours per week), the rosters, work stress, pensions and childcare facilities are at the top of the bargaining agenda. It should be added that individual employees may select some employment conditions themselves, there is for example individual choice in the (pre-) pension rule, the compensation of additional hours, the assurance for surviving relatives and the possibility to save part of the salary.

The unions have an extensive role at KLM, not only in collective bargaining on employment conditions but also in company restructuring. 'External' negotiations, i.e.

²³ At Martin Air there are four collective labour agreements as well, Transavia has three agreements. All ground handling companies have separate collective agreements.

bargaining with the unions, is more significant to the higher management of KLM than the frequent 'internal' consultation with the works council. The unions are also extensively consulted in company restructuring; on any financial and organisational change within the company (at least four times per year but often more frequently) the unions are formally consulted. In an interview, KLM compares its industrial relations tradition and practice to the Dutch Social-Economic Council, in which all players in industrial relations are represented at national level to discuss and co-ordinate social-economic policy changes. When negotiating change, KLM always attempts to speak to *all* unions at the same time. KLM refers to such negotiations as a 'conservative' or a 'ritual' process: all the unions submit different letters with divergent demands and wish to see all their demands at least addressed before the actual negotiations commence. On the one hand, KLM perceives this process as laborious; on the other hand it enables the creation of support and consensus.

The KLM collective agreements have become more complex and extensive over the years. In principle regarding the main lines of wage setting, bargaining takes place multilaterally for all agreements. In a second stage bilateral agreements are started. The four collective agreements differentiate in the wage scales, working hours, granted leaves, and the pension regulation. KLM would like to revise the agreements, but as many provisions are the result of a 'political' exchange, the unions consider them as established rights that are interrelated like 'communicating vessels'. A revision of the pension scheme for example is historically related to leave in the framework of working time reduction: if the company wishes to revise the pension scheme, the unions will expect changes in working time in return. Due to the 'collective memory' of the workers' representation such exchanges made in the past cannot be ignored. This poses a barrier to the innovation of the collective wage agreements.

At KLM, although there is in general a willingness to reach agreement, not all unions always have an aim to reach a joint result; unions may (and sometimes do) act strategically. In the past, after having reached agreement in principle, one of the unions rather unexpectedly withdrew its support, which, according to KLM, served to demonstrate its 'tough stance' in the negotiations: the union feared membership losses if it signed the agreement as it stood. Competition for membership amongst some categories of staff (notably ground staff) thus makes the outcomes of the bargaining process less predictable.

Notwithstanding, trade unions show responsible behaviour in the case of extreme urgent economic conditions. For example after September 11th. 2001, the system of cooperation between management and the unions has proven to be flexible. The collective agreement was reopened after good communication with the unions on the measures to be taken in response to the terrorist attacks. The discussions first and foremost focussed on the safety of the crew and passengers, only after a couple of weeks the economic consequences appeared on the agenda. The unions did not immediately agree to the opening up of the collective wage agreement, they preferred to await a number of subsequent updates of the economic situation. When the management cut its own salary, also a number of ad hoc measures were taken in the production process. First the number of staff hired from temporary employment agencies was reduced, and 20% work time reduction was realized

for twice a period of six weeks (KLM annual report 2001). Management and the unions furthermore agreed in November 29th. 2002 to stimulate part-time work and unpaid leave (sabbaticals etc.) on a voluntary basis and to reduce the number of paid holidays (to be compensated in upcoming years). Finally, the 2% pay-increase foreseen in December 2001 was postponed to April 2002. The cancellation of the end-of-the-year bonus was not acceptable to the unions.

5 THE COMPETENCIES OF WORKS' COUNCILS

5.1 INFORMATION AND CONSULTATION RIGHTS IN THE NETHERLANDS

The Dutch works council is an enterprise and not a union institution (Visser, 1995). The 1979 Works Council Act forms the present legal foundation of works councils in the Netherlands (see Van der Heijden and De Gier, 1996: 128-130). In March 1998 the Works Councils Act has been amended. Enterprises with less than 10 employees can regularly organise meetings with their personnel. Enterprises with up to 50 employees are free to establish a works council, a personnel delegation or regular meetings with the personnel. The management of firms with 10-50 employees is obliged to establish a personnel delegation employees demand this, which consists of three members and has a rights of advice, information and co-determination. In 1998, the legal threshold for an enterprise to establish a works council was changed from 35 to 50 employees. In 1997, 82 percent of all firms legally obliged to establish a works council were actually establishing a works council (1992: 44 percent). 92 percent of the employees were working in a firm with a works council (1992: 83 percent) (Ministry of Social Affairs and Employment, 1998).

