Union Mergers as a Revitalization Strategy and the Role of Post-merger Integration
The Case of Ver.di in Germany

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May 2008
Declaration

I declare that this thesis is my own work and that it has not been submitted for a degree at another university or institute of higher learning. To the best of my knowledge and belief, it contains no material previously published or produced by another party, except where acknowledgement is made in the text.
Acknowledgements

During my candidature, I spent seven months as a Doctoral Fellow at the Institute of Economic and Social Research in the Hans Böckler Foundation (WSI) in Düsseldorf, Germany. The financial assistance from the Hans Böckler Foundation allowed me to concentrate solely on my research during my time there. In addition, the guidance and support I received were invaluable. I would particularly like to thank Martin Behrens, Reinhard Bispinck, Heiner Dribbusch and Thorsten Schulten. They discussed my research with me, helped me clearly define the research objectives and directed me to several interview partners in ver.di. They also provided me with data from the collective agreement archive and helped me interpret it. My time at the WSI was the highlight of my candidature and I enjoyed being surrounded by industrial relations researchers on a daily basis very much.

Many thanks to Berndt Keller, who suggested I compare union mergers in Germany and Australia in my Masters thesis at the University of Konstanz, and whose guidance and advice significantly influenced my decision to undertake this PhD at the University of Sydney. Berndt also discussed my research with me during my candidature, provided helpful advice and recommended several interview partners.

I would also like to express my gratitude to Russell Lansbury and Rae Cooper who supervised this thesis. They encouraged and guided me on this research journey. They reviewed drafts of chapters and conference papers and gave advice on everything from writing style to careers in academia. Also at the University of Sydney, thank you to Leanne Cutcher. I appreciated her feedback on the concluding chapter of this thesis.

I would especially like to thank my interview partners, who were mainly ver.di officials and activists. I am grateful for their openness, their generosity and their interest in my research. Without them, I would have been unable to carry out this study.

Finally, thank you to my partner Johann Heners and to my parents, Inge Kirsch and Howard Kirsch, for their love and support. I am especially
thankful for Johann’s help in the final months, when he not only edited and formatted this thesis, but also ran the household and did everything he could to assist me. I know that Johann is very much looking forward to life after the PhD.
Abstract

Two observations form the starting point of this thesis. The first observation is that in many developed market economies, unions’ response to membership decline and to decreasing economic and political influence is to merge. Union merger strategies are often embraced with the expectation that they will result in “revitalization”: more members, and greater economic and political influence. In practice, however, union mergers rarely result in revitalization.

This thesis explores why many unions adopt a merger strategy when there is no clear evidence to suggest that mergers can deliver revitalizing results by examining whether and how union mergers can contribute to revitalization.

To this end, a framework for analysing merger outcomes is developed. The framework consists of five dimensions. In the membership dimension, it examines post-merger developments in membership. In the economic dimension, it assesses a merged union’s bargaining power. In the political dimension, it focuses on post-merger political influence. In the institutional vitality dimension, it examines recruitment and retention, as well as gender equity in a merged union. In a fifth dimension, it assesses three prerequisites for revitalization: the reduction of inter-union competition, the achievement of synergies, and improvements in the provision of services to members.

This framework is applied in a case study of the German service sector union Vereinte Dienstleistungsgewerkschaft (ver.di). Ver.di was established through a merger of five unions in 2001. It is one of the largest unions in the world and represents workers in more than 1,000 occupations in the public and private services sector. By analysing ver.di’s merger outcomes, the study reveals that in ver.di’s case, revitalization was not achieved along any of the five dimensions. In some instances, the opposite of the desired effect occurred, and in others, the results were mixed. Overall, the ver.di merger cannot be considered a successful revitalization strategy.
A second observation made at the outset of this research is that similarly to union mergers, mergers among business organizations are often undertaken as a strategy for “corporate renewal”. Moreover, corporate mergers also frequently fail to create value for the firms involved. However, in the literature on corporate mergers, it is recognized that merger failure is often caused by shortcomings in the management of the post-merger integration process.

This thesis explores the post-merger integration process in unions by examining what role post-merger integration plays in determining whether a union merger leads to revitalization.

A framework for analysing both the structural and cultural integration of merging unions is developed. The structural aspects it examines are which structures are put into place at the time of a merger, how those structures are found to hamper the achievement of merger goals, and how a union leadership goes about removing structural impediments to integration. The cultural aspects it examines are the development of a new organizational identity and mission in a merged union, the development of a common collective bargaining strategy and the coordination of bargaining across industries, and the emergence of a culture that promotes innovation.

The framework is applied to the case study union ver.di. It is found that ver.di’s structural and cultural integration processes were not completed seven years after the merger. In addition, the union leadership was highly constrained in its management of post-merger integration.

Together, these findings build our understanding of union mergers as a revitalization strategy and the role of post-merger integration. When unions formulate a merger strategy for revitalization, they need to implement it in a way that ensures its success. External factors, such as employer and state strategies, and economic and political developments, can have an impact on the implementation of a merger strategy. Yet internal factors, in particular structural and cultural integration in the merged union, are pivotal for its success.
Table of Contents

List of Tables ........................................................................................................ xii
List of Figures ........................................................................................................ xiv
Abbreviations ......................................................................................................... xv
Glossary of Terms .................................................................................................. xx

1 Introduction: Merging for Revitalization ......................................................... 1
   1.1 Introduction ................................................................................................ 1
   1.2 A Trend of Union Decline ........................................................................ 1
   1.3 Merging For Revitalization .................................................................... 3
   1.4 Outline of the Thesis ............................................................................. 6
   1.5 Conclusion ............................................................................................. 7

2 Literature Review: Union Mergers, Union Revitalization and
   Post-merger Integration ............................................................................... 8
   2.1 Introduction ........................................................................................... 8
   2.2 Union Mergers ....................................................................................... 8
      2.2.1 Why Unions Merge ........................................................................ 12
      2.2.2 How Unions Merge ........................................................................ 13
      2.2.3 The Effect of Union Mergers ......................................................... 15
   2.3 Union Revitalization .............................................................................. 18
      2.3.1 Union Mergers as a Revitalization Strategy ................................ 21
      2.3.2 Why Union Mergers May Not Lead to Revitalization ............... 25
   2.4 Post-merger Integration ......................................................................... 27
      2.4.1 Creating Value Through Structural and Cultural Integration..... 28
      2.4.2 Constraints in the Management of Post-merger Integration ....... 30
   2.5 Conclusion ............................................................................................. 34
3  Context: The Structure, Roles and Functions of German Unions
........................................................................................................35

3.1  Introduction.......................................................................................... 35

3.2  The Structure of German Unions................................................................. 36
     3.2.1  Union Structure Before 1945 ............................................................... 36
     3.2.2  The West German Union Movement .................................................. 36
     3.2.3  German Re-unification and the Transfer of West German
            Unionism to the East ........................................................................ 37
     3.2.4  The Internal Structure of the DGB Unions ......................................... 38

3.3  Structural Developments since 1990 ......................................................... 41
     3.3.1  Membership Developments................................................................. 41
     3.3.2  Union Mergers .................................................................................. 46
     3.3.3  Inter-union Relations ...................................................................... 51

3.4  The Roles and Functions of German Unions in the Political System 54

3.5  The Roles and Functions of German Unions in the Industrial
     Relations System....................................................................................... 57

3.6  Conclusion............................................................................................ 64

4  Methodology: Research Questions, Strategy and Methods.............66

4.1  Introduction............................................................................................ 66

4.2  From Research Objectives to Research Questions................................. 66

4.3  Research Strategy: A Case Study Design .............................................. 69

4.4  Research Methods and Data Analysis.................................................... 71

4.5  Conclusion............................................................................................ 78

5  The Ver.di Merger: Goals, Structure and Post-merger Structural
Change ........................................................................................................80

5.1  Introduction............................................................................................ 80

5.2  The Merger Negotiations....................................................................... 80
5.3 The Merger Partners and Their Motives .............................................. 83
5.4 The Merger Goals .................................................................................. 89
5.5 The Merger Agreement and Post-merger Structural Change .......... 91
  5.5.1 Planning Post-merger Structural Change in the Structure 
      Committee .................................................................................. 93
  5.5.2 The Matrix Structure ............................................................... 95
  5.5.2.1 Industry Department Structure: Pre-merger Reasoning and 
        Post-merger Changes ............................................................ 98
  5.5.2.2 Regional District Structure: Pre-merger Reasoning and Post-
        merger Changes ................................................................. 101
  5.5.2.3 District Structure: Pre-merger Reasoning and Post-merger 
        Changes ............................................................................ 107
  5.5.2.4 Local Structure: Pre-merger Reasoning and Post-merger 
        Changes ............................................................................ 111
  5.5.2.5 Relations Between Structural Units in the Matrix ............. 112
  5.5.3 Quotas and Committee Structures ........................................... 117
  5.5.4 The Budgeting Guideline .............................................................. 119
  5.5.5 Working Conditions for Ver.di Employees ................................ 124
5.6 Conclusion .......................................................................................... 128

6 Merger Outcomes: The Ver.di Merger as a Revitalization 
  Strategy .................................................................................................. 130
  6.1 Introduction ......................................................................................... 130
  6.2 Membership ......................................................................................... 130
  6.3 Bargaining Power .............................................................................. 137
  6.4 Political Influence ............................................................................. 149
  6.5 Inter-union Competition ................................................................... 154
  6.6 Synergies ............................................................................................. 158
  6.7 Service Provision ................................................................................. 162
List of Tables

Table 2.1: Forms of Restructuring in Unions ........................................ 10
Table 2.2: Incidence of Union Mergers in Six Countries, 1950-2005 ........ 10
Table 3.1: Membership Density in the DGB in Per Cent, 1950-2005........ 41
Table 3.2: Aggregate Membership in the Four Peak Federations in
Thousands, 1950-2007............................................................. 43
Table 3.3: Membership in the DGB Unions and the DAG, 1990-2007 .... 44
Table 3.4: Unions Affiliated to the DGB, 1990 and 2007 ....................... 47
Table 3.5: Collective Bargaining Coverage 1998 and 2006, in Per Cent.... 61
Table 3.6: Works Council Representation 1998 and 2005, in Per Cent ..... 62
Table 3.7: Collective Bargaining Coverage and Works Council
Representation 1996-2005, in Per Cent................................. 64
Table 4.1: Interviewee Attributes..................................................... 73
Table 4.2: NVivo Nodes .................................................................. 78
Table 5.1: The Merger Partners, Their Membership, History and Coverage
Areas ..................................................................................... 82
Table 5.2: Ver.di’s Matrix Structure................................................... 96
Table 5.3: Industry Departments and Members, December 2001.......... 99
Table 5.4: Regional Districts and Members, February 2001............... 102
Table 5.5: Number of Districts in Each Regional District, 2001 and 2007. 108
Table 5.6: The Budgeting Rates: Percentage of Dues Income Allocated to
Organizational Subdivisions, 2002 and 2005............................... 120
Table 5.7: Yearly Budgetary Deficit, 2002-2006 ............................... 123
Table 5.8: Average Income of Administrative Staff and Union Officers in the
Founding Unions, in DM, 1999 .................................................. 126
Table 6.1: Members and Membership Decline in Ver.di and the DGB Unions
1991-2007............................................................................. 131
Table 6.2: Members and Membership Decline in Ver.di by Industry Department, 2001-2007 ..................................................133

Table 6.3: Members and Membership Decline in Ver.di by Regional District, 2001-2007.................................................................134

Table 6.4: Average Monthly Dues and Outstanding Dues Payments, 2004-2007, in Euro .................................................................135

Table 6.5: Working and Non-working Members, 2001-2007 ..............135

Table 6.6: Annual Average Pay Increase in all Industries and in Ver.di’s Main Industries, in Per Cent, West Germany 1990-2007 ......140

Table 6.7: Employees in the Coverage Areas of All Pay Collective Agreements (Lohn-, Gehalts- und Entgelttarifverträge) in Ver.di’s Main Industries, in Thousands, West Germany 1991-2007.................................................................141

Table 6.8: Number of Geographical Divisions in the Founding Unions and in Ver.di.................................................................159

Table 6.9: National Executive Committee Members and National Congress Delegates in the Founding Unions and in Ver.di .............160

Table 6.10: Members, Employees, Delegates and National Executive Committee Members in IG Metall and Ver.di, 2006/2007 ......161

Table 6.11: Members per Union Employee: IG Metall, Ver.di and Ver.di’s Constituent Unions, 1993-2006........................................162

Table 6.12: Ver.di Employees by Gender, June 2007.........................173

Table 6.13: Female Members in Ver.di, 2001-2007 ..............................179

Table 6.14: New Members and Members Leaving by Gender, 2001-2007, in Per Cent .................................................................179
List of Figures

Figure 2.1: Dimensions of Union Revitalization ............................................. 21
Figure 3.1: Membership in the DGB, Percentage Change 1992-2007 ........... 45
Figure 3.2: Distribution of Membership in the DGB 2007 ............................ 50
Figure 4.1: Research Questions Examining Whether and How the Ver.di Merger Contributed to Union Revitalization .............................. 68
Figure 5.1: The Merger Partners’ Equity Capital and Reserves in Thousand DM at 31.12.2000, Without Provisions for Pensions or Other Liabilities ................................................................. 86
Figure 5.2: The Merger Partners’ Members by Age and Employment Status, February 2001 ................................................................. 87
Figure 5.3: The Founding Unions’ Members by Gender, 31.12.1999 ............. 88
Figure 6.1: Members Gained and Members Lost in Ver.di, 2001-2007 .... 132
Figure 6.2: Collectively Agreed Annual Average Pay Increase in Ver.di Industries and All Industries, in Per Cent, West Germany 1990-2007 .......................................................... 142
Figure 6.3: Difference Between the Highest and Lowest Annual Average Pay Increases and the Average Increase Across Ver.di Industries, in Per Cent, West Germany 1990-2007 ......................... 143
Figure 6.4: Annual Average Pay Increases in All Industries and in Banking and Retail, in Per Cent, West Germany 1990-2007 ............... 144
Figure 6.5: Strike Costs, in Euro, 2004 – October 2007 ............................. 145
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3F</td>
<td><em>Fagligt Fælles Forbund</em>, Denmark’s largest union</td>
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<tr>
<td>AAB</td>
<td><em>Allgemeine Arbeitsbedingungen</em>, general working conditions at ver.di agreed upon by the leadership and the works council in 2006</td>
</tr>
<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions, the peak federation of Australian unions</td>
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<tr>
<td>AFL-CIO</td>
<td>The American Federation of Labor and Congress of Industrial Organizations, the peak federation of American unions</td>
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<tr>
<td>ASTMS</td>
<td>Association of Scientific, Technical and Managerial Staffs, a British union that merged with others to form MSF in 1987</td>
</tr>
<tr>
<td>BAT</td>
<td><em>Bundes-Angestelltentarifvertrag</em>, collective agreement in the German public sector, expired in 2005</td>
</tr>
<tr>
<td>BZA</td>
<td><em>Bundesverband der Zeitarbeit</em>, an employer association in the labour hire industry</td>
</tr>
<tr>
<td>CDU/CSU</td>
<td><em>Christlich Demokratische Union / Christlich Soziale Union</em>, The political party Christian Democratic Union / Christian Social Union</td>
</tr>
<tr>
<td>CGB</td>
<td><em>Christlicher Gewerkschaftsbund</em>, Christian Federation of Trade Unions</td>
</tr>
<tr>
<td>CGM</td>
<td><em>Christliche Gewerkschaft Metall</em>, Christian Metalworkers’ Union</td>
</tr>
<tr>
<td>CGZP</td>
<td><em>Tarifgemeinschaft Christlicher Gewerkschaften für Zeitarbeit und PersonalService-Agenturen</em>, the collective bargaining association of CGB affiliates in labour hire</td>
</tr>
<tr>
<td>COHSE</td>
<td>Confederation of Health Service Employees, a British union that merged with others to form UNISON</td>
</tr>
<tr>
<td>DAF</td>
<td><em>Deutsche Arbeitsfront</em>, German Labour Front</td>
</tr>
<tr>
<td>DAG</td>
<td><em>Deutsche Angestelltengewerkschaft</em>, the German Union of Salaried Employees that merged to form ver.di</td>
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<tr>
<td>Code</td>
<td>Description</td>
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<tr>
<td>DBB</td>
<td><em>Deutscher Beamtenbund</em>, German Civil Service Association</td>
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<tr>
<td>DGB</td>
<td><em>Deutscher Gewerkschaftsbund</em>, Confederation of German Trade Unions</td>
</tr>
<tr>
<td>DHV</td>
<td><em>Deutscher Handels- und Industrieangestellten-Verband</em>, a union affiliated to the CGB</td>
</tr>
<tr>
<td>DGP</td>
<td><em>Deutsche Postgewerkschaft</em>, the postal union that merged to form ver.di</td>
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<tr>
<td>DJV</td>
<td><em>Deutscher Journalisten-Verband</em>, an independent journalists’ association</td>
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<tr>
<td>DM</td>
<td><em>Deutsche Mark</em>, former German currency</td>
</tr>
<tr>
<td>DOV</td>
<td><em>Deutsche Orchestervereinigung</em>, orchestra association</td>
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<tr>
<td>DPG</td>
<td><em>Deutsche Postgewerkschaft</em>, the postal union that merged to form ver.di</td>
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<tr>
<td>EIRO</td>
<td>European industrial relations observatory</td>
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<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FNV-Bondgenoten</td>
<td>The Dutch Allied Industry, Food, Services and Transport Union</td>
</tr>
<tr>
<td>GBV HuP</td>
<td><em>Gesamtbetriebsvereinbarung zur Haushalts- und Personalkostenkonsolidierung</em>, an agreement to reduce costs between ver.di and its works council</td>
</tr>
<tr>
<td>GDBA</td>
<td><em>Gewerkschaft Deutscher Bundesbahnbamten und Anwärter</em>, a rail union affiliated to the DBB</td>
</tr>
<tr>
<td>GdED/Transnet</td>
<td><em>Gewerkschaft der Eisenbahner Deutschlands</em>, the rail union affiliated to the DGB which changed its name in 2000</td>
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<tr>
<td>GdF</td>
<td><em>Gewerkschaft der Flugsicherung</em>, a union in air traffic control</td>
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<tr>
<td>GDL</td>
<td><em>Gewerkschaft Deutscher Lokomotivführer</em>, a rail union affiliated to the DBB</td>
</tr>
<tr>
<td>GdP</td>
<td><em>Gewerkschaft der Polizei</em>, the police union affiliated to the DGB</td>
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<td>GDR</td>
<td>German Democratic Republic</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>GdS</td>
<td>Gewerkschaft der Sozialversicherung, a union in the social security agencies affiliated to the DBB</td>
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<tr>
<td>GEW</td>
<td>Gewerkschaft Erziehung und Wissenschaft, the education union affiliated to the DGB</td>
</tr>
<tr>
<td>GGLF</td>
<td>Gewerkschaft Gartenbau, Land- und Forstwirtschaft, the agriculture, horticulture and forestry union that merged to form IG BAU</td>
</tr>
<tr>
<td>GHK</td>
<td>Gewerkschaft Holz und Kunststoff, the wood and plastics workers’ union that merged with IG Metall</td>
</tr>
<tr>
<td>GK</td>
<td>Gewerkschaft Kunst, the artists’ union that merged to form IG Medien</td>
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<tr>
<td>GL</td>
<td>Gewerkschaft Leder, the leatherworkers’ union that merged to form IG BCE</td>
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<tr>
<td>GÖD</td>
<td>Gewerkschaft Öffentlicher Dienst und Dienstleistungen, a union in the public sector affiliated to the CGB</td>
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<tr>
<td>GPA</td>
<td>Gewerkschaft der Privatangestellten, an Austrian white-collar workers’ union</td>
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<tr>
<td>GTB</td>
<td>Gewerkschaft Textil Bekleidung, the textile and clothing workers’ union that merged with IG Metall</td>
</tr>
<tr>
<td>HBV</td>
<td>Gewerkschaft Handel, Banken und Versicherungen, the commerce, banking and insurance industry union that merged to form ver.di</td>
</tr>
<tr>
<td>IE</td>
<td>Industri og Energi, Norwegian chemical, oil and petrochemical workers’ union</td>
</tr>
<tr>
<td>IG BAU</td>
<td>Industriegewerkschaft Bauen, Agrar, Umwelt, the Construction, Agriculture, Environment union in the DGB</td>
</tr>
<tr>
<td>IG BCE</td>
<td>Industriegewerkschaft Bergbau, Chemie, Energie, the Mining, Chemical and Energy union in the DGB</td>
</tr>
<tr>
<td>IG BE</td>
<td>Industriegewerkschaft Bergbau und Energie, the mining and energy union that merged to form IG BCE</td>
</tr>
<tr>
<td>IG BSE</td>
<td>Industriegewerkschaft Bau-Steine-Erden, the construction union that merged to form IG BAU</td>
</tr>
<tr>
<td>IG CPK</td>
<td>Industriegewerkschaft Chemie-Papier-Keramik, the chemical, paper and ceramics union that merged to form IG BCE</td>
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<td>Acronym</td>
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<tr>
<td>IG DruPa</td>
<td><em>Industriegewerkschaft Druck und Papier</em>, the printing union that merged to form IG Medien</td>
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<tr>
<td>IG Medien</td>
<td><em>Industriegewerkschaft Medien</em>, the media union that merged to form ver.di</td>
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<tr>
<td>IGM</td>
<td><em>Industriegewerkschaft Metall</em>, the metal industry union in the DGB</td>
</tr>
<tr>
<td>IGZ</td>
<td><em>Interessengemeinschaft Zeitarbeit</em>, an employers’ association in the labour hire industry</td>
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<tr>
<td>KAD</td>
<td><em>Kvindeligt Arbejderforbund</em>, a Danish women’s union that merged to form 3F</td>
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<tr>
<td>LO</td>
<td><em>Landsorganisasjonen i Norge</em>, Norwegian peak federation of unions</td>
</tr>
<tr>
<td>MB</td>
<td><em>Marburger Bund</em>, doctors’ association</td>
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<tr>
<td>MSF</td>
<td>The British Manufacturing, Science and Finance Union</td>
</tr>
<tr>
<td>NALGO</td>
<td>The National and Local Government Officers Association, a British union that merged with others to form UNISON</td>
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<tr>
<td>NGG</td>
<td><em>Gewerkschaft Nahrung-Genuss-Gaststätten</em>, the hospitality and food workers’ union in the DGB</td>
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<tr>
<td>NRW</td>
<td><em>Nordrhein-Westfalen</em>, a German state</td>
</tr>
<tr>
<td>NUPE</td>
<td>National Union of Public Employees, a British union that merged with others to form UNISON</td>
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<tr>
<td>ÖGB</td>
<td><em>Österreichischer Gewerkschaftsbund</em>, the Austrian peak federation of unions</td>
</tr>
<tr>
<td>ÖTV</td>
<td><em>Gewerkschaft Öffentliche Dienste, Transport und Verkehr</em>, the public sector and transport union that merged to form ver.di</td>
</tr>
<tr>
<td>PDS</td>
<td><em>Partei des demokratischen Sozialismus</em>, Party of Democratic Socialism</td>
</tr>
<tr>
<td>RFFU</td>
<td><em>Rundfunk-Fernseh-Film-Union</em>, the Radio, Television and Film Union which merged to form IG Medien</td>
</tr>
<tr>
<td>SED</td>
<td><em>Sozialistische Einheitspartei Deutschlands</em>, Socialist Unity Party</td>
</tr>
<tr>
<td>SEIU</td>
<td>The American Service Employees International Union</td>
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</table>
SiD | Specialarbejderforbundet i Danmark, a Danish general workers’ union that merged to form 3F

