

18 June 2010

CEC CONFERENCE ON “INDIVIDUAL AND COLLECTIVE CONTRACTS FOR MANAGERS”, VERONA

ADDRESS BY STEVEN D’HAESELEER

Dear Mr President,
Ladies and gentlemen,

- I would like to thank you for inviting BUSINESSEUROPE to this conference. We are pleased to have a good relationship with CEC, also in the European social dialogue. A recent illustration of this is our framework agreement on Inclusive Labour Markets.
- It is an honour for me to introduce this panel which is composed of distinguished company representatives who will present their experiences with regard to the definition of managers’ employment and working conditions in different national contexts.
- Before moving to the panel discussion based on company practices and experiences, I would like to present you some broader socio-economic trends as well as developments in Europe’s industrial relations systems and the way in which they interact with or affect the specific situation of managers.

- In most European countries, working conditions are traditionally set as the result of a process of collective bargaining between employers and trade unions. However, over the last two decades, a trend has been observed towards the decentralisation of collective bargaining, moving away from the macro-level to the company level.
- The following developments explain this trend:
 - Globalisation: increased international competition and need for more flexibility
 - Decline of trade union density in Europe: Over the last twenty years there has been a decline in trade union membership throughout most of Europe
 - Enlargement: Collective bargaining is less structured and union density is below average in Central and Eastern European countries;



- Sectoral shifts in European economies: Downsizing in manufacturing and employment creation taking place predominantly in services sector, which is less organised with smaller and more dispersed workplaces;
- Despite this trend, the collective level remains essential to provide the framework in which companies and workers can define their employment relationships.
- As part of this changing environment, one can also observe a development in the direction of increased individualisation of working conditions, in particular with respect to working time flexibility and pay negotiations. Individualisation can take place either through individual provisions in collective agreements or through individual contracts.
- The CEC survey on managers' working conditions shows that managers' employment contracts are in most countries the result of both individual negotiations and collective agreements. However, there is a broad diversity of situations between countries as to the scope left to individual/collective negotiations and the type of issues addressed in collective agreements. This diversity of situations reflects the different ways in which the status of managers is defined at national level.
- One figure to illustrate the process of increasing individualisation: According to the EUROFOUND's European Company Survey published in December 2009, across the EU a third of establishments with 10 or more employees use elements of pay that depend on individual performance, be it for all employees or only for some of them.
- There are two main reasons for these developments:
 1. Necessity for the employer to adapt working conditions to a rapidly changing global context characterised by increased cost competition;
 2. Growing individualisation of workers' preferences which is reflected in differences between workers with respect to pay but also working time.
- Managers are particularly affected by increasing flexibility and individualisation. In fact, it is an important defining feature of this group of workers.
- Another distinguishing feature is the fact that managers are a **growing group in the workforce**. Mr Liarokapis said this morning that the number of managers is growing faster than the total workforce. Several factors may explain this trend such as the increased importance of the services sector where managers are more prevalent than in industry or the growing demand for high skills in the knowledge economy. According to CEDEFOP, 20 million new jobs will be created between 2006 and 2020 (+19,6 million jobs at highest qualification level, +13.1 million jobs at medium level and -12,5 million jobs for those with no or low formal qualifications). This will probably lead to more job openings for



managers, in particular in the countries where the status of managers is defined broadly.

- The evolution towards more knowledge intensive jobs reinforces the importance of training and employability for all workers, including managers. The crisis has reminded us that there is no longer “a job for life” and that some of the jobs that were destroyed will not come back. We therefore need to equip people to achieve employment security by facilitating adaptability and transitions between jobs. Training is indispensable in this respect.
- A recent survey by CBI, BUSINESSEUROPE’s member federation, shows that CEOs are broadly speaking satisfied with the effectiveness and skills of senior managers. However, there are concerns around team leaders’ and supervisors’ skills levels with one in seven (15%) describing these as unsatisfactory. Investing in leadership and training of management therefore is a priority. Almost all (98%) firms are investing in leaders and managers through in-house training, with two thirds (65%) of firms providing external training such as MBAs for their senior management and two thirds (65%) of employers training supervisors/team leaders on-the-job.
- To conclude, managers are a distinct category of workers which share some important common features. Some of the trends that can be observed regarding the general development of working conditions are more pronounced in the case of managers such as increased flexibilisation and individualisation.
- Given their increased importance as a proportion of the workforce, their high qualifications and the specific responsibilities they have, managers are in a strategic position to understand labour market developments in light of companies’ and workers’ needs.
- Today’s conference is a good opportunity to assess what these developments mean for the individuals concerned, their representatives as well as for their employers. I am therefore looking forward with great interest to see if and to what extent these common features as well as the diversity of situations transpire in company practices.