Of a works council's various powers, the right of consent on labour issues as well as the rights of consultation and information are particularly important. Unless a collective agreement already regulates the matter, employers must seek the works council's consent on labour-related topics such as working hours and holidays, payment systems and job evaluation schemes, health and safety at work and the enterprise's works rules (Van der Heijden and De Gier, 1996: 129). Works councils also enjoy the right of prior consultation on the enterprise's economic situation and changing activities, the right of regular consultation with the employer, and the right to information. Through provisions in the collective wage agreements, also the rights and powers of works councils, which are initially laid down in the Works Councils Act (*Wet op de Ondernemingsraad*, WOR), may be expanded (such as in the case of the regulation of working time at company level). Research reveals that such a role is granted in some form or another to nearly one-third of all works councils (Van het Kaar and Looise 1999).

Of a firm's permanent employees, union and non-union members have the same rights. Works council members are chosen by free elections, which may take place every 2 or 4 years (at different moments in different enterprises). Employees, with or without union consultation, make up candidate lists and then elect, by secret ballot, works council members. A union list of candidates for a works council is automatically recognised by law; non-recognised unions or non-unionised workers must collect a minimum of 30 signatures of a firm's employees before they can present a list of candidates.²⁴ Employers

²⁴ Union affiliated to one of the national labour confederations are recognised automatically, but non-affiliated unions may be recognised in certain industries or firms as well.

are not allowed to dismiss works council members. Works councils may establish committees to fulfil their function.

It must be added that in addition to the works councils, a second tier of co-determination exists by way of the obligatory establishment of a Board of Supervisors (*Raad van Commissarissen*) in the so-called ‘structured’ companies and in public or private limited companies with at least 100 employees and a subscribed capital of at least 25 million guilders (12 million euro). The Board of Supervisors among others controls the policy of management, appoints and dismisses the board of directors, approves the balance sheet and account of profits and losses. The works council on its turn may also nominate or object to the appointment of candidates to the supervisory board, though the nomination of candidates of the supervisory board takes place via co-optation (Van der Heijden and De Gier, 1996).²⁵

5.2 THE ROLE OF LABOUR UNIONS IN FIRM-LEVEL REPRESENTATION IN ROAD HAULAGE AND AT KLM

In enterprises in road haulage, the existence of works councils is restricted to the larger companies. In small and medium sized enterprises the practice of co-determination is restricted to the informal meetings where work organisation and work planning are being discussed (*werkoverleg*). In the larger companies some works councils are consulted about both organisational aspects and financial and competitive issues such as the choice of fuel and the selection of tires for the lorries. However, interview partners argue that merely social issues such as the restaurant, additional hours, and labour conditions are being dealt with. In general, truck driver are employed on the road and appear not to be participating closely to the co-determination practice. When they exist, works council members are trained and prepared to fulfil their tasks.

At KLM there is one central-level works’ council, which has delegated a number of its competencies to approximately 15 ‘group committees’ at company division level. The works’ council is consulted on a monthly basis on all legally required issues. Main topics such as the airline alliance formation and investment plans are widely discussed and via the works’ council KLM informs its employees about its strategic plans. KLM also invests in the training of works’ council members; the quality of works council members is perceived as sufficient.

KLM describes its works council as ‘over-institutionalised’; workers’ support for works council would be rather modest due to a lack of a clear profile. Notwithstanding in 2000 the works council presented an alternative model to the Baseline-reorganisation plan of the management. In general, the competencies of the works’ council are constrained by the strong position of the trade unions. For example, the unions discuss working time, although according to the revised 1996 Act on Working Time this may be delegated to the works’ council as well. As regards working time, at KLM the works’ council is only

²⁵ The Social-economic Council and the Cabinet have recently proposed to change the system of cooptation, and to grant more rights to the works councils and shareholders in the nomination procedure.

involved in the implementation of working time, i.e. the rosters and other choices that remain possible within the rules negotiated by the unions. The same argument is valid for part-time work, which has been regulated in the collective agreement; implementation takes place with consent of the group commission.