SPD | Sozialdemokratische Partei Deutschlands, Social Democratic Party of Germany

TASS | Technical, Administrative and Supervisory Staffs, a British union that merged to form MSF

TdL | Tarifgemeinschaft deutscher Länder, the employers’ association of the German states

TUC | Trades Union Congress, the British peak union federation

TV-N | Tarifvertrag Nahverkehr, new collective agreement in the German public sector for workers in public transport

TVöD | Tarifvertrag für den öffentlichen Dienst, the new collective agreement in the German public sector

TV-V | Tarifvertrag Versorgungsbetriebe, new collective agreement in the German public sector for workers in public utilities

UFO | Unabhängige Flugbegleiter Organisation, a union of flight attendants

VB | Vereinigung Boden, a union for ground crew

VC | Vereinigung Cockpit, a pilots’ union

Ver.di | Vereinte Dienstleistungsgewerkschaft, the United Services Union in the DGB

VS | Verband deutscher Schriftsteller, Writers’ Association that merged to form IG Medien


WSI | Wirtschafts- und Sozialwissenschaftliches Institut, Institute of Economic and Social Research in the Hans Böckler Foundation
## Glossary of Terms

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<th>Term</th>
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<tr>
<td>Agenda 2010</td>
<td>Labour market and welfare reforms introduced by the SPD and Green coalition</td>
</tr>
<tr>
<td>Aktions- und Kampagnenfonds</td>
<td>A campaign fund established in ver.di’s reviewed budgeting guideline</td>
</tr>
<tr>
<td>Allgemeine Arbeitsbedingungen (AAB)</td>
<td>General working conditions in ver.di agreed on by the union leadership and the works council</td>
</tr>
<tr>
<td>Arbeitskreise</td>
<td>Working groups in ver.di</td>
</tr>
<tr>
<td>Beamte</td>
<td>Civil servants</td>
</tr>
<tr>
<td>Beitragsanpassungsmaßnahmen</td>
<td>Adjustment of membership dues to reflect pay increases</td>
</tr>
<tr>
<td>Beitragsrückstandsbearbeitung</td>
<td>Collection of outstanding dues payments</td>
</tr>
<tr>
<td>Betriebsgruppen</td>
<td>Group of ver.di lay activists from a certain establishment</td>
</tr>
<tr>
<td>Betriebsräte</td>
<td>Works councils</td>
</tr>
<tr>
<td>Betriebsvereinbarungen</td>
<td>Works agreements concluded by works councils and employers</td>
</tr>
<tr>
<td>Betriebsversammlungen</td>
<td>Meetings of the workforce chaired by the works council</td>
</tr>
<tr>
<td>Bezirksfachbereichsleiter</td>
<td>District-based Industry Department Officers in ver.di</td>
</tr>
<tr>
<td>Bezirksgeschäftsführer</td>
<td>District Leaders in ver.di</td>
</tr>
<tr>
<td>Bezirksgeschäftsführung</td>
<td>District Executive Committee in ver.di (union officials)</td>
</tr>
<tr>
<td>Bezirksvorstand</td>
<td>District Council in ver.di (lay activists)</td>
</tr>
<tr>
<td>Bundeskommission Selbständige</td>
<td>Committee of self-employed ver.di members</td>
</tr>
<tr>
<td>Bundeskongress</td>
<td>National Congress in ver.di</td>
</tr>
<tr>
<td>Bundesrat</td>
<td>Upper house of German parliament</td>
</tr>
<tr>
<td>Bundestarifausschuss</td>
<td>National Collective Bargaining Committee in ver.di</td>
</tr>
<tr>
<td>Bundesvorstand</td>
<td>National Executive Committee in ver.di (union officials)</td>
</tr>
<tr>
<td>German Term</td>
<td>English Term</td>
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<tr>
<td>-------------</td>
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</tr>
<tr>
<td>Change to Win</td>
<td>American federation of unions</td>
</tr>
<tr>
<td>Clearingstelle</td>
<td>Clearing House in ver.di that monitors the observance of bargaining principles</td>
</tr>
<tr>
<td>dbb-Tarifunion</td>
<td>Association of DBB unions that engage in collective bargaining</td>
</tr>
<tr>
<td>Deutsche Bundespost</td>
<td>Federal Post Office</td>
</tr>
<tr>
<td>DGB Rechtsschutz GmbH</td>
<td>The DGB’s legal services organization</td>
</tr>
<tr>
<td>Eckpunkte eines Zielmodells</td>
<td>A pre-merger document which detailed the structure of ver.di</td>
</tr>
<tr>
<td>Einheitsgewerkschaft</td>
<td>Unitary union without political or religious affiliations</td>
</tr>
<tr>
<td>Fachbereichsegoismus</td>
<td>“Departmental egoism” in ver.di</td>
</tr>
<tr>
<td>Fachbereichsleiter</td>
<td>Industry Department Leaders in ver.di</td>
</tr>
<tr>
<td>Fachbereichsstatut</td>
<td>Industry Department statute in ver.di</td>
</tr>
<tr>
<td>Fachbereichsvorstand</td>
<td>Industry Department Council in ver.di (lay activists)</td>
</tr>
<tr>
<td>Fachgruppen</td>
<td>Specialized industry groups within ver.di’s Industry Departments</td>
</tr>
<tr>
<td>Fachlichkeit</td>
<td>Expertise of the industries and occupations in ver.di’s coverage area</td>
</tr>
<tr>
<td>Federführung</td>
<td>Overall control</td>
</tr>
<tr>
<td>Frauen- und Gleichstellungspolitik</td>
<td>Policies on the promotion of women</td>
</tr>
<tr>
<td>Führungskräfte</td>
<td>Union officials with managerial/leadership roles in ver.di</td>
</tr>
<tr>
<td>Gemeinwohlorientierung</td>
<td>Public welfare orientation</td>
</tr>
<tr>
<td>Genderbeauftragte</td>
<td>Gender Representatives</td>
</tr>
<tr>
<td>Genderprüfung</td>
<td>Gender checks</td>
</tr>
<tr>
<td>Genossenschaftsbanken</td>
<td>Cooperative banks</td>
</tr>
<tr>
<td>Gesamtbetriebsvereinbarung zur Haushalts- und Personalkosten-konsolidierung – GBV HuP</td>
<td>Agreement in ver.di to reduce staff costs</td>
</tr>
<tr>
<td>Gesamtmetall</td>
<td>Employer association in the metal industry</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Geschäftsordnungen</td>
<td>Procedural rules</td>
</tr>
<tr>
<td>Gewerkschaftsrat</td>
<td>Union Council in ver.di (lay activists)</td>
</tr>
<tr>
<td>Gründungsorganisation</td>
<td>Founding organization ver.di, a temporary cartel union that prepared the merger documents</td>
</tr>
<tr>
<td>Go ver.di</td>
<td></td>
</tr>
<tr>
<td>Hartz, Hartz IV</td>
<td>Labour market reforms introduced by the SPD and Green coalition</td>
</tr>
<tr>
<td>Hauptamtliche Wahlangestellte</td>
<td>Elected union officials</td>
</tr>
<tr>
<td>Ideenskizze</td>
<td>Draft concept, a pre-merger document that outlined the aims, contents and timeframe for the ver.di merger</td>
</tr>
<tr>
<td>Industriegewerkschaft</td>
<td>An industrial union</td>
</tr>
<tr>
<td>Industrienahe Dienstleistungen</td>
<td>Business-related services</td>
</tr>
<tr>
<td>Innovationsfonds</td>
<td>Innovation fund in ver.di</td>
</tr>
<tr>
<td>Konzertierte Aktion</td>
<td>Concerted Action (1967-1977)</td>
</tr>
<tr>
<td>Landesbezirksfachbereichsleiter</td>
<td>Industry Department Leaders at Regional District level in ver.di</td>
</tr>
<tr>
<td>Landesbezirksleiter</td>
<td>Regional District Leaders in ver.di</td>
</tr>
<tr>
<td>Landesbezirksleitung</td>
<td>Regional District Executive Committee in ver.di (union officials)</td>
</tr>
<tr>
<td>Landesbezirksvorstand</td>
<td>Regional District Council in ver.di (lay activists)</td>
</tr>
<tr>
<td>Lohn-, Gehalts- und Entgelttarifverträge</td>
<td>Collective agreements on pay</td>
</tr>
<tr>
<td>Örtliche Fachbereichsgruppen</td>
<td>Group of ver.di lay activists from a certain Industry Department in a town</td>
</tr>
<tr>
<td>Ortsgruppen</td>
<td>Group of ver.di lay activists from a certain town</td>
</tr>
<tr>
<td>Personalfindungskommission</td>
<td>A staff selection committee set up for the merger between three East German Regional Districts in ver.di</td>
</tr>
<tr>
<td>Personalräte</td>
<td>Staff councils</td>
</tr>
<tr>
<td>Personengruppen</td>
<td>Self-organized groups in ver.di</td>
</tr>
<tr>
<td>Perspektive ver.di NRW</td>
<td>Strategy process in ver.di’s Regional District Nordrhein-Westfalen</td>
</tr>
</tbody>
</table>
Politische Plattform  
Political platform, a pre-merger document that outlined the aims, contents and timeframe for the ver.di merger

Programmatisches Positionspapier  
Programmatic Position Paper, a pre-merger document that outlined the political position of ver.di

Qualitätssteigerung der Gewerkschaftsarbeit  
A project focused on improving the quality of ver.di’s services

Richtlinien  
Guidelines

Sachnäher  
Collective agreements with single employers that are closer to the enterprise than industry-wide agreements

Satzung  
Rulebook

Service und Beratungsbüros  
Ver.di’s Service and Advice Bureaus

Standardisierung mitgliedernaher Arbeitsorganisation (SmilA)  
A project focused on regulating and standardizing member-oriented work processes in ver.di

Statut  
Statute

Stellenpläne  
Draft job plans in ver.di

Strukturkommission  
Structure Committee in ver.di

Tarifflucht  
Evasion or non-compliance with collective agreements

Tarifkommissionen  
Ver.di’s bargaining committees

Tarifpolitische Grundsatzabteilung  
Department of Bargaining Principles in ver.di

Tarifrichtlinie  
Collective Bargaining Guideline in ver.di

Tarifsekretariat  
Ver.di’s common bargaining secretariat for the public sector

Ver.di B+B  
Ver.di’s subsidiary educational organization

Ver.di Service GmbH  
Ver.di’s subsidiary service organization

Vertrauensleute  
Union representatives
Chapter 1: Introduction

1 Introduction: Merging for Revitalization

1.1 Introduction

Across developed market economies, unions have engaged in mergers and have thereby become larger and more heterogeneous organizations. Many of them now represent workers from a wide range of industries and occupations and with different backgrounds and interests. They may operate across the public and private sectors, manufacturing and services, and blue and white collar work. By way of structural change, the nature and character of these organizations has come to differ markedly from the craft, occupational or industrial unions they originate from. This thesis is concerned with such structural change processes in trade unions.

This chapter shows that unions’ response to external and internal pressures has often taken the form of structural change, and that a particularly popular type of structural change is a merger among two or more unions. Many unions merge with the aim of revitalization, although there is no evidence to suggest that revitalization is a common outcome of merger activity. An analysis of the implementation phase of union mergers can reveal why this is the case. This introductory chapter develops the research objectives and provides an overview of each chapter of the thesis.

1.2 A Trend of Union Decline

The prevailing trend across developed market economies is one of union decline. Many unions are losing members, many are seeing their bargaining power vis-à-vis employers decrease and many are experiencing a weakening in their political influence. Various changes in national economies, politics and societies have put unions under pressure (Ebbinghaus and Visser 1999; Schroeder and Weßels 2003; Waddington and Hoffmann 2000).

Economic factors associated with union decline are de-industrialization, a shift to employment in the service sector and from blue-collar to white-collar work, privatization of public services, downsizing, and outsourcing.
Small workplaces and flexible working hours make it difficult for unions to access workers. Similarly, the increase in the participation of women in the labour market and the rise in atypical and precarious employment relationships pose difficulties for union organizing. Global competition, increased economic interdependence, and the growth of multi-national corporations require union activity across national borders. Together with changes in technology and modes of production, these factors see employers demanding the decentralization of collective bargaining, increased flexibility and deregulation in employment relations.

Political factors associated with union decline are hostility to trade unionism from conservative governments and increasingly arms’ length relations between unions and social-democratic or labour parties. In a number of countries, the demise of corporatist arrangements and Keynesian full-employment policies also contribute to an environment that is less favourable for unions than the 1970s and 1980s were. Legislative changes that affect union recognition, access to workplaces, collective bargaining and industrial action may also serve to limit unions’ organizing and mobilization capacity. In many countries, legislation has also deregulated labour markets and reduced the level of protection from dismissal and redundancy. Within the European Union, supranational regulations further impinge on union activity.

Societal factors that are linked to union decline are changes in social values and the erosion of working-class identities. Workers’ focus on individualist lifestyles and values as well as managers’ disinclination to adopt traditional forms of regulating employment relationships create a challenge for unions. In addition, employers have used human resource management techniques to replace the role of unions at the workplace level.

Internally, these environmental pressures generate difficulties for unions, as they find themselves tackling increasingly complex tasks with a shrinking resource base. Simultaneously with falling membership and dues income, they need to strengthen their presence at both local and international levels, find ways of approaching new groups of workers while mitigating the effects of declining employment in their core areas, and find new forms of influence in the political sphere.
1.3 Merging For Revitalization

Unions’ initial response to these environmental threats is often a structural one. In other words, unions’ strategy to counter these threats is to restructure their own organizations. In doing so, they recognize the link between union structure and effectiveness (Fiorito and Jarley 2008). Commonly, unions restructure by merging. As recently as 2005, the Change To Win Coalition, a federation of unions in the United States, advocated a “proactive, industry-based merger policy” that would “give workers the chance to unite their strength before overwhelming economic and political forces have weakened their unions to the point that it may be too late for mergers to make much difference” (Change To Win Coalition 2005). In the United Kingdom, the unions merging to form the largest British union, Unite, in 2007, anticipated that it would be “a powerhouse throughout the economy with a major industrial, political and campaigning voice”, that it would “make employers sit up and listen” and would take “trade unionism to the millions who need it but are outside the movement, particularly young people” (EIRO 2007c).

The German union movement is a notable example of union decline. After re-unification, membership dropped from 11.8 million in 1991 to 6.4 million in 2007 (DGB 2008). A merger wave that began in 1989 and culminated in a five-way merger to form ver.di in 2001 coincided with the decline. Ver.di also claimed that “unity means strength” and that joining forces would make the merging unions more powerful in collective bargaining and in politics, and that they would use their combined experience and competence to recruit new members (Ver.di 2006g). As the examples show, merging is a strategy that unions embrace in order to reach what is often termed “revitalization”, “revival” or “renewal”: more members, and greater economic and political influence.

But what range of options do unions really have when adjusting their structure in response to environmental threats? Conflicting views can be found in the literature. Some writers see the structural configuration of unions as a legacy of their time of founding and attribute little capacity to unions to adapt to changing environmental conditions. This literature mainly focuses on membership, and it ascribes changes in membership numbers
and density almost entirely to external factors (Bain and Elsheikh 1976; Farber 1985; Troy 1990; Warner 1972). According to this evolutionary view, it is ultimately the environment that determines which organizations survive environmental change processes. Other writers attribute a range of strategic choices to unions (Boxall and Haynes 1997; Campling and Michelson 1998; Kochan et al. 1986). In this view, union leaders are able to observe and assess environmental challenges and respond accordingly. However, the strategic choices that unions have are often seen as subordinate to the strategic choices of employers and the state, and therefore, unions’ choices are rather restricted. A third view is concerned with union revitalization. This literature places union strategy at the centre of analysis (Turner 2005). It posits that union strategies matter and that unions have it in their power to reverse the trends of decline and to harness the strengths of their organizations to counter the environmental threats they face. In this view, union mergers are seen as a key revitalization strategy that unions commonly embrace in response to decline (Behrens et al. 2004b).

In practice, union mergers do not always appear to result in revitalization. Merger waves in the 1970s in Denmark, Sweden and the United Kingdom took place during a period of membership growth, but merger waves in the late 1980s in Australia and throughout the 1990s in Germany were concurrent with declining membership density. Density levels neither stabilized nor increased in either country after the merger wave (Visser 2006; Waddington 2005b). Furthermore, there is no unequivocal evidence to suggest that mergers result in greater economic and political influence. Instead, for unions engaging in mergers, it is often “a matter of faith that bigger unions are always better unions” (Chaison 2001: 238). When considering the literature and union merger practice, it seems that researchers and union leaders alike think that mergers have the potential to contribute to union revitalization, even though they often fail to do so.

At first glance, it is puzzling why unions so frequently adopt such a disruptive, time-consuming and costly strategy as merging when there is no clear evidence that a merger strategy can deliver revitalizing results. However, it must be borne in mind that union mergers take place in a
political context, and that the officially stated goals of a merger probably do not entirely correspond to the goals of the union leaders who instigate the merger strategy. With their intimate knowledge of their union’s financial situation and future prospects, they may pursue a merger to save their union from bankruptcy. They may also be motivated by personal career goals and aspirations. Nevertheless, even when such considerations play a role in union merger processes, the affected parties are still led by the belief that merging will make their organizations stronger. Clarifying by which processes union mergers can potentially contribute to revitalization will help determine why mergers often fall short of expectations.

The strategic management literature provides valuable insights to mergers and acquisitions among business organizations. Similar to the faith placed in union mergers, there is a widespread conviction that mergers and acquisitions have the “potential to transform firms and to contribute to corporate renewal” (Haspeslagh and Jemison 1991). Another similarity to union mergers is that many mergers and acquisitions in the corporate world fail to create value for the firms involved. Numerous merger failures have been attributed to shortcomings in the management of the post-merger integration process. While much of the literature posits that “a well-managed integration process should ensure the realization of the strategic goals underlying any particular organizational combination” (Schweiger and Walsh 1990: 63), it appears that managing post-merger integration is fraught with difficulties. Accordingly, the implementation phase of mergers and acquisitions among business organizations has been extensively researched.

In general, the strategic management literature tells us that even when a strategy is sound, there may be flaws in its implementation. Furthermore, strategy can be regarded as a continuous and adaptive process in which formulation and implementation are intertwined, and at the end of which deliberate and emergent aspects have come together (Mintzberg 1987; Mintzberg and Waters 1985). It follows that studying the implementation phase of a strategy is at least as important as studying its formulation. Yet little attention has been directed towards the implementation phase of union mergers. If, as the union revitalization literature claims, union
strategy matters, then it follows that the implementation of union strategy matters, too. If union researchers find that union mergers “can play an important role in union revival” (Chaison 2001: 255), then examining the post-merger integration process can reveal why this is often not the case.

Therefore, the research objectives pursued in this thesis are to:

• Examine whether and how a union merger strategy can potentially contribute to revitalization, and

• Examine what role post-merger integration plays in determining whether a union merger leads to revitalization.

The argument so far has indicated that the environmental pressures unions face and their strategic responses to such pressures differ across countries. Unions are embedded in the cultures and societies of their respective countries, and which strategies they embrace and how they implement those strategies is influenced by their national contexts. Key elements of national institutional contexts are the structure and coverage of collective bargaining, the organization of employers, the existence or otherwise of works councils, the legislative framework, and the involvement of unions in policy-making. A case study approach is the most suitable research strategy for examining complex phenomena like union strategy, and for making the national context explicit and including it in the analysis (Yin 2003). This thesis is a case study of the German union Vereinte Dienstleistungsgewerkschaft (United Services Union – ver.di). While the focus is on the implementation of a union merger strategy within the German political, economic and societal context, it also shows where and how the findings of the case study can be applied to unions in other contexts.

1.4 Outline of the Thesis

Chapter 2 reviews the literature on union mergers, union revitalization, and post-merger integration in for-profit and non-profit organizations and develops two frameworks for analysis. The first framework examines the outcomes of union mergers. This framework can be used to assess whether and how union mergers lead to revitalization. The second framework examines structural and cultural integration in merged unions. It can be
applied to gauge the role of post-merger integration in determining whether a union merger leads to revitalization. Chapter 3 describes the structure, role and functions of German unions and as such provides information on the context in which the case study is located. Chapter 4 details the methodology used in this study. It formulates the research questions, discusses why a case study approach was chosen and describes the research methods used to collect and analyse the data. Chapters 5, 6 and 7 are the case study chapters. Chapter 5 begins with a brief history of the ver.di merger and then focuses on the structure of the merged union. It relates the structure at the time of founding and post-merger structural changes. Chapter 6 reports on the merger outcomes. By examining developments in membership, economic and political influence and institutional vitality, it assesses whether the ver.di merger led to revitalization. Chapter 7 focuses on post-merger cultural integration. It examines the issues of organizational identity and mission, collective bargaining strategy and coordination, and innovation. Chapter 8 is the concluding chapter. It relates the findings from the case study to the existing research on union mergers, union revitalization, and post-merger integration. It shows how this study contributes to the existing research and considers its limitations. Finally, it makes recommendations for further research and practice.

1.5 Conclusion

This introductory chapter has explored a puzzling observation: unions in many developed market economies frequently engage in mergers as a revitalization strategy, even though there is no evidence to suggest that mergers are a particularly appropriate and successful strategy for that purpose. This chapter has established that it is neither clear whether and how union mergers can contribute to union revitalization, nor what role the post-merger integration process plays in determining whether a given union merger actually leads to revitalization. Thus, the research objectives pursued in this thesis are to examine both of these issues. The next chapter will consider the literatures on union mergers, union revitalization and post-merger integration.
Chapter 2: Literature Review

2 Literature Review: Union Mergers, Union Revitalization and Post-merger Integration

2.1 Introduction

This literature review begins by examining the significance of union mergers as a form of organizational restructuring. Then it outlines what past research has discovered about why and how unions merge and what effects union mergers have on members, on a union movement, and on the performance of a merged union. It finds that post-merger performance is an under-researched area. The second section of the review briefly summarizes the main arguments of the revitalization approach and outlines the logic of mergers as a strategic choice for revitalization. It develops a framework for analysing merger outcomes in order to assess whether and how union mergers contribute to union revitalization. Unions often pursue mergers as a revitalization strategy, although there is little evidence to suggest that revitalization is a common merger outcome. Indeed, for all the revitalizing potential attributed to mergers, unions encounter considerable difficulties in achieving revitalizing results. Many of those difficulties are associated with the implementation of merger strategies, and in order to uncover where those difficulties lie and how unions can resolve them, the final section of the review examines literature on post-merger integration in for-profit and non-profit organizations. It develops a framework for analysing structural and cultural integration in unions. This framework helps identify the role of post-merger integration in determining whether a union merger leads to revitalization.

2.2 Union Mergers

Unions engage in several forms of restructuring. They may endeavour to alter their external structure and thereby change the nature of their relationship with peak federations and other unions and the national pattern of union organization. Otherwise unions may undertake internal structural
change and alter their governance and administrative structures (Behrens et al. 2004b; Fiorito and Jarley 2008).

Forms of external restructuring are the four “structural events” identified by Waddington (1995), namely formations, mergers, dissolutions and breakaways. A formation is the “establishment of an independent union where no prior organization existed”, a merger is the “combination of two or more unions to form a single union”, a dissolution is “when a union ceases to exist as an independent entity” and finally, a breakaway is where “a section of a union [...] secedes to become an independent organization without the sanction of the executive of the original union” (Waddington 1995: 9-12). There are other, less permanent forms of cooperation between two or more unions that maintain their independence. Cartels, for example, are based on formal agreements between unions to cooperate on specific issues. Often they are focused on joint collective bargaining but they may also include other issues, such as political lobbying (Due and Keller 2005: 320). Such cooperative arrangements, be they cartels, joint ventures, alliances or other forms, constitute an external structural change as they alter the nature of the relationship among unions and the national pattern of union organization.

Internal restructuring may involve changes to union governance, in particular the rules surrounding democracy, participation and representation of different groups of members within a union. It may also involve changes to union administration and focus on issues such as budgeting and staffing, resource allocation, and management and authority structures within the bureaucratic apparatus of the union (Behrens et al. 2004b). Forms of external and internal restructuring may go hand in hand. For example, a merger may entail changes to governance and administrative structures. Table 2.1 summarizes the various forms of restructuring.
Union mergers are a common form of restructuring in many countries and have also received much scholarly attention. Mergers have appealed to unions in countries with great differences in their industrial relations systems and traditional union structures. Table 2.2 indicates the number of union mergers that took place in three liberal market economies, Australia, the United Kingdom and the United States, and three coordinated market economies, Austria, Germany and Sweden, in the second half of the twentieth century.

While the absolute number of union mergers is quite low in countries where unions were organized along industrial lines, especially Austria and Germany, the impact of those mergers on the structure of the union...
movement is significant. In particular in Germany, only eight unions remain in the peak federation DGB. Conversely, there are many occupational unions in the United Kingdom, and despite 461 mergers over a course of 50 years, there were still 228 unions in 2000 (Chaison 2001; Waddington 2005b).

Mergers have not led to an international convergence in the forms of unionism, but they have led to changes in the dominant form of unionism in many countries. Across Europe, the United States and Australia, there are now fewer occupational unions in blue collar work than there were in earlier years, and the significance of general unions has increased in both blue and white collar areas. General unionism is now the dominant form in many countries, including Austria and Germany, the two countries that were traditionally seen as the epitome of industrial unionism. Occupational unions remain an important form in white-collar work and industrial unions are an important, albeit no longer dominant, form across many countries (Griffin 2005; Streeck and Visser 1997).

A well-known typology of union mergers is Chaison’s (1986) distinction between an “amalgamation” of two or more unions of roughly equal size resulting in the establishment of a new organization, and an “absorption” of a small union into a large one, whereby only the small union loses its separate identity and legal status. However, the line between the two forms of merger is not always clear-cut, even if a legal distinction exists. In an absorption, the smaller union may be granted a high degree of autonomy and the large union may experience change in its identity, culture, and decision-making processes. In an amalgamation, one union may come to dominate another despite similar sizes, for instance because it is financially better situated or has a growing coverage area. Therefore, amalgamations and absorptions are better seen as two ends of a continuum rather than as

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1 In Great Britain the Certification Office for Trade Unions and Employer Associations distinguishes between transfers of engagements, where one union transfers members, property, funds, etc. to another union and then ceases to exist, and amalgamations, where a new legal entity is formed and all merging unions cease to exist. In Australia, the distinction is made according to ballot requirements: in an amalgamation, all unions must conduct membership ballots, in an absorption, the larger union is exempted. The cut-off mark fluctuates between five and 25 per cent of total membership depending on legislative changes.
Chapter 2: Literature Review

discrete alternatives, and not only size differences but also the terms of the merger and post-merger practice influence whether a particular merger approximates one or the other type.

2.2.1 Why Unions Merge

The existing research on union mergers concentrates mainly on two issues: why unions merge and how they merge. Regarding the former, Undy et al. (1981) have categorized union mergers based on their underlying motivations: “Aggressive” mergers are driven by expansion and growth, “defensive” mergers aim to avert organizational extinction and “consolidatory” mergers aim to strengthen a union’s position in its coverage area. Chaison (1986) has added that mergers only take place if the motivations are greater than the barriers to merge, which emanate mainly from within the merging unions themselves. More recently, Waddington (2006) has concluded that most union mergers in Europe have been driven by “defensive” considerations and have not pursued “strategic” objectives.

Indeed, union mergers have been found to be a common response to the external and internal pressures that unions face. Some studies have emphasized the former or the latter, and others have argued that mergers occur due to a combination of both internal and external factors (Campling and Michelson 1998; Chaison 1996; Griffin 1992; Hose and Rimmer 2002; Strauss 1993; Streeck and Visser 1997; Sverke 1997; Waddington 1995; 2005b; Willman 1996; Windmuller 1981).

External pressures that have been found to lead unions to engage in mergers include the following: the decreasing economic importance of unionized industries, for example due to technological change, and a corresponding decline in employment levels; outsourcing and privatization of public services; and employment growth in non-unionized sectors such as the private services sector. Together with the difficulties many unions have experienced in organizing women, white-collar and young workers and workers in non-standard employment, such industrial restructuring has contributed to declining membership. Industrial restructuring has also blurred jurisdictional boundaries and in times of declining membership, this tends to heighten competition between unions for the same coverage areas,
which expends resources needed elsewhere and undermines bargaining power. Furthermore, in many countries decentralization of collective bargaining has forced unions to conduct more bargaining with the same or shrinking resources. Legislative change that regulates union action or merger processes has also been known to influence merger activity. Government hostility or weakened ties to labour parties have heightened the need for unions to increase their political clout.

Within union movements, changes to the relative size differences among unions and their corresponding political power within a peak federation have triggered merger processes and peak federations themselves have also been known to pressure unions to merge. Lastly, for many unions, membership decline and financial difficulties have resulted in declining bargaining power and an inability to adequately fulfil tasks and to provide attractive services and benefits to members.

Some studies have examined the frequency of union mergers over a period of time and have identified periods of concentrated merger activity, or “merger waves” that they attribute to various economic, legislative, and political changes, ranging from unemployment rates, wages and prices to changes in occupational structures and technology, collective bargaining structures and government and peak federation policies (Freeman and Brittain 1977; Griffin 1992; Griffin and Scarcebrook 1989; Hose and Rimmer 2002; Tomkins 1999; Visser and Waddington 1996; Waddington 1992; 1995).

### 2.2.2 How Unions Merge

Research on how unions merge has traced merger processes. Such processes begin with the search for a merger partner and the garnering of support for the merger among union staff, delegates and members. Then the leaders of the merging unions negotiate and settle the terms of the merger. Finally the merger is formally and democratically endorsed through membership ballots or delegate votes.

In searching for a merger partner, unions often consider affiliates of the same peak federation and so mergers tend to maintain cleavage lines within
the union movement, whether they be political, religious or between blue- and white-collar work. Merger talks also often take place between unions with compatible or overlapping bargaining structures that may already be party to joint bargaining arrangements. Smaller unions searching for a merger partner have been found to shop around and favour the bid that grants their organization the most autonomy within the merged union and provides their officials with the most generous terms of employment (Hoffmann and Waddington 1998; Strauss 1993; Visser and Waddington 1996; Waddington 2006).

Autonomous divisions within the merged organization, employment guarantees for union staff and an expansion and extension of representative structures for interest groups are means of garnering the support of union officers, delegates and members for a merger. Their fear that their interests could be neglected, their perception of irreconcilable differences in working methods, governing structures and ideologies, their reluctance to put aside long-standing rivalries with the other union(s), and their sentimental attachment to their organization can constitute serious barriers to merger. The ability of union leaders to build support for a merger among these groups is vital for the success of merger negotiations (Carter 1991; Chaison 2004; Strauss 1993; Terry 1996; Undy 1999).

Therefore, merger negotiations among the leaders of the participating unions centre on the internal structure of the new union. This is particularly so when the intention is to establish a genuinely new organization rather than simply to turn a small union into a semi-autonomous division of a large one without significantly altering the latter’s rules. The new union’s structure and administration is often discussed in more detail and subject to more formal agreements than the less tangible issues of the new union’s objectives, ideology and culture. An issue of particular salience during merger negotiations is who becomes national secretary of the merged union, and often power struggles can only be averted when at least one of the union leaders is about to retire (Keller 2005a; Strauss 1993; Waddington et al. 2005).

Research on the endorsement of merger proposals has highlighted the importance of member support for a merger. Because unions are
democratic organizations, any merger deal made among union leaders must be formally sanctioned either by a ballot of each union’s members or by delegates at special conferences. Therefore, any opposition to a merger from among one of the merger partner’s officers, activists, or any group of members can jeopardize the merger project. Some research has examined the endorsement of merger proposals by members and has found that committed members who are well-informed about a proposed merger are more likely to endorse it. It also found that the support of union officers for a merger plays an important role (Baraldi et al. 2006). Furthermore, the perceived instrumentality of a merger influences members’ votes: members are likely to support a merger proposal if they perceive benefits, while they are likely to oppose it if they think it will increase membership costs. At the workplace, co-worker and employer attitude towards the merger also influences voting behaviour (McClenon et al. 1995). Finally, members are likely to endorse a merger proposal if they think the merging unions are "compatible” and their image of the other union(s) fits with their image of their own organization (Devine and Reshef 1998). An interesting question for further research is whether the factors contributing to the success of merger proposals are the same in countries where delegates, rather than rank-and-file members, cast the votes. Delegates tend to be lay activists who are highly involved in union affairs. It is conceivable that they attach a different importance to certain factors and that they undertake a more detailed analysis of the costs and benefits of a merger when deciding on a merger proposal.

2.2.3 The Effect of Union Mergers

Most of the existing research on union mergers examines why and how unions merge. A third issue that has been addressed less frequently in the literature is the effect of union mergers and there have been several calls for further research in this area (Chaison 2004; Strauss 1993). Union mergers have an effect on relations between members and their union, on the union movement, and on the performance of the merged union. Many studies on why and how unions merge address these issues in their concluding remarks, but few have examined them systematically.
Studies on the effects union mergers have on relations between members and their union concentrate on members’ satisfaction and participation. Studies in Australia found that while members were moderately satisfied with merged unions’ ability to get them better wages and fringe benefits and to keep them well-informed about union issues, neither members nor workplace delegates were particularly satisfied with democracy in the merged unions (Hanley 1999; Pocock 1998). Several case studies of union mergers in Sweden, on the other hand, found that satisfaction, participation and commitment did not decline post-merger because the issues were discussed and assigned a high priority in the merger negotiations (Chaison et al. 2001; Sverke et al. 2004; Sverke and Sjöberg 1997). Thus, it appears that there is no definite effect of union mergers on membership satisfaction and participation.

Regarding membership participation, there are two contrasting effects: on the one hand, many mergers are coupled with centralized systems of governance that may hinder participation. On the other hand, many merged unions have decentralized bargaining structures and introduced elaborate representative structures to cater for increased membership heterogeneity, and that may promote participation (Waddington 2005a). Either way, a challenge for merged unions is to coordinate the activities of different groups of members and to articulate and interlink those activities across the local, regional, national and international levels of the union (Waddington 2000). Expanded representative structures for diverse groups of members may feature prominently in mergers to form multi-industry unions. For example, UNISON in Great Britain has a system of representation that facilitates the expression of specific interests by groups based on gender, ethnicity, sexuality and disability, and in that sense has a more democratic structure than any of its founding unions (Terry 1996). Regarding the effect of mergers on gender equity, it has been found that in general, mergers rarely involve a structural reform that increases women’s representation. But mergers to form “new” unions whose rules and practices differ markedly from those of the predecessor unions do create favourable circumstances to improve gender equity. Furthermore, any equity measures that are
introduced during such a merger process are generally not reversed in subsequent years (McBride and Waddington 2007).

The effects of union mergers on a union movement have been considered in several studies. In many countries, the number of affiliates in the peak federation has declined, and the proportion of members represented by the largest unions has risen. As more and more members are concentrated in fewer, larger unions, peak federations may find it difficult to fulfil their traditional tasks of mediating disputes among affiliated unions, providing them with services and representing them in the political sphere. Where the number of affiliates becomes very low, like in Germany, the usefulness of the peak federation is called into question (Ebbinghaus 2003b; Hoffmann and Waddington 1998; Streeck and Visser 1997; Waddington 2005a; 2006; Waddington and Hoffmann 2000; Waddington et al. 2005). A second effect of mergers on a union movement concerns the relations among unions. There may be more jurisdictional disputes as boundaries between coverage areas are blurred and “jurisdictional integrity” is lost (Chaison 1996; Keller 2005a; b; Yates and Ewer 1997).

Whilst union structure is an important determinant of union performance (Fiorito et al. 1991; Strauss 1993), gauging the effects union mergers have on the performance of a merged union presents two challenges: Firstly, it is difficult to adequately conceptualize and measure union performance. Past research has distinguished between administrative efficiency and representative effectiveness as elements of performance (Child et al. 1973) or suggested a balanced scorecard of voice, member and institutional performance measures (Willman 2004). There is still no consensus about what constitutes high performance for unions. A second problem is how post-merger performance outcomes can be causally linked to a merger and other influences can be ruled out. Therefore, those studies that have considered the effects of union mergers on union performance have often referred to what union leaders and other merger advocates have anticipated the benefits of merging to be. ²

² Measuring performance outcomes in mergers among for-profit organizations is also difficult, because different financial measures of performance such as
By and large, those supporting union mergers expect nothing short of revitalization. They argue that union mergers lead to economies of scale, rationalized administration, improved finances, more bargaining power, more political power, better service provision, better recruitment, less inter-union competition and ultimately, increasing membership. Numerous studies have doubted whether mergers can realize these potential benefits and have argued that the nature of merger processes may prevent the realization of those benefits (Carter 1991; Chaison 2001; Clark and Gray 2000; Davis 1999; Keller 2005b; Waddington 2006).

In order to assess whether union mergers have a positive effect on union performance, this research is concerned with whether and how a union merger strategy contributes to union revitalization. To this end, the next section of this review examines both the literature on union revitalization and the arguments of unions around the world that have engaged in merger activity.