More in general, the higher management of KLM wishes to increase management prerogative. The scope for HRM is however constrained by on the one hand the provisions of the collective agreement and on the other hand the fact that in the development of HRM policy, management always has to take into account the preferences and actions of the unions and the works' councils. According to management, this situation should be reversed. Through a strengthening of the group commissions, KLM intends in the future to improve management-employee relations on the work floor and to increase the scope for HRM. In the collective bargaining round 2000-2002 it is agreed by KLM and the unions to renew the future agenda for industrial relations in the company, which we here paraphrase: ' There is a new context for the company, due to e.g. competition, mergers, capacity problems, fuel prices, and the changing labour market. The new reality and the speed of changes do influence the organization and its people. On the one hand there is a call for security and control, on the other hand there is need for flexibility and tailor-made agreements (...) the tension between collective rules and local implementation is crucial. Parties involved to the agreement are of opinion that it is part of their collective responsibility to support the transparency, the discussion and resolution to these problems' (agreement November 15th. 2000).

6 THE REGULATION AND PRACTICE OF INDUSTRIAL DISPUTES

6.1 THE REGULATORY FRAMEWORK OF INDUSTRIAL DISPUTES

In general the Netherlands enjoys a high degree of industrial peace, particularly when compared to other countries. As a general rule, strikes are called by trade unions as an ultimate solution to put pressure onto negotiations when collective bargaining has ended up in a stalemate. Sometimes sit-down strikes or enterprise occupations occur when enterprises have to close down activities. There is no positive statutory regulation of the right to strike. In the Netherlands, strike law is judge's law, and the court is the formal instance for permitting a strike to continue after an appeal has been lodged.

There are separate systems of dispute resolution for the public and private sectors in the Netherlands. The public sector claims a formal arbitration system.²⁶ In the private sector, there is no statutory system of arbitration and mediation. Such means are thus called upon only rarely and not in an institutionalised manner. Labour disputes are normally handled through first-instance civil courts or voluntary disputes committees established by collective bargaining. *“Employers confronted with collective industrial action may refer the strike for adjudication as to its lawfulness to the President of a District Court, who deals with the matter under summary procedure”* (Van der Heijden and De Gier, 1996: 70).

6.2 INDUSTRIAL DISPUTES IN ROAD TRANSPORT AND AVIATION

In international comparison, the level of industrial conflict in The Netherlands is low. Nonetheless, certain periods have seen industrial conflict rise in the country. The period from 1970 to 1974, above all, saw the advent of increased strike activity. In the 1980s and 1990s many industrial conflicts have occurred in the public sector. In 1983 there was a general strike among civil servants, in recent years above all municipal civil servants, construction workers and nurses have interrupted their work for short periods of time.

ROAD TRANSPORT

In the road transport industry, as we have seen above, the strike for road haulage in 1989 resulted in the split between two competing collective agreements. Since then no more strikes have taken place in road haulage of freight. Many strikes and labour conflicts have

²⁶ In 1984 the Advisory and Arbitration Committee was established to intervene in an advisory or arbitration capacity in disputes between the government as employer and the public sector unions. Either party may call on the Committee for non-binding advice but all parties must agree to arbitration as it mandates a binding decision. The Committee deals with disputes related to pay and employment conditions between the Minister for Internal Affairs and the Central Committee for Consultation on Public Service Matters. In practice, arbitration never occurs due to government refusal. Though any outcome of arbitration is supposedly binding, Parliament's control of the budget allows it the liberty to decide whether or not to honour a reward given through arbitration.

also occurred in public railways. In air traffic labour conflicts, strikes are usually of short duration, though in 1999 air traffic control faced an intensive dispute. Recently, major protest was kept in the taxi branch. The taxi market has undergone major changes with the recent deregulation of the Law on Passengers' Traffic (*Wet Personenvervoer*), which entered into force January 2000. Access to the taxi market has been liberalised; any company may receive a permit, which ended the monopoly of major taxi companies in the bigger cities in The Netherlands. Spring 2000, the entry onto the market of one major competitor caused major turmoil (referred to by the press as the Amsterdam Taxi War). These protests were not directed towards management however but towards the competing taxi firm, and as such not part of industrial conflict.