### 2.3 Union Revitalization

A growing literature on union “revitalization”, “renewal” and “revival” is concerned with how unions can strategically and proactively respond to changes in their environments, and thereby reverse the decline they are experiencing in membership and in economic and political influence. Revitalizing strategies are “a variety of attempts to tackle and potentially to reverse” the problems unions face (Frege and Kelly 2003: 9). They entail changes to “organizational structures, leadership, policies and practices, with a view to becoming a more effective organization for advancing membership interests” (Kumar and Schenk 2006: 30) and a redefinition of union relations with workers, employers and the state (Cornfield and McCammon 2003: 16). They involve far-reaching changes to the understanding of the nature and forms of unionism. Research on union revitalization is concerned with the conditions under which unions develop profitability or shareholder value produce ambiguous results. Therefore some research on merger performance in for-profit organizations also measures merger success against the achievement of merger objectives (Brouthers et al. 1998).
innovative strategies, the nature and content of those strategies, the conditions under which such strategies are revitalizing, and their political and economic effects (Turner 2005).

Therefore, the notion of unions as strategic actors who exercise “strategic choice” is central to the concept of union revitalization. This notion contrasts with the traditional view that unions’ fate is determined by external factors such as economic, political and societal changes, industrial relations institutions and employer and state strategies (Bain and Elsheikh 1976; Clegg 1976; Farber 1985; Poole 1981; Troy 1990; Warner 1972). Rather, it builds on and extends the concept of strategic choice introduced in the “transformation of industrial relations” literature of the 1980s and 1990s (Kochan et al. 1986). Frege and Kelly (2003) have developed a “social movement model of union strategic choice” according to which union strategies are not only shaped by institutional factors such as collective bargaining structures and the political system, and are not only responses to employer and state strategies. Rather, union strategies are also influenced by the structure of the union movement, relations within the movement and with other social movements, forms of leadership and the collective identity of unions including their orientation towards class, market or society (Hyman 2001b). Finally, Frege and Kelly (2003: 14) argue that framing processes, namely “the ways in which unionists perceive and think about changes in their external context as threats or opportunities” shape their strategic choices. By surveying union officers in Britain, Heery (2005) has also found that industrial relations institutions and employer and state strategies are not the only determinants of union behaviour. Employment law and public policy can facilitate the adoption of revitalizing strategies, but importantly, multiple pressures for change emanate from within unions: bottom-up from members and activists, top-down from national union leaders, and from specialist officers and committees such as organizers and women’s committees. Furthermore, as union officers exercise high discretion in carrying out their work, Heery (2006b) has found that their personal characteristics as well as management systems that foster innovative behaviour affect their inclination to embrace revitalizing strategies.
Heery et al. (2004) have identified four models of union revitalization that differ in their main level of analysis. Societal models find that unions must adapt to broad changes in the economy and society; institutional models advise adaptation to changes in the more immediate institutional context of industrial relations or the national “variety of capitalism”; organizational models advocate changes in union government and management; and finally, actor-centred models suggest recruiting union leaders and activists with different ideologies, identities and experiences. The authors argue that unions seeking revitalization must be active on all levels: they must adapt to external changes, engage in internal reforms of their structure and allow for new types of agency among their officials and activists. Similarly, Turner (2005) suggests that successful revitalization may require the complementarity of global, national and local strategies and Hurd et al. (2003) argue that the success of revitalizing strategies hinges on both top-down support from the national union and bottom-up participation by activists and members.

Major revitalizing strategies that have been identified in the literature include organizing new members, political action and campaigns, coalition-building with social and community groups, national and international solidarity with other unions, partnerships with employers and governments, expanded education, training and research programs, and organizational restructuring, either internally or externally, for example through mergers (Frege and Kelly 2004; Kumar and Schenk 2006). While each of these strategies is suitable for generating change on different levels of the revitalization process, it has also been discovered that they are interlinked and may complement each other well when combined to form a coherent approach to revitalization (Behrens et al. 2003; Hurd et al. 2003; Turner 2005). Often, innovative organizational reform is necessary before other revitalizing strategies can be tackled (Fletcher and Hurd 2001; Turner 2005).

Behrens et al. (2004a) have developed a model of union revitalization. They conceptualize union revitalization as “(re)gaining power along the various dimensions that capture the main orientations or spheres of union activity” (Behrens et al. 2004a: 20). They specify the membership, economic,
political and institutional dimensions. Revitalization along these four dimensions implies improvements in membership, economic influence, political influence, and institutional vitality, which they loosely define as encompassing unions’ internal structure and governance, but also as their identity, capacity to adjust to new contexts, internal enthusiasm to embrace new strategies, and as a sense of introducing something new and fresh to the union. They depict their model in a pyramid form in order to capture the idea that a given revitalization strategy can focus on one or several dimensions of revitalization. In this thesis, Behrens et al.’s (2004a) model is used as a basis for examining whether and how union mergers contribute to revitalization. The pyramid is adapted from the original model by placing the membership dimension on the top. This highlights the overarching significance of increasing membership for any union seeking revitalization. The adapted pyramid is shown in Figure 2.1.

**Figure 2.1: Dimensions of Union Revitalization**

![Dimensions of Union Revitalization](source: adapted from Behrens et al. (2004a)).

### 2.3.1 Union Mergers as a Revitalization Strategy

Union mergers represent a strategic change on the organizational level that is aimed at revitalization along all the four dimensions of membership, economic influence, political influence, and institutional vitality. Time and again, union leaders, peak federations and some legislators have expected
union mergers to lead to revitalization. Examples from various countries show that mergers have been proposed and carried out with revitalizing goals:

In 2006, a union for workers in the chemical, oil and petrochemical industry, *Industri og Energi* (IE), was formed by merger in Norway. The aims of the merger were to achieve greater influence on industry policy and to increase the union’s power in the peak federation *Landsorganisasjonen i Norge* (LO) (EIRO 2006a). In the same year in Austria, the white-collar workers’ union Gewerkschaft der Privatangestellten (GPA) and the printing, paper and journalists’ union Gewerkschaft Druck, Journalismus, Papier (DJP) announced that they would merge. Their goals were to coordinate collective bargaining across industries and to reduce costs through synergy effects (EIRO 2006b). The Austrian peak federation Österreichischer Gewerkschaftsbund (ÖGB) supported mergers among its affiliates throughout the 1990s and 2000s in order to strengthen the union movement (Blaschke 2006). In the United States, the Change to Win Coalition of unions that broke away from the peak federation, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) in 2005 also advocated mergers. It claimed that restructuring unions along industry lines would make them more powerful, both economically and politically (Change To Win Coalition 2005). In Sweden, 2006 saw the merger of the metalworkers’ union Svenska Metallindustriarbetareförbundet and the industrial workers’ union Industrifacket to form IF Metal. These unions anticipated that the merger would increase their strength and the value of union membership. They also thought the merger would allow them to allocate more resources to local activities, which would increase membership participation (EIRO 2002b; 2007b). In 2004, the Danish general workers’ union Specialarbejderforbundet i Danmark (SiD) and the women’s union Kvindeligt Arbejderforbund (KAD) merged to form Denmark’s largest union, Fagligt Fælles Forbund (3F). They anticipated synergies that would allow them to improve services and reduce fees, and to maintain representation at the local level. It was also thought the merged union would have greater political influence (EIRO 2004a; b).
Mergers were also implemented with revitalization goals in the 1980s and 1990s. The National Union of Public Employees (NUPE), the Confederation of Health Service Employees (COHSE) and the National and Local Government Officers Association (NALGO) merged to form the public sector union UNISON in Great Britain in 1993. The aim to improve representativeness, especially to improve the representation of women within the union structure, was a prominent feature of the merger negotiations (Terry 1996). Also in Great Britain, the Manufacturing, Science and Finance Union (MSF) was formed in 1987 through a merger of the Association of Scientific, Technical and Managerial Staffs (ASTMS) and the Technical, Administrative and Supervisory Staffs (TASS). These unions anticipated that the merger would grant them greater political influence in the wider labour movement – both in the peak federation Trades Union Congress (TUC) and in the Labour Party. They also expected financial savings that would allow them to expand facilities and services. Their increased size and success would make membership more attractive and would allow them to recruit new members (Carter 1991). In Australia, a Committee of Review into Australian Industrial Relations Law and Systems (the Hancock Committee) suggested in 1985 that union mergers would create better resourced unions that could provide better services and stronger workplace representation for their members, and could negotiate an extended range of bargaining issues. Mergers would also lessen the frequency of demarcation disputes (Lansbury and Davis 1985). Following this reasoning, the peak federation Australian Council of Trade Unions (ACTU) developed a policy for merging its affiliated unions along industry lines in 1987 (ACTU 1987), and the Labor government introduced legislation that facilitated such mergers. These policies initiated a merger wave that lasted until the early 1990s.

An analysis of such examples of union mergers reveals that the logic of mergers as a strategic choice for union revitalization is the following:

- Firstly, the increased size of the merged union leads to synergies, economies of scale and rationalization of operations. Thereby resources become available which can be used to improve services and recruitment and retention efforts.
Secondly, the strength of the whole organization lies behind the bargainers in each bargaining round, so merged unions have increased bargaining power vis-à-vis employers.

Thirdly, because there are fewer unions, there is less inter-union competition. Therefore, the resources previously spent on competition are available for services, recruitment and retention, and unions no longer undermine each other’s bargaining power.

Fourthly, merged unions represent a greater portion of the workforce and therefore have greater political influence.

Fifthly, changes to governance systems, in particular gender equity measures, lead to a better representation of women and other minority groups.

In combination, the additional resources and efforts in servicing and recruiting and the implementation of gender equity and other equity measures, as well as the increased bargaining power and political influence, make joining the union and maintaining membership more attractive for all groups of members, and ultimately result in rising membership levels.

Some of the criteria contained in this logic of mergers as a strategic choice for revitalization can be subsumed under the four dimensions of Behrens et al.’s (2004a) model. First, the expected rise in membership levels corresponds to the membership dimension. Second, the expected increase in bargaining power relates to the economic dimension. Third, the anticipated growth in political influence corresponds to the political dimension. Finally, strategies in recruitment and retention, and the realization of gender equity can be subsumed under the institutional vitality dimension. In addition, a decrease in inter-union competition, the achievement of synergies, and improved and expanded services are prerequisites for revitalization along the four dimensions. These criteria constitute a fifth dimension. Taken together, these dimensions form a framework for analysing merger outcomes and will assist in discovering whether and how union mergers contribute to union revitalization.
2.3.2 Why Union Mergers May Not Lead to Revitalization

Despite their revitalization goals, merger strategies may not actually lead to revitalization. As with any strategy, union merger strategies may fail due to either poor motives or poor implementation. Regarding the former, it has been argued that a merger only contributes to revitalization if it is aligned with the purpose of the union (Waddington 2006) and if the motivation underlying the merger is “transformative”. A motivation is transformative if the changes are in line with the union’s strategy to grow, become more efficient or increase membership involvement, rather than a defence of the status quo or an aggressive quest for power by the union’s leadership (Behrens et al. 2004b). Existing case studies of union mergers have not focused on whether the real merger motives are at odds with the publicly stated merger goals. It may be, however, that the true motives behind a merger strategy are simply to avert bankruptcy, avoid anticipated jurisdictional disputes or enhance the careers of union leaders. If this is the case, a merger strategy may not be implemented in a way that assures growth of membership and power, even where such revitalizing merger goals have been communicated to members and the public. In this sense, the defensive considerations that have been found to motivate many mergers call into question their effectiveness as a revitalization strategy.

The second reason mergers may not lead to revitalization is the way that merger strategies are implemented. Many studies emphasize the political nature of merger negotiations, which result in agreements that make it difficult to achieve the revitalizing merger goals for several reasons. First, guarantees of employment for all union staff, autonomous divisions for the constituent unions within the new organization and the establishment of expanded representative structures to accommodate increased membership heterogeneity all run counter to efficiency aims. Second, provisions regarding the control of resources and their allocation to membership groups according to their size and the dues income they provide counteract aims to focus resources on improving bargaining and recruitment in areas of weakness. Third, mergers are often followed by a phase of introspection and internal restructuring, which detracts union staff from servicing
members and strengthening political and economic influence. For a union movement, the goals of “rationalizing” the structure of the movement and reducing inter-union competition may be undermined as mergers erode “jurisdictional integrity”. Furthermore, peak federations find it increasingly difficult to settle disputes between large affiliates (Carter and Poynter 1999; Chaison 1996; Strauss 1993; Streeck and Visser 1997; Undy 1999; Waddington 2006; Yates and Ewer 1997).

Nevertheless, it has been suggested that mergers can contribute to union revitalization by “energizing” unions and increasing their “institutional vitality” by encouraging them to undertake other revitalizing strategies, such as organizing (Behrens et al. 2004b; Chaison 2001). Furthermore, mergers can “pave the way toward union revitalization” if members are more fully involved in the decision-making processes of a merged union (Baccaro et al. 2003). Indeed, changes to governance systems of merged unions in order to more effectively represent an increasingly heterogeneous membership have been identified as a potentially transformative aspect of union mergers (Behrens et al. 2004b; Heery et al. 2003). In particular, research has found that organizing and involving women in unions can contribute to revitalization (Kirton and Healy 1999; Yates 2006). Accordingly, increased gender equity as a result of mergers has been identified as a potentially revitalizing outcome of merger processes (McBride and Waddington 2007). Thus it appears that mergers can contribute to union revitalization if they are followed by further revitalizing strategies and if they promote the mobilization and participation of members.

Overall, many researchers and practitioners maintain their optimism that mergers can lead to revitalization, although there is little evidence to suggest that revitalization is frequently achieved through merger activity. In fact, the reverse argument can be made that mergers may inhibit revitalization (Waddington 2006). Firstly, if revitalization is thought to occur through further strategies that are embraced after the merger, a merger may prevent revitalization by focusing the attention of union leaders on internal structural change. After a merger, union leaders may be less receptive to new strategic ideas than beforehand because they are occupied with the management of the post-merger integration process. The
revitalization literature argues that a combination of several strategies may be necessary to form a coherent approach to revitalization and that organizational reform may be an important first step (Behrens et al. 2003; Fletcher and Hurd 2001; Hurd et al. 2003; Turner 2005). However, it does not explain how unions can proceed from the merger strategy to the adoption of other strategies. Secondly, if revitalization is thought to occur through changes to governance systems of merged unions, it can be pointed out that increasing the mobilization and participation of members is neither a primary merger goal, nor is merging a typical strategy for mobilizing members and encouraging them to participate. Research suggests that other strategies, such as organizing, are more appropriate for that purpose (Bronfenbrenner et al. 1998; Carter and Cooper 2002; Gall 2003; Milkman and Voss 2004).

In summary, this section of the literature review has established that unions are strategic actors who make a strategic choice to merge in the expectation that this will lead them to revitalization. They continue to embrace mergers as a revitalization strategy in spite of numerous studies that have questioned whether the strategy leads to the desired results. This review has also developed a framework for analysing merger outcomes and assessing whether and how union mergers contribute to union revitalization. This framework is applied to the case study union ver.di in Chapter 6. In the membership dimension, the framework examines developments in ver.di’s membership; in the economic dimension, it assesses ver.di’s bargaining power; in the political dimension, it analyses ver.di’s political influence; and in the institutional vitality dimension, it includes the recruitment and retention of members and gender equity in ver.di. It also examines inter-union competition, the realization of synergies, and the provision of services, which are prerequisites for revitalization along the four dimensions.

2.4 Post-merger Integration

It is uncommon for research on union mergers to draw on literatures and concepts from outside the industrial relations field. Studies that draw on organization theory to highlight issues associated with the negotiation of
merger terms and the structural outcomes of mergers are notable exceptions (Campling and Michelson 1998; Keller 2005a; b; Kirsch 2003). Little if any research so far has interrogated the wealth of literature in the field of strategic management. However, the previous section of this literature review has indicated that unions frequently encounter problems when implementing their merger strategies, and strategic management research provides valuable insights to post-merger integration processes. This final section of the literature review is concerned with the implementation phase of union mergers and the process of post-merger integration. Due to the scarcity of research on post-merger integration in unions, the review will draw on strategic management research on post-merger integration in for-profit and non-profit organizations other than unions.

2.4.1 Creating Value Through Structural and Cultural Integration

Mergers are undertaken with the aim of creating value for the organizations involved by combining their tangible and intangible resources and their capabilities in putting those resources to productive use. By combining resources and transferring capabilities, organizations can achieve several types of synergies (Chatterjee 1986). Merging unions seek operational synergies through economies of scale and rationalization. They aim to make their operations (collective bargaining, political action, member servicing, recruitment, and so forth) more efficient and thereby generate slack resources that can then be deployed to improve those operations. Merging unions also seek collusive synergies: By decreasing inter-union competition and by representing more employees and a greater proportion of the workforce they aim to increase their power in the peak federation, vis-à-vis employers and in the political system.

As the realization of synergies is dependent on organizational integration, merging organizations must integrate to a certain degree in order to create value. The role of organizational leaders is to direct the integration process (Haspeslagh and Jemison 1991; Larsson and Finkelstein 1999). Three levels of post-merger integration have been identified in the literature:
• Procedural integration is the creation of a single legal entity, and the combination of operating, managerial control and strategic planning systems.

• Physical integration includes the amalgamation of physical assets such as real estate, plants and production equipment and technologies, and product lines.

• Managerial and socio-cultural integration involves changes to the organizational structure, the allocation of staff to positions, the development of a common organizational culture and an “organizational frame of reference” that guides strategic decision-making, and the establishment of a new strategic leadership (Shrivastava 1986).

Procedural and physical integration is more straightforward than the integration of merging organizations’ structure and culture, but full integration is not always necessary or beneficial, and the optimal degree of integration depends on the purpose of the merger strategy (Haseslagh and Jemison 1991; Porter 1985; Shrivastava 1986). The revitalization aims associated with union mergers, namely realizing synergies by reallocating resources and transferring capabilities across the organization, require a high degree of structural and cultural integration.³ This becomes clear when considering the effect of a merger on unions’ “core business”, collective bargaining: a merged union cannot realize the benefits of increased size when bargaining collectively if it does not follow a consistent bargaining strategy and coordinate bargaining across workplaces and industries. On the other hand, some of merging unions’ competencies in collective bargaining in specific industries and workplaces could be lost if they were completely integrated. Therefore, merging unions must integrate as much as necessary to achieve synergies, and maintain as much autonomy within

³ Less integration is necessary if the aims of the union merger are more modest than revitalization. Some unions in Australia and New Zealand, for example, merged in order to satisfy increased legal minimum size requirements or to comply with peak federation policy. Some American unions that were unaffiliated to the AFL-CIO merged with an affiliate in order to gain protection against raids by other AFL-CIO unions (Chaison 1996; Yates and Ewer 1997). In such cases, no more integration than the establishment of a combined legal entity is necessary.
the merged organization as is necessary to retain competencies specific to particular industries and occupations.

### 2.4.2 Constraints in the Management of Post-merger Integration

When organizations are integrated, many organizational changes take place. For the organizations’ employees, such changes and the uncertainty surrounding them can be traumatic. They can elicit negative behavioural and emotional responses such as stress, fear and anger about proposed changes, lower motivation, satisfaction and commitment, a focus on personal objectives and an increase in interpersonal conflicts, lower productivity, and higher absenteeism and turnover. These reactions, in turn, can jeopardize the success of the merger and negatively impact on organizational performance (Buono and Bowditch 1989; Cartwright and Cooper 1992; Schweiger and Walsh 1990). Such tensions and dynamics in employment relations are also a feature of organizational change in unions, and union leaders implementing change need to manage these tensions (Oxenbridge 2003). The key task for union leaders, therefore, is to manage the post-merger integration phase and particularly structural and cultural integration so that employee reactions will not negatively impact merger outcomes, and ideally even promote the achievement of positive outcomes.

Research on post-merger integration has established that the success of mergers depends not only on strategic fit, that is the compatibility of organizational strategies among merging organizations, but also on cultural fit. Organizational culture encompasses the beliefs, values, assumptions, norms, expectations, and shared meanings that underpin the behaviour of organizational members, and if the cultures of merging organizations are incompatible, this may result in a “culture collision” or “culture shock” and the behavioural and emotional responses mentioned above that impede the successful functioning of the organization (Buono et al. 1985; Cartwright and Cooper 1993; Palmer and Hardy 2000; Schraeder and Self 2003). Opinions differ regarding what kind of organizational culture benefits organizational performance most, but it appears that in the case of union mergers, which are revitalizing only if followed by further strategic change,
Chapter 2: Literature Review

A culture that helps unions anticipate and adapt to environmental change and promotes creativity and innovation will lead to superior performance. Research on the post-merger integration process following the merger to form UNISON in Great Britain has highlighted that cultural issues are of similar salience in union merger processes as they are in other types of organization (Dempsey and McKevitt 2001), and research on union revitalization has found that changing organizational culture is a key aspect of revitalization processes (Fletcher and Hurd 2001; Voss and Sherman 2000). Furthermore, research on union strategy in the United States has shown that unions frequently fail to integrate innovations they have experimented with into daily union work (Weil 2005). In order to foster the development of a new culture that is conducive to innovation and that allows innovations to permeate through the entire organization, union leaders can forestall negative emotional and behavioural responses by minimizing employee trauma. Thereby, they can maintain the motivation, satisfaction and commitment that are prerequisites for knowledge and resource sharing, creativity and innovation. They can also promote such a culture through a future-oriented organizational mission, a flexible organizational structure, rewards and encouragement for innovative behaviour, and the allocation of resources to innovative practices (Jaskyte 2004; Jaskyte and Kisieliene 2006; Martins and Terblanche 2003).

Research on post-merger integration in non-profit organizations (for example in health, social services, churches, arts and humanities) has shown that managing the integration process in non-profits is further complicated by two factors. First, the employees in non-profit organizations are highly committed to the organization’s cause or mission. They also attach great value to the democratic form of the organization that allows them to voice concerns and be involved in decisions regarding the organization’s activities. For these reasons they accept the often inferior working conditions in the non-profit sector (Anheier 2005; Cunningham 2001; Rothschild and Milofsky 2006). But employees in non-profit organizations may also experience competing commitments to their local workgroup, the organization’s users, and the organization itself. When there are tensions in the employment relationship, which can stem from
organizational changes like mergers, employees may see the organization as a distant and bureaucratic entity that is removed from the reality of the local work. Their commitment to the organization may diminish even where their local commitment to colleagues and users remains high (Alatrista and Arrowsmith 2004). Therefore, an important aspect of managing post-merger integration in such mission-driven organizations is maintaining high levels of organizational commitment in order to prevent consequences such as increased absenteeism and turnover or lower work effort. Strengthening and communicating the organizational identity and mission and a shared vision of the benefits of the merger play an important role in this process (Cowin and Moore 1996; Young 2001), as does involving employees in decisions about organizational change. Union officials have also been characterized as highly committed employees, for many of whom the job is a vocation (Heery 2006b; Kelly and Heery 1994; Prott 2003), and mergers have been found to shift union identities (Yates and Ewer 1997). Failure to address the issues of organizational identity and mission and to involve officials in decisions surrounding union mergers could negatively impact their commitment.

Second, bargaining and consensus-building play an important role in post-merger integration in non-profit organizations. Leaders of non-profit organizations must pay attention not only to the concerns and perceptions of their employees about mergers, but to those of multiple internal and external stakeholders, including volunteers and members. Unlike mergers in for-profit organizations, stakeholders must approve of and in many cases formally endorse decisions, including those that directly affect them (Pietroburgo and Wernet 2004; Toepler et al. 2004; Trollinger 2001; Zwanepol 2005). When unions merge, it impacts not only the staff, but also the motivation, commitment and satisfaction of delegates, activists, works councillors, members, and potential members. The nature of the post-merger integration process can influence their willingness to join or retain membership, to encourage others to join, and to participate in union affairs. For union leaders, managing post-merger integration means reaching a consensus about all aspects of structural and cultural integration among
those affected by it, and ensuring that the consensus is sanctioned through a formal democratic, time-consuming and political process.

In organizations where the key resources are the knowledge of staff and their relationships with clients, for example in professional service firms, organizational leaders are further constrained in their management of the integration process. The pace of integration is determined by the professional staff, who have considerable autonomy in carrying out their work. In the course of integration, they must share their knowledge and develop working relationships with one another, while leaders can only influence the integration process through the “management of meaning”, that is by constructing an organizational identity, and by removing impediments to integration (Empson 2000: 231-232). Unions’ key resources are officials’ specialist knowledge and skills, for example in bargaining, advice and representation, and their relationships with delegates, works councillors and members, which have an impact on whether the latter are prepared to take industrial action to enforce bargaining positions and to recruit new members. Union officials also exercise high discretion and autonomy in carrying out their work (Heery 2006b; Kelly and Heery 1994; Prott 2003).

Thus, union leaders face multiple constraints in their management of the post-merger integration process. These constraints stem from the need to prevent cultural collisions and employee trauma, to consider and involve employees and other stakeholders, and to achieve consensus about change and have decisions formally endorsed. They are also attributable to the fact that union officials embody the key resources of the organization and as such exercise significant control over the post-merger integration process. The role of union leaders, then, is to facilitate post-merger integration in the following ways:

- They can facilitate structural integration by removing structural impediments to integration.
- They can facilitate cultural integration by developing a common organizational identity and mission, developing a consistent collective bargaining strategy and coordinating bargaining across industries,
and fostering a shared organizational culture that is conducive to innovation.

Taken together, these aspects of structural and cultural integration form a framework for analysing post-merger integration in unions. They help identify the role of post-merger integration in determining whether a union merger leads to revitalization. Structural integration in the case study union ver.di will be considered in Chapter 5. Cultural integration in ver.di will be considered in Chapter 7.

2.5 Conclusion

This review has located the current research at the intersection of three bodies of literature: the literature on union mergers, on union revitalization, and finally, on post-merger integration. An examination of the union merger and union revitalization literatures revealed that whether and how a union merger has led to revitalization can be assessed on the basis of post-merger developments in membership levels, bargaining power, political influence, inter-union competition, synergies, service provision, recruitment and retention, and gender equity. The strategic management literature on post-merger integration in both for-profit and non-profit organizations highlighted the significance of structural and cultural integration for merger success. By applying these findings to the union context, this literature review has discerned the key tasks for union leaders managing an integration process. Those tasks are to facilitate structural integration by removing structural impediments, and to facilitate cultural integration by developing a common organizational identity and mission, developing a consistent collective bargaining strategy and coordinating bargaining across industries, and fostering a shared organizational culture that is conducive to innovation.
3  Context: The Structure, Roles and Functions of German Unions

3.1  Introduction

This chapter outlines the context within which the ver.di merger and the post-merger integration process took place. Not only when making cross-national comparisons, but also when presenting national-level studies in an international environment, it is important to acknowledge that developments in industrial relations institutions and practices are context-bound, and that similar developments may be reactions to very different challenges. Conversely, common challenges may trigger diverse responses (Locke and Thelen 1995).

Internationally, union mergers can result in anything from a closer affiliation of essentially autonomous organizations to the establishment of a fully integrated new organization. The unions engaging in mergers differ in their structure and the role and functions they have in the society they operate in, and also in their very identities, which shape their responses to any challenges and opportunities they face (Hyman 2001a; b). Moreover, the societies within which unions fulfil their roles and functions differ and their nature as “coordinated” or “liberal” market economies and the features of their regulatory regimes impact in significant ways upon unions and their responses to change (Hall and Soskice 2001).

This chapter begins with an examination of the structural features of the German union movement and traces how they have changed over time. Then it outlines the developments in membership levels, union mergers and inter-union relations since 1990. Next, it describes German unions’ role in the political and the industrial relations systems and their relations with other actors and institutions. It shows how the systems, the actors within them and their relations with one another evolved. A major strategy of German unions in response to these changes was to merge, and the ver.di merger must be considered in this light.
3.2 The Structure of German Unions

3.2.1 Union Structure Before 1945

The formation of industry unions and national organizations occurred early in the development of the German union movement. However, before the Second World War, German unions were divided by political, ideological and religious affiliations, and a multitude of unions were organized in social-democratic, Christian and liberal peak federations. Separate organizations also existed for blue-collar workers, white-collar workers and for civil servants (Hassel 2003; Schönhoven 2003; Streeck 2003; Waddington and Hoffmann 2005). After Hitler’s rise to power, unions were abolished in 1933 and their assets and bureaucratic apparatus appropriated by the National Socialist organization Deutsche Arbeitsfront (DAF) that was newly established as a substitute to unions (Schönhoven 1987). After 1945, unions were quickly re-established. The following section of this chapter traces structural change in the union movement after 1945, including developments in membership and density, inter-union relations, the structure of the DGB and the internal structure of unions.

3.2.2 The West German Union Movement

When the union movement was re-established in West Germany after 1945, the Deutscher Gewerkschaftsbund (DGB) became the dominant peak federation. It was established in 1949 with sixteen affiliates that organized according to the principles of industrial unionism (Industriegewerkschaft) and as unitary unions without political or religious affiliations (Einheitsgewerkschaft). It was for this structure of the DGB that the German union movement became known as the prime example of industrial unionism. However, there were originally three other peak federations that

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4 The Police Union Gewerkschaft der Polizei (GdP) joined in 1978, increasing the number of affiliates to seventeen.

5 There were several exceptions to the principle of industrial unionism: The DPG (post) and GdED/Transnet (rail) were effectively company unions. The GdP (police) and the GEW (education) were effectively occupational unions.
did not adhere to these principles. The *Deutsche Angestelltengewerkschaft* (DAG), which organized white-collar workers, and the *Deutscher Beamtenbund* (DBB), which organizes mainly civil servants, are classified as status organizations. The *Christlicher Gewerkschaftsbund* (CGB), which is a Christian union federation with an emphasis on the metal industry, has a religious affiliation. However, these three peak federations have always been overshadowed by the larger and more powerful DGB. Furthermore, there are over 100 extremely small organizations with a combined membership of about 100,000. These mainly occupational associations are either entirely independent or have cooperation agreements with the former DAG or the DBB (Hassel 2003: 106-107). Many of them operate in the public sector. Examples of such organizations are the doctors’ association *Marburger Bund* (MB), the orchestra association *Deutsche Orchestervereinigung* (DOV) and the journalists’ association *Deutscher Journalisten-Verband* (DJV).

### 3.2.3 German Re-unification and the Transfer of West German Unionism to the East

With the re-unification of East and West Germany in 1990, the entire West German state system, including the legal framework for industrial relations, were extended to the east. Within the boundaries of the law, unions and employer associations could have modified their organizational structures and employment relations practices, but opted to transfer them virtually unaltered to the new eastern states.

In the centrally planned economy of the German Democratic Republic (GDR), the communist trade unions had been “transmission belts” of the communist party, the *Sozialistische Einheitspartei Deutschlands* (SED), and had taken care of social matters at the workplace (Schmidt 2003). During the re-unification process, the East German trade unions made initial attempts to reform. But because they were discredited due to their political dependence on the SED and their support for the political system until the end, reform attempts were quickly abandoned (Artus 1996). Upon re-unification, the East German unions dissolved and advised their members to join the DGB unions, which opened regional and local offices in the east,
mainly run by West German officials. The high level of confidence that the East Germans had in the West German unions provided the latter with membership increases of 20 to 30 per cent. The West German unions invested considerable resources in establishing organizational structures in the east and employed many new staff. However, it soon became clear that due to the high level of unemployment and the corresponding reduction in dues income, the eastern branches could not be financed from their own budgets and would require additional resources from the west (Artus 1996). Thus, the expansion of their organizations into East Germany became a great financial burden for many unions.

Soon, the industrial relations institutions in the eastern states were formally the same as in the west, but industrial relations practice in eastern Germany has some distinctive characteristics. In particular, a lower proportion of companies are members of employer associations than in the west, and employees have a lower propensity to participate in union and works council activities than in the west. Low union involvement and commitment and weak ties between unions and their members in eastern Germany has been attributed to three factors: East German workers’ inexperience with autonomous representation of interests (Schmidt 2003); the lack of support that East Germans received for any active participation during the transition period, when the West German model of unionism was implanted in a top-down fashion (Hyman 1996: 619); and the widespread feelings of uncertainty and fear of unemployment among East German workers (Artus 1996: 39).

3.2.4 The Internal Structure of the DGB Unions

The hallmarks of the German (DGB) model of trade unionism are a weak peak federation with large and strong affiliate unions, and little inter-union competition due to the principle of industrial unionism, which means that only one DGB union organizes in a given company (Keller 2004a; Schroeder and Weßels 2003: 14).

The internal structure of the individual unions is relatively centralized. They usually have a three-level structure of national office, regional branches and local districts. Some unions have a fourth local or company structure that is
composed of activist members only. This territorial organization is often complemented by a horizontal structure of industry-based divisions that largely correspond to the coverage areas of collective agreements. Much of the decision-making authority (for example regarding finances, personnel, and collective bargaining strategy) is concentrated in the hands of the national executive committee. Nevertheless, the regional and local levels of the unions can be quite assertive in intra-organizational politics, especially if collective bargaining takes place on a regional or company level, and as local union officials have close ties with works councils, plant-level union representatives and bargaining committees (Hassel 2007; Jacobi et al. 1998: 203; Keller 1997: 36).

By comparison with other union movements, such as the British, German unions quickly developed large and professional bureaucracies. They put many aspects of bureaucratic administration into place during the Wilhelmine Empire and the Weimar Republic (Armingeon 1985). Several features of German unions indicate that they are more bureaucratic and professionalized than British unions: German union officials service about half the number of members that their British counterparts do, and have comparatively higher qualifications (Hassel 2007). British unions rely more on the involvement of activists to make up for the comparatively unfavourable officer to member ratio (Waddington et al. 2005: 36). Union dues are also comparatively high at about one per cent of gross wages. According to Hassel (2003; 2007), the expansion of union bureaucracy after the Second World War was a consequence of two factors: First, the principle of industrial unionism provided all DGB unions with a monopoly in their coverage areas and enabled them to demand high membership dues and use those funds to build professional organizations. Second, the institution of co-determination provides union activists with opportunities for professional development. It also generates additional funds for unions, as the income such activist employee representatives receive from their positions on company supervisory boards flows back to their unions.

The typical career path for full-time union officials begins with employment in a particular trade and the assumption of roles such as workplace union representative or works councillor. From there such activists move into
positions as full-time union officials, often with some training at union-affiliated colleges. In recent years, the number of union officials with alternative career paths has increased. Many of them have university degrees and some do not intend to be union officials for the rest of their working lives. The officials are a key organizational resource for unions. Their expertise and their relationships with lay activists, works councillors and members are a vital element of union activity. Accordingly, German unions provide their officials with specialized education programs and have centralized the responsibility for personnel matters to the national leadership level (Prott 2003; Schroeder and Weßels 2003).

As democratic organizations, unions have delegate structures at each regional level and each industry-based division. Many lay union activists assume several (often three to four) union mandates, for example in bargaining committees and in executive committees at local, regional and national levels and in industry-based divisions. Often these activists are full-time works councillors (who have been released from their normal duties) or union representatives at their workplace (Prott 2003). At the local level, full-time officials maintain close links to works councillors and workplace union representatives. This type of union democracy differs markedly from that in some other countries. While the German form can be termed “democratic centralism”, British unions for example rely more on direct forms of democracy, and regularly conduct ballots among members regarding a range of issues (Waddington et al. 2005: 35). Mergers are an issue that must be endorsed by membership ballots in Britain, the United States and Australia, while this is done at delegate conferences in Germany.

The reaction of many DGB unions to membership decline has been to focus on making their bureaucratic apparatus more efficient (for example by introducing organizational development projects and budgeting), to professionalize and downsize their workforce and to concentrate on what they define as their “core business” (Schroeder and Weßels 2003: 18). A further important strategy has been to engage in mergers with other unions, a strategy which is described in detail in the next section of this chapter.
3.3 Structural Developments since 1990

3.3.1 Membership Developments

In general, unions’ membership density and the development of membership numbers are of fundamental importance. High membership density is an indicator for the representativeness of unions, for their financial strength and for their ability to mobilize members for industrial action. It provides unions with legitimacy and authorizes them to represent their members in bargaining and the political sphere (Ebbinghaus 2003a).

By international comparison, union density in Germany is only at a medium level. Membership density in the DGB in West Germany was stable at around 30 per cent from when the unions were established in 1949 until the late 1980s. After a short-lived surge in membership density levels following German re-unification, density dropped to approximately twenty per cent by 2005 (See Table 3.1).

Table 3.1: Membership Density in the DGB in Per Cent, 1950-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership density (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>35.7</td>
</tr>
<tr>
<td>1960</td>
<td>31.1</td>
</tr>
<tr>
<td>1970</td>
<td>30.0</td>
</tr>
<tr>
<td>1980</td>
<td>31.8</td>
</tr>
<tr>
<td>1990</td>
<td>29.0</td>
</tr>
<tr>
<td>1991</td>
<td>33.0</td>
</tr>
<tr>
<td>1995</td>
<td>26.9</td>
</tr>
<tr>
<td>2000</td>
<td>22.1</td>
</tr>
<tr>
<td>2005</td>
<td>19.8</td>
</tr>
</tbody>
</table>

Notes: Membership density is refers to all union members as a proportion of all employees and unemployed persons. West Germany only 1950-1990. East and West Germany from 1991.
However, in Germany, density is not an accurate measure of union strength. This is because some highly organized groups of workers occupy strategic positions in the economy, and their unions negotiate pace-setting agreements. IG Metall in the metal and engineering industries is an example of this. Unions that organize in other industries are able to closely follow such pilot agreements even though their membership density is lower, they have less bargaining power and lesser ability to initiate industrial action. Furthermore, unions with relatively low density have been able to mobilize their members for effective strike action in the past. This shows that a strong commitment of members to collective interests is more important than a large number of members (Jacobi et al. 1998: 202-203).

Collective bargaining coverage is much higher than membership density. In West Germany, over 80 per cent of employees were covered by collective agreements during the 1980s (Traxler 1996). Such extensive coverage of collective agreements provides unions with greater influence in the industrial relations system than membership density figures might suggest (Behrens 2005b). Similarly in the political system, unions’ influence is greater than membership density figures imply. Because unions’ participation in the political system is highly institutionalized, their representativeness is not immediately called into question when density levels fluctuate.

Thus, various factors temper the effect of declining membership density on union strength and legitimacy in Germany. Despite this, membership fluctuations are not inconsequential for German unions. In recent years, unions have begun to feel the effects of prolonged membership decline. Their organizational resource base has shrunk with falling dues income, and ultimately, their diminished financial strength and their declining representativeness have had a negative impact on their economic and political influence.

Table 3.2 depicts changes in aggregate membership numbers in the four peak federations. The DGB unions in particular experienced an increase in membership of four million in East Germany following re-unification, which took their combined membership from 7.9 million in 1990 to 11.8 million in 1991. However, they began losing members in 1992. By 2000, the number
of members in DGB unions in all of Germany had fallen below that of West Germany in 1990. In 2007, membership was at a low of 6,441,045. The DAG also gained members during re-unification, taking it to a maximum of 585,000 members in 1991. But it lost the members it had gained by the mid-1990s. Membership continued to drop to a low of 458,000 in 2000 before it merged with four DGB unions to form ver.di in 2001. The DBB, on the other hand, continued to expand its membership from 799,000 in 1990 to 1,278,435 in 2007. There is no recent data available on membership developments in the CGB.

Table 3.2: Aggregate Membership in the Four Peak Federations in Thousands, 1950-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>DGB</th>
<th>DAG</th>
<th>DBB</th>
<th>CGB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>5,450</td>
<td>307</td>
<td>190</td>
<td>(3)</td>
</tr>
<tr>
<td>1960</td>
<td>6,379</td>
<td>450</td>
<td>650</td>
<td>200</td>
</tr>
<tr>
<td>1970</td>
<td>6,713</td>
<td>461</td>
<td>721</td>
<td>195</td>
</tr>
<tr>
<td>1980</td>
<td>7,883</td>
<td>495</td>
<td>819</td>
<td>288</td>
</tr>
<tr>
<td>1990</td>
<td>7,938</td>
<td>505</td>
<td>799</td>
<td>309</td>
</tr>
<tr>
<td>1991</td>
<td>11,800</td>
<td>585</td>
<td>1,053</td>
<td>330</td>
</tr>
<tr>
<td>2000</td>
<td>7,773</td>
<td>458</td>
<td>1,200</td>
<td>305</td>
</tr>
<tr>
<td>2005</td>
<td>6,778</td>
<td>-</td>
<td>1,275</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>6,441</td>
<td>-</td>
<td>1,278</td>
<td></td>
</tr>
</tbody>
</table>

Notes: No newer statistics available on the CGB; DAG merged to create ver.di in 2001 and its members are included in the DGB column.