AVIATION

At KLM there is no tradition of labour conflicts. There is a quite strong identification with the company, the 'blue feeling': most staff is aware of the economic vulnerability of the company and employees are for that reason less willing to go on strike. In general, there is mutual trust between the company board and the unions, but our spokespersons argue that there is perhaps less trust at the work floor between line management and employees. Most employees perceive any change of their employment conditions and work organisation as a deterioration of their position. There have indeed been many company restructuring processes (Focus 2000, Baseline). The unions can mobilise this distrust, out of fear for a decline of membership and a loss of their strategic position. According to KLM, the trust of employees in their representative organisations has declined as well. This has resulted more frequent 'though negotiation positions' of some unions. Unions also watch each other: they do not 'give in' before the other one does, and this sometimes leads to deadlocks in the negotiations, though not in open conflicts. Despite the tradition of institutionalised and coordinated collective bargaining, and the lack of a strike tradition at KLM, there are relatively frequent wild-cat work interruptions of usually a couple of hours only, for example for protests about the function classification or working hours. There is also a trend towards juridification of employment relations: employees go to court or to the Commission for Equal Treatment more frequently than before.

In 2001 and 2002 however a number of wildcat strikes occurred by ground machine technicians. In 2002 a unions was established for this category of staff, the NVLT, in response to an international benchmark study, which revealed significant wage differences between Dutch and American employees. KLM-based ground machine technicians, referring to the outcome of the study, demanded an additional (40%) wage increase to 'close the gap' with their American colleagues, which, in their view, get paid more for doing the same work (HFD, 30-7-2001; 29-7-2002). KLM recognised the NVLT as bargaining party but does not attach the same value to benchmark studies, which in their view do not take into account country-specific factors, such as the interrelatedness of employment conditions, social security and labour law, and differences in costs-of-living and industrial relations traditions. Furthermore, there is no international labour market for ground machine technicians and KLM provides the necessary education and training for this category of staff itself.

The wildcat strike in 2002 costed the company more than its quarterly profit (i.e. more than 15 million euro).

In the light of Dutch industrial relations KLM responded exceptionally tough on the labour conflict. Disciplinary sanctions were taken against workers who had been on strike and no wage was paid for the hours lost. KLM also held those on strike personally responsible for the profits lost by imposing a ('partly symbolic', HFD, 31-7-2002) fine (claim) of 2000 euro (which has also never happened before). Also remarkably in the light of the Dutch tradition of industrial conflict, both parties (KLM as well as NVLT) threatened to start, or actually started, legal procedures (*kort geding*) against one another. KLM won a legal procedure to end the wildcat strike, and threatened workers who refused to pay the fine that they would enforce their demand by a legal procedure, in which case the fine would even be raised up to 6000 euro (HFD, 6-9-2002). Eventually, KLM chose to enter into a so-called 'test case trial' against four ground machine technicians, which is to demonstrate whether it is indeed possible to hold workers individually responsible. These test case trials usually last more than a year, so that some labour peace could be regained (HFD, 20-9-2002), even though NVLT does not agree with this process.

The 2002 collective bargaining round resulted in an agreement in November 2002. Part of the request for a wage increase of the ground machine technicians was granted in the form of an extra wage increase (of 5% maximum for those who had gained extra qualifications in their own time. Also, the organisation of work of ground machine technicians and the relation between management and workers will be subject of study, with the aim of assessing the need for reorganisation (HFD, 27-11-2002).