The extent of membership loss varied between individual unions affiliated to the DGB (see Table 3.3). Nevertheless, with the exception of the Police Union GdP in 1993-1996, every DGB union lost members in every year from 1992 until 2007. The unions that experienced the most losses engaged in mergers. In 2007, only the Police Union GdP and the Education Union GEW had membership levels above the pre-unification levels of 1990.
Table 3.3: Membership in the DGB Unions and the DAG, 1990-2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DAG</td>
<td>573,398</td>
<td>584,775</td>
<td>507,478</td>
<td>458,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DPG</td>
<td>478,913</td>
<td>611,969</td>
<td>529,233</td>
<td>445,968</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HBV</td>
<td>404,695</td>
<td>737,075</td>
<td>520,166</td>
<td>440,638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IG Medien</td>
<td>184,720</td>
<td>244,774</td>
<td>206,786</td>
<td>175,044</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ÖTV</td>
<td>1,252,599</td>
<td>2,138,316</td>
<td>1,770,789</td>
<td>1,476,708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IG BSE</td>
<td>462,751</td>
<td>776,781</td>
<td>639,851</td>
<td></td>
<td></td>
<td>351,723</td>
</tr>
<tr>
<td>GGLF</td>
<td>44,054</td>
<td>134,980</td>
<td>82,725</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IG BE</td>
<td>322,820</td>
<td>506,640</td>
<td>376,366</td>
<td></td>
<td></td>
<td>713,253</td>
</tr>
<tr>
<td>IG CPK</td>
<td>675,949</td>
<td>876,674</td>
<td>723,240</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GL</td>
<td>42,615</td>
<td>41,718</td>
<td>23,081</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IGM</td>
<td>2,726,705</td>
<td>3,624,380</td>
<td>2,869,469</td>
<td></td>
<td></td>
<td>2,306,283</td>
</tr>
<tr>
<td>GTB</td>
<td>249,880</td>
<td>348,095</td>
<td>216,288</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GHK</td>
<td>152,731</td>
<td>239,472</td>
<td>170,908</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GdED/Transnet</td>
<td>312,353</td>
<td>527,478</td>
<td>398,404</td>
<td>320,358</td>
<td>239,468</td>
<td></td>
</tr>
<tr>
<td>GEW</td>
<td>189,155</td>
<td>359,852</td>
<td>306,448</td>
<td>270,264</td>
<td>248,793</td>
<td></td>
</tr>
<tr>
<td>NGG</td>
<td>275,203</td>
<td>431,211</td>
<td>322,019</td>
<td>260,774</td>
<td>207,947</td>
<td></td>
</tr>
<tr>
<td>GdP</td>
<td>162,780</td>
<td>200,997</td>
<td>198,897</td>
<td>188,225</td>
<td>168,433</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8,511,321</td>
<td>12,385,187</td>
<td>9,862,148</td>
<td>8,230,795</td>
<td>6,441,045</td>
<td>2,205,145</td>
</tr>
</tbody>
</table>

Sources: DGB (2008), Keller (2005a).

In the DGB unions, the overall yearly percentage loss slowed from a 6.7 per cent loss in 1992 to a 3.3 per cent loss in 2000. In 2001, the previously rival confederation DAG was integrated into the DGB through its participation in the ver.di merger. Thus, DGB membership overall increased by 1.6 per cent. However, if the DAG members are omitted, the DGB unions lost 3.9 per cent of members on average. Losses accelerated again in 2003 and 2004, and came to 4.4 and 4.8 per cent, respectively. After 2004,
losses eased, and the DGB unions lost 2.2 per cent of their members in 2007 (See Figure 3.1).

**Figure 3.1: Membership in the DGB, Percentage Change 1992-2007**

Source: DGB (2008), own calculations.

Numerous reasons contributed to the decline in aggregate membership and union density in Germany. As in many other countries, membership decline was attributed to a combination of factors, including political and economic changes, social changes and changes to the institutional context within which unions operate (Ebbinghaus and Visser 1999). Such changes included high unemployment rates and the decline of Keynesian economic policies and corporatist policy-making. Deindustrialization, the decreasing economic importance of unionized industries, employment growth in non-unionized sectors such as private services, outsourcing, and privatization of public services also played a role. Furthermore, women, white-collar and young workers, highly educated as well as unqualified workers, workers in atypical and contingent forms of employment (part-timers, temporary and fixed-contract workers), foreigners and workers in the private services sector showed a lower propensity to join unions. Finally, the decentralization of collective bargaining also contributed to the decline.
But of particular salience in Germany were the persistently high levels of unemployment and the exceptional situation in eastern Germany, where bargaining structures are not as developed as in western Germany. Many East German employers are not members of an employer association that is party to industry-wide agreements. In consequence, the number of employees covered by collective agreements and by industry-wide collective agreements in particular is lower. Many East German members left their unions in the course of the 1990s due to unemployment and as their unrealistically high expectations of unions’ powers to determine wages and to save jobs were disappointed (Artus 1996; Schmidt 2003). The membership losses in eastern Germany were so large that they not only weakened the unions in the east but as a whole (Ebbinghaus 2003a: 201). Several unions experienced severe financial problems in the aftermath of the expansion of their organization to the eastern states, firstly due to the costs of establishing the organizations there, and secondly as their expenses in the east, in particular for unfair dismissal litigation, exceeded income from membership dues (Hyman 1996: 614; Keller 2004a: 244).

In both western and eastern Germany, there has been an erosion of the traditional industrial relations institutions (Hassel 1999). One of those institutions is the practice of plant-level co-determination through works councils. Because works councils are especially instrumental in recruitment for the unions, changes to the works council system have repercussions for union membership. Works councillors have traditionally recruited new employees at their workplace, but to the extent that works councils are non-existent in particular plants or works councillors are not union members, this recruitment method is less effective (Behrens 2005a).

### 3.3.2 Union Mergers

After a long phase of organizational stability within the DGB, a reorganization process occurred that began with the merger to form IG Medien in 1989 and culminated in the foundation of ver.di in 2001. Overall, six mergers involving thirteen DGB unions and the union federation DAG took place, reducing the number of DGB affiliates to eight and the number of peak federations to three, and rendering the principle of industrial
unionism a thing of the past. Most unions in the DGB today can be termed “general”, “multi-sectoral” or “conglomerate” unions (Griffin 2005: 368; Keller 2004a: 218; Streeck and Visser 1997). Table 3.4 provides an overview of the mergers.

**Table 3.4: Unions Affiliated to the DGB, 1990 and 2007**

<table>
<thead>
<tr>
<th>1990</th>
<th>Industry</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>IG Metall</td>
<td>Metal, engineering</td>
<td>IG Metall</td>
</tr>
<tr>
<td>IG Holz Kunststoff</td>
<td>Wood, plastics</td>
<td></td>
</tr>
<tr>
<td>Gew. Textil Bekleidung</td>
<td>Textiles, clothing</td>
<td></td>
</tr>
<tr>
<td>Gew. Öffentliche Dienste, Transport und Verkehr</td>
<td>Public sector, transport</td>
<td></td>
</tr>
<tr>
<td>Deutsche Postgewerkschaft</td>
<td>Post</td>
<td>Ver.di</td>
</tr>
<tr>
<td>Gew. Handel, Banken und Versicherungen</td>
<td>Commerce, banking, insurance</td>
<td></td>
</tr>
<tr>
<td>IG Medien (formed 1989 from the DGB unions IG DruPa and GK).</td>
<td>Media, printing, paper, arts</td>
<td></td>
</tr>
<tr>
<td>IG Bau-Steine-Erden</td>
<td>Construction</td>
<td>IG BAU</td>
</tr>
<tr>
<td>IG Gartenbau, Land- und Forstwirtschaft</td>
<td>Horticulture, agriculture, forestry</td>
<td></td>
</tr>
<tr>
<td>IG Chemie-Papier-Keramik</td>
<td>Chemicals, paper, ceramics</td>
<td>IG BCE</td>
</tr>
<tr>
<td>IG Bergbau und Energie</td>
<td>Mining, energy</td>
<td></td>
</tr>
<tr>
<td>IG Leder</td>
<td>Leather</td>
<td></td>
</tr>
<tr>
<td>Gew. der Eisenbahner Deutschlands (name change in 2000)</td>
<td>Rail</td>
<td>Transnet</td>
</tr>
<tr>
<td>Gew. Nahrung-Genuss-Gaststätten</td>
<td>Hospitality, food, tobacco</td>
<td>NGG</td>
</tr>
<tr>
<td>Gew. Erziehung und Wissenschaft</td>
<td>Education, science</td>
<td>GEW</td>
</tr>
<tr>
<td>Gew. der Polizei</td>
<td>Police</td>
<td>GdP</td>
</tr>
</tbody>
</table>
None of the mergers took place between unions of equal size. Instead there was always one large union and at least one smaller union involved. Some researchers would therefore define the mergers as “acquisitions” and not as “amalgamations” between equal partners (Chaison 1986). But the content of the merger agreements rather than the size of the merger partners is decisive in whether it is an amalgamation of equals to form a new entity or an acquisition where a smaller union is simply absorbed into a large one. With this in mind, the ver.di merger most closely approximates an amalgamation, despite the numerical dominance of the ÖTV. The merger to form IG BCE has some elements of both, as there was some equality for the two larger merger partners, but not for the third union, and as there was no attempt to create a genuinely new organization (Waddington et al. 2005: 227-230). The remaining mergers can be classified as acquisitions due to the clear dominance of the largest merger partner.

In 1989, IG Medien (Media Industry Union) was formed by a merger between the DGB unions IG Druck und Papier (Printing and Paper Union) and Gewerkschaft Kunst (Artists’ Union). Both unions had incorporated several small professional associations including the Deutsche Journalisten-Union (German Journalists’ Union – dju), Verband deutscher Schriftsteller (Writers’ Association – VS) and the Rundfunk-Fernseh-Film-Union (Radio, Television and Film Union – RFFU). IG DruPa and GK had 150,259 and 29,613 members in 1988, respectively.

The next merger took place in 1996 between IG Bau-Steine-Erden (Construction Workers’ Union – IG BSE), which had 639,851 members in 1995, and the much smaller Gewerkschaft Gartenbau, Land- und Forstwirtschaft (Horticulture, Agriculture and Forestry Workers’ Union – GGLF) (90,281 members).

In 1997, the IG Bergbau, Chemie, Energie (Mining, Chemicals and Energy Industrial Union – IG BCE) was established through a merger between the IG Chemie-Papier-Keramik (Chemical, Paper and Ceramic Workers’ Union – IG CPK), the IG Bergbau und Energie (Mining and Energy Union – IG BE) the Gewerkschaft Leder (Leatherworkers’ Union – GL). In 1996, those unions had 694,897, 335,317 and 21,929 members, respectively.
In 1998 and 1999, IG Metall (Metalworkers’ Union – IGM) absorbed the Gewerkschaft Textil-Bekleidung (Textile and Clothing Workers’ Union – GTB) and the Gewerkschaft Holz und Kunststoff (Wood and Plastics Workers’ Union – GHK). Directly before the mergers, the GTB had 183,349 members in 1997 and the GHK had 145,128 in 1998, while IG Metall’s membership in 1998 was 2,772,916 (all the preceding membership figures are from Ebbinghaus and Visser 2000).

The final merger that took place was the merger to form the Vereinte Dienstleistungsgewerkschaft (United Services Union – ver.di) in 2001. The merger partners were the four DGB unions Gewerkschaft Öffentliche Dienste, Transport und Verkehr (ÖTV), Deutsche Postgewerkschaft (DPG), Gewerkschaft Handel, Banken und Versicherungen (HBV), and IG Medien, as well as the rival peak federation Deutsche Angestelltengewerkschaft (DAG). In 2000 the ÖTV had 1,476,708 members, the DPG had 445,968, the HBV had 440,638, IG Medien had 175,044 and the DAG had 458,000 (DGB 2008; Keller 2005a).

Some researchers have argued that these mergers were not strategically driven, but rather were “defensive adjustments” to membership decline, financial problems and structural changes in the economy. They were influenced more by short-term political and financial considerations than by an objective sectoral or organizational logic, and were not necessarily suitable to reduce overlapping jurisdictions or to increase the unions’ attractiveness to potential members (Hoffmann 2000: 270; Keller 2004b: 10; Schroeder and Weßels 2003: 17; Waddington and Hoffmann 2000; 2005).

There are international differences in what constitutes a union merger. There are two main points of difference between union mergers in Germany and elsewhere. First, in some countries, such as Great Britain, Australia and New Zealand, industrial relations legislation is used to facilitate or prevent union mergers, for example through variations regarding registration and size requirements for unions, changes to union coverage and eligibility rules and through changes to voting requirements surrounding the endorsement of merger proposals (Chaison 2004). In Germany, there is no legislation surrounding union merger processes, and the regulatory parameters for
merger activity is set by unions themselves in their rulebooks (Waddington et al. 2005: 24). Second, while a union merger in the United States, Sweden or Australia for example, may only concern the national offices of the merging unions, and might not be followed by mergers among regional and local branches of those unions (Chaison 2004), in Germany union mergers have involved the immediate and complete amalgamation of all branches and departments of the unions concerned.

By international standards, the concentration of unions within the pre-eminent peak federation DGB was high before the mergers and is even more so now. While there has been an international trend towards the concentration of members in fewer, larger unions (Ebbinghaus 2003b; Traxler 2003; Traxler et al. 2001), the DGB remains rather exceptional. It has only eight affiliated unions, the two largest of which, ver.di and IG Metall, make up around 70 per cent of its membership (See Figure 3.2). This uneven distribution of members among the DGB unions makes further mergers likely. As the past mergers have already eroded the DGB’s power and influence (Keller 2005a; Waddington and Hoffmann 2005), the prospect of further mergers raises questions about the peak federation’s future.

Figure 3.2: Distribution of Membership in the DGB 2007

3.3.3 Inter-union Relations

In the past, inter-union competition within the DGB peak federation was low due to the principle of industrial unionism, and because of the DGB’s authority to adjudicate in the case of jurisdictional disputes (Streeck and Visser 1997). It was seldom the case that more than one DGB-affiliated union claimed coverage for the employees of a particular company. Inter-union competition mainly occurred between a dominant DGB union and a small unaffiliated organization, and therefore remained locally confined and did not play an important role for the DGB unions. A notable exception was the rivalry between the HBV and ÖTV on the one hand and the DAG on the other. Over time, however, the relations between DGB affiliates and rival organizations have become more salient, as has the competition among DGB unions themselves.

Inter-union competition between DGB and non-DGB unions was formerly centred on relations with the DAG. The DAG had 458,000 members when it merged with four DGB unions to form ver.di in 2001. It had exclusively organized white collar workers, mainly in banks, insurance companies, retail and the public sector. The competition between the DAG and the HBV in finance, insurance and retail and between the DAG and the ÖTV in the public sector involved bitter conflicts in the past and commanded considerable resources. Since the formation of ver.di, those conflicts can be solved within the organization (Keller 2005a: 222).

While this area of conflict has subsided, DGB unions’ competition with the CGB and the DBB has increased. The CGB was established in 1959. It claims that its 16 affiliates cover around 300,000 members, but this is doubted by the DGB unions. The largest affiliate, the Christliche Gewerkschaft Metall (Christian Metalworkers’ Union – CGM), allegedly has around 100,000 members and is a rival of the many times larger IG Metall. Its strategy consists in concluding agreements with single employers that are closer to the enterprise (sachnäher) and thereby overrule IG Metall’s industry-wide agreements. The Federal Labour Court confirmed CGM’s status as a trade union in 2006 after a decade of litigation between IG Metall and CGM. Ver.di has experienced increasing competition with the collective bargaining association of CGB affiliates in labour hire, the
Tarifgemeinschaft Christlicher Gewerkschaften für Zeitarbeit und PersonalService-Agenturen (CGZP) and also with the affiliates Deutscher Handels- und Industrieangestellten-Verband (DHV) and Gewerkschaft öffentlicher Dienst und Dienstleistungen (GÖD) at private security companies, and at social security and welfare agencies.

As the bulk of the DBB’s 1.2 million members are civil servants whose employment conditions are determined by law, for many years the DBB and its member organizations were not perceived as rival organizations by the DGB unions.\(^6\) Organizations representing civil servants do not have union status and therefore do not have the right to bargain collectively or to strike. But some of the DBB’s member organizations represent not only civil servants but also blue and white collar workers in the public sector, and can therefore be seen as unions. They have formed an association named the dbb-Tarifunion. In addition, the DBB began organizing in the “privatized services sector” in 1995 as a reaction to the privatization of public services (DBB 2005a). This has augmented the significance of the dbb-Tarifunion and its 42 affiliates, which are all occupational and professional organizations that represent 350,000 blue and white collar workers (DBB 2005b). The membership of the DBB is steadily increasing as is the overlap with the DGB unions. The relations between the DGB and DBB organizations range from conflictual to cooperative in nature. For example, the DGB rail union Transnet has a cooperative relationship with the DBB member union GDBA. They bargain together for a joint collective agreement and are considering a merger in the future (DGB 2004b). In contrast, another DBB union in rail which represents mainly train drivers, the Gewerkschaft Deutscher Lokomotivführer (GDL), decided it no longer wanted its members to be covered by the Transnet collective agreement. It launched a campaign for a separate collective agreement in the summer of 2007. After a lengthy strike, it signed an own agreement with the employer, Deutsche Bahn, in April 2008.

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\(^6\) The DGB unions themselves have about half a million members who are civil servants (Hassel 2007).
Within the DGB, inter-union competition has increased for several reasons. First, during their expansion to eastern Germany, some unions tried to organize members outside their traditional coverage areas (Artus 1996: 29). Second, as the structure of the economy develops, it no longer corresponds to the “industries” that the industry unions were founded upon post-1945. Contested areas are often industries that are new or have gained significance in recent years such as information technology, telecommunication, transport and logistics, cleaning and facility management, labour hire, and many private services. Third, problems also occur when companies covered by a particular union diversify into industries covered by a different union (a prominent example of this is Mannesmann developing from a steel to a telecommunications company) or when they spin-off parts of their business, in particular business-related services (*industrienahe Dienstleistungen*), where manufacturing and service unions tend to collide, and when parts of the public sector are privatized or outsourced. Fourth, union mergers have resulted in multi-industry unions and thereby made the allocation of coverage rights according to a logical rationale more difficult. Unions have used mergers to strategically enlarge their potential coverage area, for example the printers, journalists, writers, artists and radio, television and film workers formed IG Medien in 1989, a name which implies coverage of anything to do with media. The construction union and the agricultural union formed IG BAU, with BAU standing for *Bauen, Agrar, Umwelt* – Construction, Agriculture, Environment, with the hope that “environment” would be an expanding area of employment. It chose this name although the chemicals union also laid claim to the area of ‘environment’ and although several unions opposed the name change (Hassel 2003: 110; Waddington and Hoffmann 2005). Similar things can be said of ver.di calling itself *the* services union and the GEW branding itself as *the* education union despite contested coverage. The DGB Executive concluded principles for organizational relations and cooperation between unions in 2000 (DGB 2000a), but as its affiliates increase in size, the DGB finds it increasingly difficult to settle coverage disputes between them.
3.4 The Roles and Functions of German Unions in the Political System

Unions play fundamental roles in the German economic and social order. They have strong links to the parliament and the political parties, and are integrated in many social institutions. They participate in the boards of the employment and social security offices, in the labour courts and the arbitration committees, the broadcasting councils, and the advisory councils of ministries. They are also involved in industry policies and in the regulation of vocational training. This gives them an influence that goes far beyond their core functions of workplace representation and collective bargaining. The level of formal recognition and legally guaranteed conditions for union participation in the political economy – and related to this, unions’ political and economic strength – are exceptional (Hassel 2007; Schroeder and Weßels 2003: 14; Wiesenthal and Clasen 2003). They are more active in the political arena than unions in other countries, for example in Great Britain and the United States (Streeck and Hassel 2003). This section of the chapter is concerned with how German unions seek to influence and participate in the political system.

Interest representation in the political system takes a number of forms. First, unions influence the national policy-making process through their privileged links to political parties and through lobbying. Second, unions are directly involved in decision-making through representation in the governance structures of quasi-public agencies and through their inclusion in policy networks, such as expert and advisory committees. Third, they have been party to macro-corporatist political exchange in the past (Streeck and Hassel 2003; Traxler 2003). Each method of influence will be examined in turn.

The DGB unions have ties to several political parties, primarily with the social-democratic Sozialdemokratische Partei Deutschlands (SPD), to which they have a natural proximity, but also with the conservative Christlich Demokratische Union / Christlich Soziale Union (CDU/CSU), the Greens, and the socialist party Die Linke. Unionists were instrumental in the formation of the new left party Arbeit und soziale Gerechtigkeit – die Wahlalternative
(WASG) before the 2005 election, which has since merged with the post-communist party Partei des demokratischen Sozialismus (PDS) to form Die Linke. The unions maintain links to most political parties because they were re-established as politically and ideologically unified organizations after 1945. Generally speaking, relations with several political parties are a source of political strength. Accordingly, German unions have greater political clout than unions do in countries where there is an affiliation between unions and one political party only (Streeck and Hassel 2003).

In the 1998-2002 legislative period, 44 per cent of members of the federal parliament were union members. Within the SPD parliamentary party, 81 per cent were union members, while only one per cent of CDU/CSU and 36 per cent of PDS parliamentarians, and 34 per cent of Greens were union members (Trampusch 2003: 81). More than three quarters of the top officials within the DGB are SPD members (Mielke 2003). However, the number of union officials in parliament and parliamentarians who are union members has been decreasing for some time (Hassel 2007).

Relations with political parties have changed over the years. In particular, ties between the union movement and the SPD, which was originally the union movement’s “big brother” in the nineteenth century, have weakened. Unions now formulate their policies independently and search for issue-oriented alliances with all political parties and social movements alike (Zeuner 2000). The relationship between unions and the SPD was more consensual when the SPD was in the opposition. After it took government in 1998, differences of opinion gradually became evident. In particular, the labour market and welfare reforms Agenda 2010 and Hartz were introduced against vehement union opposition (Hamann and Kelly 2004). In the 2005 election, sections of the union movement supported the new left party WASG. In contrast to past practice, the DGB’s campaign during the election did not imply a recommendation to vote for the SPD.

The DGB is responsible for lobbying and is in contact with political decision-makers at the municipal, state and federal levels (Hassel 2007). As membership has become more concentrated in the affiliated unions through the merger processes described above, the larger unions have stepped up their direct relations with political decision-makers and the DGB’s authority
in this area has diminished (Streeck and Visser 1997; Waddington and Hoffmann 2005).

Unions are involved in the governance structures of numerous public and quasi-public corporations. Lay judges in the labour courts are appointed according to lists provided by unions and employer associations. The posts on the administrative boards of the social security agencies (health, accident and pension insurance) are filled by employer and union representatives. In the Federal Employment Agency, the administrative board is comprised equally of employer, union and state representatives. The unions also have representatives on the boards of the Chambers of Trades and Crafts and the public broadcasting corporations. The board of the Federal Institute for Vocational Education and Training is comprised equally of representatives from the unions, employer associations, state governments and the federal government. Through their involvement in these organizations, unions can influence regulation, policy and its implementation, and future developments in the fields of social security, labour markets, and vocational training.

However in recent years, the government’s and the unions’ ideas on social and labour market policy have increasingly diverged. In addition, reforms in the governance structures of the social security agencies, the marketization of the social security sector, the appearance of new interest groups and the decreasing interconnection between unions and the political parties have undermined unions’ monopoly position in representing workers’ interests the social and labour market policy field (Trampusch 2006).

Unions have seats on expert and advisory committees. Examples are the Hartz Committee on labour market reforms in 2002 and the Rürup Committee on reforms in the social security system in 2002-2003. While the inclusion of unions in the governance of the social security agencies is based on formal rights, their participation in expert and advisory committees is based on the preference of the state to integrate various societal groups in the political process.

Besides such intermittent participation on committees focused on specific issues, unions have been party to two attempts at macro-corporatist policy-making. The Konzertierte Aktion (Concerted Action) lasted from 1967 until
1977, and the *Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit* (Alliance for Jobs, Training and Competitiveness) went from 1998 until 2002. Both were concerned with broad questions regarding economic and social policy. While the *Konzertierte Aktion* was focused on macro-economic regulation to achieve economic growth, full employment, price stability and a foreign trade balance through voluntary wage restraint on the part of the unions, this was no longer possible in the late 1990s. Accordingly, the *Bündnis für Arbeit* was an example of the new “competitive corporatism” and focused on increasing employment and training (Keller 2004a: 222). It did not succeed in making any path-breaking tripartite decisions, but it did lead to a number of joint political declarations, for example on vocational training and on working time. Moreover, tripartite discussions included issues such as the introduction of a low-wage sector and the introduction of a capital-based pension scheme (Jacobi 2003: 17).

3.5 The Roles and Functions of German Unions in the Industrial Relations System

The two main pillars of the German industrial relations system are employee representation at the workplace through works councils (*Betriebsräte*) and the negotiation of industry-wide collective agreements by unions. Often the German industrial relations system is called “institutionalized” and “juridified”, as the roles of works councils, trade unions and employer associations are regulated in several laws. The Works Constitution Act defines the rights of works councils. The Act on Collective Agreements guarantees collective bargaining autonomy without state intervention, gives trade unions the monopoly right to bargain collectively with employers and their associations, and gives collective agreements the status of legally binding contracts. The constitution guarantees the right to freedom of association. This high level of institutional protection has given rise to a particularly stable and non-adversarial industrial relations system with a low level of industrial disputes.

Employees’ interests are represented by works councils at the plant level and by employee representatives on supervisory boards at the company
level. Depending on the issue (social, personnel and business matters) their rights range from information and consultation to real co-determination with veto rights. Works councils conclude works agreements (Betriebsvereinbarungen) with employers on issues not generally regulated in collective agreements. They also monitor the implementation of collective agreements. However, by law they do not have the right to strike and must fulfil their tasks in a spirit of trust and co-operation with management. They must find a balance between representing workers’ distinctive interests and collaborating with management in the interest of the prosperity of the firm. Although works councils and the representatives on supervisory boards are formally independent of unions, there is a considerable overlap. Often the works councillors are the employee representatives on the supervisory board, and many works councillors are active union members and have posts within the unions’ committee structure. The relations between unions and works councils are therefore characterized by mutual support: works councils provide unions with access to workplaces and recruit new members for the unions, and unions provide works councils with training and advice. Works councillors’ important role in providing access and recruiting members gives them considerable power within the unions (Jacobi et al. 1998: 212), and they are sometimes termed Betriebsratsfürsten (works council princes). In some workplaces there are also separate union representatives (Vertrauensleute). They recruit members, channel information between the union and the rank-and-file and help organize industrial action. Here again, there is overlap as works councillors are often also union representatives (Jacobi et al. 1998: 213-214). Due to the extensive links between unions and works councils, the “dual system” of industrial relations has to some extent become a single system. However, this interlinking of both systems is not as pronounced in eastern Germany as it is in the west (Hyman 1996).

Collective bargaining is mostly conducted at an industry-wide level between trade unions and employer associations, or at the enterprise level between unions and individual employers. Non-union collective agreements are unknown in Germany. Some industry agreements are struck on a national basis, for example in printing or in the public sector. In other industries, for
example in retail, separate agreements are made in each region. Such regionally based industry agreements generally follow a common pattern. The industry-wide agreements vary in scope: some industries are broadly defined, for example the metal industry or the public sector, while others are narrow, such as the paper processing or the confectionery industry. Collective bargaining coverage is rather high and employers apply the collectively agreed employment conditions to union members and non-members alike. Some enterprise agreements closely follow the provisions of the relevant sectoral agreement (Bispinck 1998: 10). So do some employers that are not party to any collective agreement. Thus, in the past at least, collective agreements have provided sectoral minimum wages and employment conditions in the absence of a statutory minimum wage. Wage differentiation has occurred when employers have paid premiums above the rate in the sectoral collective agreement (Schnabel 1998: 85). Therefore, collective bargaining coverage is much higher than union membership, and the two are not directly related. This distinguishes countries with an inclusive pattern of collective bargaining such as Germany and many continental European countries from those with an exclusive pattern of collective bargaining, such as the United States, Great Britain and Japan (Behrens 2005b; Traxler 1996). The agreements struck by IG Metall and the employer association Gesamtmetall in the engineering industry have traditionally served as pacesetters that influence results in other industries. Both unions and employer associations coordinate their regional collective bargaining activities nationally. Thus, although bargaining is only moderately centralized, it is highly coordinated within as well as across sectors. All these factors minimize the differences in pay and conditions across regions and industries (Jacobi 2003: 31; Keller 2004a: 233; Schnabel 1998: 83).

In recent years, the German system of industrial relations has been eroding: the coverage of works councils and of industry-wide collective agreements has been declining, as has organizational density in unions and employers’ associations (Hassel 1999). The system of multi-employer industry-wide collective agreements has been changing, not least due to a loss of cohesion on the employer side. Numerous firms have left the
employer associations or created spin-offs that do not become members, and many new firms, especially in eastern Germany, have not joined the associations either. Furthermore, employer associations experience increasing difficulties in ensuring that their member companies comply with industry-wide collective agreements (Jacobi et al. 1998: 206). In some companies, especially in eastern Germany, pay and conditions fall short of collectively agreed standards with the formal or tacit approval of the works council, which hopes to thereby save jobs ("wildcat co-operation") (Jacobi et al. 1998).

These developments reduce the coverage of industry-wide agreements (Tariffucht), which is problematic for unions, as they must then conduct more company-level bargaining and monitor the observance of collectively agreed standards more closely. The percentage of employees covered by industry-wide collective agreements fell from 69 per cent in 1996 in western Germany to 57 per cent in 2006, and in eastern Germany from 56 to 41 per cent during the same time. The loss of cohesion among employers has created agreement-free zones particularly in the private services sector and in small and medium-sized enterprises, and in 2006, 35 and 46 per cent of west and east German employees, respectively, were not covered by any type of collective agreement. However, about half of those employees were employed at workplaces that closely follow an industry-wide agreement without being legally bound to do so. The remaining eight per cent of employees in western Germany and thirteen per cent in the east were covered by enterprise agreements (Ellguth and Kohaut 2005; WSI Tarifarchiv 2007). Table 3.5 shows the changes in collective bargaining coverage between 1998 and 2006.

This trend of decreasing collective agreement coverage differs from the situation in most other EU countries, where coverage rates have been stable throughout the 1990s. Great Britain and Germany were the only Western European countries with a declining rate of collective bargaining coverage in the 1990s (EIRO 2003). By international standards, Germany now only has a medium level of bargaining coverage, which is in stark difference to the coverage rates of over 80 per cent in West Germany during the 1980s (Traxler 1996).
Table 3.5: Collective Bargaining Coverage 1998 and 2006, in Per Cent

<table>
<thead>
<tr>
<th>Percentage of employees covered by...</th>
<th>1998</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>West Germany</td>
<td>East Germany</td>
</tr>
<tr>
<td>Industry-wide agreements</td>
<td>68</td>
<td>50</td>
</tr>
<tr>
<td>Company-level agreements</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>No agreement</td>
<td>24</td>
<td>37</td>
</tr>
</tbody>
</table>


The decentralization of collective bargaining has been accompanied by efforts to make it a “controlled decentralization” (Bispinck 2004). Unions and employer associations seek to make industry-wide agreements flexible and differentiated enough to be suitable for local conditions and now frequently insert “opening clauses” into the industry-wide collective agreements that allow for company-level variation of provisions through works agreements between company management and works councils. This delegation of collective bargaining authority to the local level means that the collective bargaining and the co-determination systems are more closely intertwined than before, that works councils have increased responsibilities and that the workplace actors gain power and importance, while the sectoral actors lose power (Jacobi 2003; Jacobi et al. 1998; Keller 2004a).

There have also been changes in the co-determination system. Firstly, as the Works Constitution Act does not oblige the employer to initiate the election of works councils, they must be formed upon employee initiative. This means that there are not necessarily works councils in every plant. There has been a long-term erosion in the coverage of works councils which means that a large proportion of employees work in companies where there is no co-determination (Hassel 1999). “Co-determination-free zones” are found particularly in small enterprises in the private services sector. In 2005, only 47 per cent of employees in western Germany and 39 per cent
of employees in eastern Germany had works council representation at their workplace. In small businesses with five to 50 employees, this figure was only twelve per cent in both east and west (Ellguth 2007). However in contrast to collective bargaining coverage, the percentage of employees represented by works councils has remained quite stable over the last decade (see Table 3.6).

Table 3.6: Works Council Representation 1998 and 2005, in Per Cent

<table>
<thead>
<tr>
<th>Percentage of employees represented by…</th>
<th>1998</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Germany</td>
<td>50</td>
<td>47</td>
</tr>
<tr>
<td>East Germany</td>
<td>40</td>
<td>39</td>
</tr>
</tbody>
</table>


Secondly, relations between unions and works councils have been changing. The percentage of works councillors who were union members when elected has decreased from 83 per cent in 1968 to 73 per cent in 1998, while non-unionists have increased from thirteen per cent to 24 per cent in that same time. However, many of the unorganized works councillors join the union during their term of office (Wassermann 2002: 53). A fundamental change in the relations between works councillors and unions is that many works councillors no longer see themselves as union officers at the lowest level that obey union demands and orientations, but rather as actors with equal rights (Wassermann 2002: 55; 2003: 410). While they continue to demand a wide range of assistance and support services from unions and mainly assess the support provided positively (Behrens 2003), they have become less active as recruiters for the unions (Behrens 2005a).

Works councils have also been established in the eastern states. They are more cooperative with management than their West German counterparts and more likely to tolerate or even endorse employers undercutting collectively agreed wages and conditions. This may be due to the lack of antagonistic relations in the socialist combines of the GDR, and to the immense pressure placed on works councils in the face of high unemployment and low competitiveness of East German firms. Works
councils’ relations with unions are rather distant and pragmatic, as is the relationship between works councils and company employees (Hyman 1996; Schmidt 2003).

In the public sector, the employment relations system has a number of distinguishing features. In particular, civil servants (Beamte) have a special status, and their employment conditions are determined by law. Furthermore, staff councils (Personalräte) are the public sector equivalent of works councils. Collective bargaining for blue- and white-collar workers is regulated by the same law as in the private sector, the Act on Collective Agreements. Several unions are party to the public sector collective agreements. Besides the main public sector union ver.di, they are the Police Union GdP, the Education Union GEW and the DBB unions. The employer associations that are party to the agreements represent the municipalities, the states and the federal government. In the past, collective agreements covered all public sector employees, but in recent years, there has been some differentiation: First, separate agreements were struck for employees in public utilities and in local public transport. Second, several state-level employers intended to conclude a separate agreement, which culminated in the longest public sector strike in the history of the Federal Republic. Strikes in the public sector were very rare in the past (Keller 2004a: 221). However, the public sector employers are no longer “model employers” that play an exemplary role in the labour market (Keller 2007a). As employment relations in the public and private sectors are becoming more similar, industrial action may increase.

After re-unification, concerns emerged that developments in collective bargaining and co-determination in eastern Germany were precursors of trends in the west and that the eastern states were a laboratory for changes that would go on to affect the western states (Fichter 1997; Hyman 1996). It appears that pressure on employment standards in western Germany has emanated less from industry-level developments in eastern Germany but from intra-company comparisons of employment conditions in west and east German plants (Schmidt 1998: 59). Furthermore, the new east German industrial relations practices led to greater variation in west Germany also, and therefore supported the increasing flexibility and
variation in industrial relations practices in Germany as a whole (Katz and Darbishire 2000). As Table 3.7 shows, the percentage of employees in the private sector whose employment conditions are regulated according to the German model of industrial relations, namely through an industry-wide collective agreement and works council representation at the workplace, has steadily decreased from 41 per cent in 1996 to 33 per cent in 2005 in western Germany, and from 28 per cent to 21 per cent in eastern Germany. Conversely in 2005, 29 per cent of private sector employees in western Germany and 41 per cent in eastern Germany neither had works council representation, nor were they covered by any type of collective agreement (Ellguth 2007). Therefore the German industrial relations system’s reputation of being remarkably stable is no longer tenable.

Table 3.7: Collective Bargaining Coverage and Works Council Representation 1996-2005, in Per Cent

<table>
<thead>
<tr>
<th>Percentage of employees covered by...</th>
<th>1996</th>
<th>1998</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>West Germany</td>
<td>East Germany</td>
<td>West Germany</td>
</tr>
<tr>
<td>Industry-wide agreement &amp; Works council</td>
<td>41</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>No agreement &amp; no works council</td>
<td>n/a</td>
<td>n/a</td>
<td>21</td>
</tr>
</tbody>
</table>


3.6 Conclusion

This chapter has provided an overview of the structural features of the German union movement. Furthermore, it has described how unions operate in the German political and industrial relations systems, and how
those systems and unions’ role within them have changed over time. Such background information about the industrial relations institutions and their functions is necessary to make this research on the ver.di merger internationally comparable (Hyman 2001a).

After tracing German unions’ development into large, bureaucratic organizations with a highly influential role in the German political economy, this chapter has shown how their political and economic strength has slowly eroded. In the political system, unions’ ties to political parties and their influence on social and labour market policy have decreased. In industrial relations, declining works council coverage and collective bargaining coverage have negatively impacted on unions’ strength. Unions have responded to these developments by engaging in mergers. The merger to form ver.di, the case study union of this research, was the last in a series of union mergers that were concluded between 1989 and 2001.
4 Methodology: Research Questions, Strategy and Methods

4.1 Introduction

This methodology chapter provides the reader with an understanding of the research process underlying this thesis. It recapitulates the research objectives outlined in Chapter 1 and explains how specific research questions were derived from these objectives. This was done through an analysis of the literature on union mergers, union revitalization, and post-merger integration in Chapter 2, and through consideration of the institutional context of German unions in Chapter 3. A discussion of why a case study design is the most appropriate research strategy to answer the research questions follows. The last section details the research methods used to collect and analyse the data.

4.2 From Research Objectives to Research Questions

The research objectives for this study were twofold: First, to examine whether and how union mergers can contribute to union revitalization, and second, to examine what role post-merger integration plays in determining whether a union merger leads to revitalization. A review of the literature on union mergers and on union revitalization revealed that the most suitable criteria for assessing whether a union merger has led to revitalization are post-merger developments in membership levels, bargaining power, political influence, inter-union competition, synergies, service provision, recruitment and retention, and gender equity. A review of the literature on post-merger integration in for-profit organizations and in various types of non-profit organization showed that structural and cultural integration has a significant impact on merger success or failure. Applied to the union context, the literature showed that union leaders can facilitate structural integration by removing structural impediments to integration, and can facilitate cultural integration by developing a common organizational
identity and mission, developing a consistent collective bargaining strategy and coordinating bargaining across industries, and fostering a shared organizational culture that is conducive to innovation.

The examination of the structure, roles and functions of German unions in Chapter 3 described how the unions’ role in the political and industrial relations systems had changed since German re-unification in 1990 and how the systems themselves, the actors within them and their relations with one another had evolved. Overall, unions’ power and influence in the political and economic sphere declined continually and this was coupled with falling membership density and increasing financial pressures. A major strategy of German unions in response to these changes was to merge, and the ver.di merger was the largest and most significant of the merger processes in the German merger wave that began in 1989 and culminated in the ver.di merger in 2001.

Applied to the ver.di merger, the conceptual frameworks developed in the literature review in Chapter 2 generated two sets of research questions. The first set examines the outcomes of the ver.di merger in order to assess whether and how it contributed to union revitalization. The questions correspond to five dimensions. They are depicted in Figure 4.1:
Figure 4.1: Research Questions Examining Whether and How the Ver.di Merger Contributed to Union Revitalization

The second set of research questions examined structural and cultural integration in Ver.di in order to identify what role post-merger integration played in determining whether the merger led to revitalization. The questions were:

- Did the union leaders remove structural impediments to integration?
- Did they develop a common organizational identity and mission?
- Did they develop a consistent collective bargaining strategy and coordinate bargaining across industries?
- Did they foster a shared organizational culture that is conducive to innovation?
- How did they do these things and what problems did they encounter?
4.3 Research Strategy: A Case Study Design

A prominent feature of industrial relations research is its focus on contemporary problems and issues. This focus on real-life problems leads researchers to pose holistic research questions and to draw on multiple disciplines and methods to answer them (Kochan 1993). A case study is a research strategy that is particularly well-suited to capture the complexity and identify the key features of the social phenomena that industrial relations research is concerned with. It also helps understand and explain the phenomena by placing them in their wider context (Kitay and Callus 1998; Yin 2003). Because of their focus on empirical evidence, case studies are also an appropriate strategy for building theory in new research areas (Eisenhardt 1989; Ragin 1994). Union revitalization is a research area that has only recently arrived in the mainstream of industrial relations research. Revitalization research places union strategy at the centre of analysis and thus continues the shift in focus from institutions to agency that began with development of the strategic choice approach in the 1980s (Kochan et al. 1986). In-depth case studies are essential for understanding the conditions under which unions develop innovative strategies, the nature and content of such strategies, the conditions under which such strategies are revitalizing, and their political and economic effects (Turner 2005). The case study approach was chosen in this thesis to provide an in-depth understanding of union merger strategy, and as such to contribute to theory development.