7 CONCLUSION.

This paper provides an overview of industrial relations, collective bargaining, employee participation and the regulation of labour conflict in Dutch transport industry. In addition to the national overview of transport, the two particular cases of the multi-employer agreement in road haulage of freight and the single-employers agreements of KLM, have been studied in greater detail. The case studies show that the collective agreements are the crucial labour market institution for the regulation of employment and working conditions in the Netherlands. Though works councils are granted substantial rights to information, consultation and negotiation, employers and the trade unions take the most important decisions in the process of collective wage setting. In addition to the direct bargaining on employment conditions which takes place about every one or two years, social partners also meet each other in the administration of the sectoral funds for training, occupational health, pensions, pre-pensions and education and development (road haulage) and in the sectoral council for aviation and in the management consultation of the enterprise (KLM). At KLM there is extended consultation about the development of the company. The social infrastructure of both road haulage and KLM allows for exchange of information between management and labour and support for management decisions. Due to the institutionalisation of contract parties, the propensity to labour conflict is reduced.

Both collective agreements in road haulage and KLM are detailed documents with many provisions and annexes. They illustrate the path dependency in the development of industrial rules. In contrast to the American situation where new agreements e.g. at Northwest Airlines are established every year, the Dutch collective agreements are developing every year. In both cases, voices have been raised to reduce the complexity of the agreements. In the case of KLM a principle agreement between management and the many unions has been reached to initiate such as process. In spite of the demand for 'modernization' of the agreements, no major effort has been reached so far in either case (compare Van der Meer and Smit, 2000).

In future, research on transport should be focused on several issues. First, it is relevant to know how the decentralization of decision-making in industrial relations will influence wages development and working hours. Moreover, the question is relevant whether the globalisation of the transport sectors and the process of takeovers, mergers and scale-enlargement between companies, results in a situation that new international benchmarks are being proposed to measure and compare the tasks, functions and working hours of the work force in the home country. The focus should also be placed on the issue whether the actual job evaluation in practice (given the current processes of company restructuring) fits with the description of the job in the collective agreement. It is also necessary to study the extent in which trade unions and the employers' associations are able to keep their membership up level and are willing to continue the social infrastructure of the industry. Finally, it should be studied to what extent sectoral agreements will compete with particular forms of welfare provisions for certain groups of employees at enterprise level.

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APPENDIX 1 INTERVIEWS

Interview with FNV-Bondgenoten, June 19th. 2002

Interview with KNV-road haulage transport, June 21th. 2002

Interview with KLM –industrial relations management June 24th. 2002

Several telephone interviews with FNV, CNV, Unie MHP, VNV, and TLN

APPENDIX 2 LIST OF ABBREVIATIONS

CBS	Centraal Bureau voor de Statistiek, Central Statistics Office
CNV	Christelijk Nationaal Vakverbond, Christian National Union Confederation
ECA	European Cockpit Association
ETF	European Transport Federation
ETUC	European Trade Union Confederation
FIET	International Federation of Commercial, Clerical, Professional and Technical Employees
FNV	Federatie Nederlandse Vakbeweging, Confederation of Dutch Unions
HFD	Het Financieele Dagblad
IFALPA	International Federation of Airline
IFEO	International Flight Engineers Organisation
IRU	International Road Union
ITF	International Transport Federation
KLM	Koninklijke Luchtvaart Maatschappij, Royal Dutch Airlines
KNV	Koninklijk Nederlands Vervoer, Royal Dutch Transport
SBI	Standaard BedrijfsIndeling, equivalent of NACE
SER	Sociaal-Economische Raad, Social-economic Council
STAR	Stichting van de Arbeid, Foundation of Labour
SZW	Ministerie van Sociale Zaken en Werkgelegenheid, Ministry for Employment and Social Affairs
TLN	Transport en Logistiek Nederland, Transport and Logistics Netherlands
UITP	Union Internationale de Transport Publique
Unie MHP	Vakcentrale voor Middelbaar en Hoger Personeel, National Confederation for Staff and White-collar Employees.
VHKP	Vereniging voor Hoger KLM-Personeel, Association of Higher KLM Staff
VNC	Vakbond voor Nederlands Cabinepersoneel, Union for Dutch Cabine Crew
VNO-NCW	Vereniging Nederlandse Ondernemingen-Nederlandse Christelijke Werkgeversorganisatie, Association of Dutch Companies-Dutch Christian Employers' association

VNV Vereniging van Nederlandse Verkeersvliegers, Association of Dutch
Airline Pilots

VVT Vereniging voor Verticaal Transport, Association of Vertical Transport