In contrast to hypothesis-testing research, case studies that are undertaken to further theory development are not randomly sampled from a population. Instead, cases are chosen because they correspond to some feature or aspect of the population. They may be typical, extreme, or particularly illustrative cases. Cases are also chosen if they are accessible and if is feasible to study them (Eisenhardt 1989; Hartley 1994; Kitay and Callus 1998). In this thesis, ver.di was chosen from the population of unions that had engaged in mergers for several reasons. Firstly, it was a significant case because it established what was at the time the largest union in the world. Secondly, as English-language publications on union mergers are naturally dominated by research undertaken in English-speaking countries, it was thought that a case study of a German union would make a
substantial contribution to theory development. Cases undertaken in different countries approach an issue from different perspectives and facilitate the identification of country-specific variables. Thirdly, the explicit aim of the merger was revitalization. Cases of union mergers that were undertaken with more modest aims, for example mergers that took place in Australia and New Zealand to fulfil increased legal minimum size requirements or comply with peak federation policy, were ruled out. Cases where a large union simply absorbed one or several smaller unions without any substantial impact on the larger union’s structure or culture, for example IG Metall’s absorption of both the Textile and Clothing Workers’ Union GTB and the Wood and Plastics Workers’ Union GHK in Germany, were also ruled out. Fourthly, considerable research was available on ver.di’s pre-merger and initial post-merger phase (for example Keller 2005a; Müller et al. 2002; Waddington et al. 2005). By providing extensive background information on the history of the merger, the existing research enabled a narrower focus on the post-merger phase in this thesis. Fifthly, a period of four and a half years had passed from the conclusion of ver.di’s merger agreement in March 2001 to the commencement of this empirical research. This time period was judged to be long enough to allow the effects of the merger to become manifest, and short enough for causal links between the merger and the developments in membership, economic and political influence and institutional vitality to remain intact.

Making inferences from a single case study poses challenges. Because the ver.di merger is not a representative sample of the population of union mergers, it is not appropriate to claim that the outcomes of the case study are generally applicable to the population. However, because case studies exemplify key theoretical processes and uncover the dynamics of relationships underlying behaviour in organizations, it is possible to generalize about those processes and relationships and about the contexts in which they can be expected to occur (Hartley 1994; Ragin 1994). It is also possible to make “contingent generalizations” about the outcomes by establishing under which conditions and through which mechanisms they occur (George and Bennett 2004: 31). Making strong connections between the existing literature and the empirical research also supports the
inferences that are drawn from a case study (Eisenhardt 1989). This case study of ver.di is structured by two frameworks that were developed through an analysis of the literature in Chapter 2. The empirical findings are frequently related back to the existing theory on union mergers, union revitalization, and post-merger integration, and to the existing research on ver.di. After examining whether the merger led to revitalization in ver.di’s case, an analysis of the process of structural and cultural integration uncovers the conditions under which and the mechanisms through which revitalization can be expected to occur in other cases.

4.4 Research Methods and Data Analysis

The soundness of qualitative research can be demonstrated in a variety of ways (Glesne 1999; Marshall and Rossmann 1999). First, triangulation – the use of multiple data collection methods – allows the researcher to consider different perspectives on an issue. This counteracts the threats to validity and reliability associated with each method and thereby increases the confidence that can be placed in the research findings. The three research methods used in this study were interviewing, document analysis and non-participant observation. They are described below. Second, prolonged engagement with a case and persistent observation facilitates the acquisition of trustworthy data. The data used in this study was collected over a period of three years. Third, collecting feedback from both peers and research participants during the research process provides both external and internal reflections on the research. Preliminary findings of this study were presented at conferences and seminars and sent to interviewees. Feedback obtained in these ways shaped the further development of the research. Fourth, details on how the data was collected and analysed, as well as a thick description of the case and the presentation of raw data such as quotes from interviews, charts and figures in the thesis allows readers to make their own judgements about the soundness of the findings. This section describes the data collection and analysis process, and a thick description is provided in the case study chapters.

The primary research method was interviewing. Potential interviewees were sampled according to the needs to cover all relevant perspectives and to
access people who possessed special knowledge. Interviews were continued until saturation was reached and few new perspectives and points were gained (Arksey and Knight 1999; Kitay and Callus 1998; Ragin 1994). Initial access to ver.di officials and lay activists was established through several researchers at the Institute of Economic and Social Research in the Hans Böckler Foundation (Wirtschafts- und Sozialwissenschaftliches Institut – WSI). From then onwards, key informants who possessed specialist knowledge of subject matters and events at different levels within the union, in different geographical areas and in different industries were identified through an organization chart and based on advice from interview participants (“snowballing”). The perspectives of people from all five of the constituent unions, of both union officers and lay activists, of officers based at the National Office, Regional Districts and Districts, of those whose responsibilities pertained to particular Industry Departments and those who fulfilled cross-sectional tasks, and of men and women were also considered. Table 4.1 depicts several attributes of the interviewees. It shows that many different perspectives were heard, but the distribution was uneven. There were several reasons for this: some were related to the research focus, and others were due to resource constraints or to the nature of ver.di’s organization. Interviewees were not selected by gender, and a disproportionately large number of union officers in leadership positions were men. It was easier to contact paid officers than lay activists, as activists were only identifiable and contactable through referral by paid officers, and interviewing them required travel to their place of work. The union officers held a position at one particular geographical level of the organization and had responsibility either for industry departmental tasks, cross-sectional tasks, or both. The lay activists held either one or multiple mandates on union committees with geographical and departmental responsibilities. Many interviewees were from ÖTV, as this was the largest constituent union with a large staff. IG Medien was the smallest union and therefore had fewer officers.
Table 4.1: Interviewee Attributes

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid official</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Lay activist</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Former Union</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DAG</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>DPG</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>HBV</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>IG Medien</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>ÖTV</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Not applicable or unknown</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry department</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>1</td>
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<tr>
<td>7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

| National Office | 23       |          |

<table>
<thead>
<tr>
<th>Regional districts</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Baden-Württemberg</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Hamburg</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Niedersachsen – Bremen</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Nord</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Nordrhein-Westfalen</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Rheinland-Pfalz</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Saar</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sachsen</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Sachsen-Anhalt</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Thüringen</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Districts</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemnitz-Erzgebirge</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Dortmund</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Hannover / Leine-Weser</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Rhein-Neckar</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(Hamburg)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(Saar)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

The large number of interviewees from HBV had three causes. Firstly, during years of financial crisis in the 1990s, HBV developed considerable
know-how in areas relevant for this study, such as organizational change and development. Therefore, many interviewees approached because of their area of responsibility were from HBV. Secondly, some interviewees from HBV suggested further interviewees who almost invariably also came from HBV. Thirdly, I was based in Düsseldorf during the data collection stage and Düsseldorf was the location of the former HBV’s National Office. Not surprisingly, many interviewees in Düsseldorf were from HBV. The disproportionately small number of interviewees from the former DPG was due to the fact that several ex-DPG officers and activists did not respond to interview requests. Furthermore, many of them worked within the Industry Departments 9 and 10 and the research focus of this thesis required more interviews with officers who had cross-sectional responsibilities. Many interviews were conducted with officers from Industry Department 13 because this Department had coverage for the private sector services where organizational density was low and the greatest potentials for innovation existed. Many interviewees were officials at the National Office because the nature of the research called for the views of those with responsibility for integration of the entire organization. The perspectives of the Regional Districts were also considered, in particular that of the largest Regional District, Nordrhein-Westfalen, where I was based at the WSI in Düsseldorf.

Potential interviewees were contacted via e-mail and provided with information about the research project. The requests for interviews were overwhelmingly granted. There was no concern among any interviewees whether the study had been endorsed by the National Executive Committee (Bundesvorstand) or the Union Council (Gewerkschaftsrat), which is the highest lay committee. In fact, several officers from the National Executive Committee and several lay delegates from the Union Council were interviewed and they were just as forthcoming with their individual opinions and reflective about the post-merger integration process as officers and activists at lower levels of the organization. Their view that participating in this study or otherwise was a personal decision that required no endorsement from their superiors was a manifestation of the autonomy of union officers described in the literature (Heery 2006b; Kelly and Heery 1994; Prott 2003). It also reflected the culture that existed in some of the
constituent unions and persisted in ver.di that a union is a bottom-up organization, and that the upper levels of the organization provide support but have little authority to direct the lower levels. Overall, ver.di officials and activists were extremely generous with the time and information they extended to me, and they were also remarkably reflective about the post-merger integration process.

48 interviews were conducted: 36 between November 2005 and January 2006, three in June 2006, five in August and September 2007, three in January 2008, and one in April 2008. 40 interviews were with ver.di officials, five were with lay activists, one was with an official from the union IG BCE, one with a DGB official, and one with a researcher from the WSI. In addition to the formal interviews, several union researchers at the WSI and at universities were informally consulted. 41 interviews were conducted in person, five by telephone and two by e-mail. 39 of the 46 verbal interviews were recorded and transcribed and notes were taken during the remaining seven. The interviews were between half an hour and two hours in duration and were semi-structured. An interview guide contained the key questions, but the interviewees were able to determine how and how much they wanted to respond to the mainly open-ended questions, and I was able to seek clarification or further elaboration and to follow up new ideas. By discussing new issues or perspectives, the interviewees helped shape the research (Arksey and Knight 1999). All interviews were conducted in German. Where the interviewees are quoted in this thesis, I have translated their comments into English. Because all interviewees were assured that their comments would remain confidential and anonymous, a number was assigned to each interview to identify it in citations.

The second research method used was document analysis. Many documents created by ver.di itself were available on its website, for example operating reports, congress minutes, motions and resolutions from the congresses, various rules and guidelines, and various pre-merger documents. Other documents, including membership statistics, organization charts, reports on innovative projects and on gender mainstreaming, cooperation agreements between Regional Districts, and drafts of the political program, were provided to me by interviewees. The union publications ver.di publik, which
Chapter 4: Methodology

is the newspaper for members, and *ver.di news*, the newsletter for activists, were also available online. One interviewee added me to the mailing list of the Economic Policy Department, which sent a regular e-newsletter. Many external documents were also available on the internet. The DGB published yearly membership statistics of all its affiliated unions and an own newspaper, *einblick*. Articles on *ver.di* published in major German newspapers were retrieved from the news and business information service Factiva. Articles from smaller publications, such as *Sozialismus* and *express*, were obtained in paper form. Data on wage increases was published in the *WSI Tarifhandbuch*. The *ver.di* archive supplied information, for example on *ver.di*’s provision of legal and educational services for members, and on the realization of synergies through the merger.

Because organizational documents are produced within a certain context and with a particular readership and purpose in mind, they do not accurately represent organizational reality. Therefore, considering several types of documents and data gained from other sources is important for understanding organizations and their operations (Bryman 2008: 527). In this study, different types of documents from several sources provided a variety of perspectives. Among the *ver.di* documents also, the perspectives differed between the documents directed towards members, activists and the public, and those intended for internal use. This triangulation of documentary sources was useful for cross-checking the insights gained from the various documents and for comparing them with the interviews and thereby gaining a deeper understanding of the matters at hand (Calvert 1991; Ellem 1999; McCulloch 2004).

Two sets of quantitative data were obtained from documents, namely statistics on membership developments both in *ver.di* and in the peak federation DGB, and statistics on wage increases by industry. Using a mixed methods approach in a research project is helpful if it is appropriate for answering the research questions (Bryman 2008: 624). Some of the research questions in this study were best answered using quantitative data. Specifically, answering whether the merger had led to revitalization in the dimensions of membership and of economic influence required a quantitative analysis of membership developments and bargaining
outcomes, respectively. However, understanding the context surrounding the developments in membership and bargaining outcomes required a qualitative analysis. To this end, officials and activists were asked to comment on such data in interviews.

The third research method was non-participant observation. Observation of events and behaviour is a way of discovering complex interactions in natural social settings and is a useful complement to other research methods (Marshall and Rossmann 1999). Due to time and resource constraints, this method was only employed in a supplementary way. I attended an information event for works councillors regarding collective bargaining in the retail sector in Leverkusen, a strike meeting in the retail sector in Dortmund, and a conference about the prospects of ver.di’s educational establishments in Mosbach. Notes were taken to record these events.

In order to analyse the data collected through these three methods, the interview transcriptions, the notes from the observations, and, where the format permitted, the documentary material, were imported into the qualitative data analysis software program NVivo 7. Thoroughly reading the data and searching for underlying themes was a prerequisite for coding the data into categories, or “nodes” as they are called in NVivo. Care was taken that the categories were both empirically grounded in the data and informed by the research objectives and the literature (Arksey and Knight 1999). Each of the main categories included between three and 21 sub-categories. The main nodes are listed in Table 4.2, and one of the larger nodes is expanded to show an example of the sub-categories. Coding the data in this way facilitated the triangulation between different data sources and types, as all data on a given theme could be retrieved at once. Coding and retrieving the data made it possible to discover patterns, themes and relationships that helped answer the research questions.
Table 4.2: NVivo Nodes

- The merger
- Members and activists
- Collective bargaining
- Politics and policy
- Rules and guidelines
- Resources and finances
- Specific industries
- Specific regions
- Ver.di employees
- Structural change
- Post-merger integration
  - Communication
  - Consensus necessary
  - Democracy and participation
  - Differentiation by industry
  - Effectiveness
  - Flexibility
  - Gender
  - Industry department egoism
  - Innovation
  - Integration and solidarity
  - Introspection
  - Knowledge management
  - Leadership
  - Learning
  - Organizational development
  - Organizational identity
  - Power, politics and the role of individuals
  - Specialization
  - Strategy process NRW
  - Synergy, rationalization and efficiency
  - Ver.di as a whole
- Other organizations
- Background information on interviewees

4.5 Conclusion

This chapter has shown how the literature review and the context chapter helped shape the research objectives into research questions and has explained why a case study of ver.di was chosen for exploring them. It has also provided details on how the case study was undertaken. In doing so, it has reviewed how the three research methods – interviewing, document analysis and non-participant observation – were employed to collect data, and how the data was analysed using the software program NVivo 7. This information allows the reader to make an informed judgement about the trustworthiness and the generalizability of the case study findings, which
are presented in the next three chapters: After an overview of ver.di’s pre-merger phase, Chapter 5 focuses on the structure of the union at the time of the merger and on subsequent post-merger structural integration. Chapter 6 examines whether the merger led to revitalization. Chapter 7 is concerned with post-merger cultural integration.
5 The Ver.di Merger: Goals, Structure and Post-merger Structural Change

5.1 Introduction

Ver.di was formed by a merger of five unions in 2001 and became the largest union in the world with 2.8 million members and coverage of the public and private services sector. It has a matrix structure of four levels (national, regional, district and local), thirteen industry-based departments and seven self-organized interest groups.

This chapter provides an overview of the merger negotiations, the merger partners, and their motives and goals when forming ver.di. It outlines the merger agreement, in particular the matrix structure, the quotas and committee structures, the budgeting guideline and the working conditions for union employees. Throughout, it shows how the union leadership has sought to facilitate post-merger integration by removing structural impediments, examines what post-merger structural changes have been implemented and highlights how the union leadership is constrained in its management of the post-merger integration process.

5.2 The Merger Negotiations

The idea to establish a service sector union was formed in the mid-1990s. In 1995, the then federal secretary of IG Metall, Klaus Zwickel, suggested the DGB unions and the DAG should restructure to form three industrial unions, one private services union and one public sector union. From then on, various forms of merger or cooperation were considered. In 1997, the leaders of eight services unions – DAG, HBV, ÖTV, DPG, IG Medien, GEW, GdED and NGG – discussed the possibilities for forming a cartel of unions or merging to create a new service sector union. When a preference for the latter emerged, the NGG left the discussions. The seven remaining unions formed a steering committee to develop the merger plans. In 1998, they agreed on two documents that outlined the aims, contents and timeframe for the merger, the “political platform” (Politische Plattform) and the “draft
Chapter 5: The Ver.di Merger

caption concept” (Ideenskizze). During this process, first the GdED and then the GEW left the project.

The remaining five unions persisted in their merger plans. Their membership and coverage areas are shown in Table 5.1. They drew up a document which detailed the structure of the new union and the competences and responsibilities of the organizational subunits (Eckpunkte eines Zielmodells) in early 1999. In November, they held parallel congresses in which delegates voted to establish the founding organization (Gründungsorganisation Go ver.di) as a temporary cartel union that was to prepare the merger documents – specifically, the rulebook, various guidelines on collective bargaining, budgeting and quotas for the representation of the pre-merger unions in committees and departments, and the merger agreement itself. The cartel union also had the task of preparing the legal aspects of transferring all members, assets, employment relationships and collective agreements from the five unions to the new organization and of affiliating the new union to the DGB.

However, after the congresses, conflict escalated within the ÖTV. Officials within the ÖTV requested changes to the organizational structure of the union that were unacceptable to the four other merger partners. Driven by the career interests of the ÖTV full-time officials and the traditionally strong local presence of the ÖTV, the case was made for a strengthening of the territorial levels as opposed to the industry-based departments. This contrasted the four smaller unions’ interest in strong semi-autonomous departments within which their organizations could survive. While they drafted plans for a merger between the four of them without the ÖTV, subsections of the ÖTV threatened to leave and to join ver.di on their own. At the ÖTV congress in November 2000, the incumbent National Secretary Herbert Mai stepped down because of insufficient support for the ver.di merger and was replaced by Frank Bsirske, a ver.di advocate who managed to build up enough support among congress delegates for the continuation of the project.
Table 5.1: The Merger Partners, Their Membership, History and Coverage Areas

<table>
<thead>
<tr>
<th>Union</th>
<th>Membership on 31.12.1999</th>
<th>Established</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ÖTV</td>
<td>1,526,891</td>
<td>1949 Precursors 1896 and 1930</td>
<td>Public services, transport, utilities and disposal including energy supply, health and social services, infrastructure agencies, research and development, environmental protection services, some private service areas.</td>
</tr>
<tr>
<td>DPG</td>
<td>457,168</td>
<td>1949 Precursors 1890</td>
<td>Postal service, telecommunication, and financial services in the enterprises that constituted the former Federal Post Office, enterprises whose main activity is in these areas, and state agencies for post and telecommunication.</td>
</tr>
<tr>
<td>IG Medien</td>
<td>178,714</td>
<td>1989 (merger between the Printing and Paper Union and the Art Union) Precursors 1866 (printers); 1948 (printers)</td>
<td>Printing, publishing houses, news agencies, advertising agencies, paper and plastic processing, radio, television, radio-like services, regional media authorities, film and other audiovisual media, media, literature, art, music, entertainment.</td>
</tr>
<tr>
<td>HBV</td>
<td>457,720</td>
<td>1949 (newly founded)</td>
<td>Commerce (retail and wholesale), banking, insurance, other service organisations, e.g. data processing, administration, educational institutions, housing industry, urban development, book trade, publishing, translation agencies, political parties, trade associations, tax consultancies, economic advisors, legal advisors, trusts, credit inquiry and collection agencies, travel agencies, tour operators, market and opinion research.</td>
</tr>
<tr>
<td>DAG</td>
<td>401,406</td>
<td>1949 Precursors dating back to mid-19th century</td>
<td>White-collar workers and civil servants, and blue-collar workers in workplaces that predominantly employ white-collar workers.</td>
</tr>
</tbody>
</table>

Sources: Information from ver.di (2007d) and membership numbers from DAG et al. (2000a).
The congresses of the remaining four unions followed and they also voted in favour of the merger. The leaders of the five unions then concluded the merger agreement. In March 2001, the delegates at congresses of the individual unions voted to disband their organizations and endorsed the merger. Ver.di was formally established at its founding congress on March 19, and was entered in the Register of Associations on July 2, 2001 (for details on the pre-merger phase, see Kahmann 2005; Keller 2004b; Müller 2001; Müller et al. 2002; Schommer 2001; Ver.di 2007b).

5.3 The Merger Partners and Their Motives

Like other German unions, ver.di’s constituent unions were affected by the problems described in Chapter 3: After an expensive expansion into the eastern states, they experienced membership decline and financial hardship, and their traditionally powerful position in industrial relations and in politics was eroding. Other unions were merging and inter-union competition was on the rise. Each union also faced particular circumstances that served as a merger motive. Merger motives do not fully determine merger activity, because other factors may act as barriers to merger (Chaison 1986), but merger motives provide the context within which the five unions decided to embark on the merger project and carry it through. This section provides an overview of the merger partners and their motives.

The DAG was a white-collar union that was not affiliated to the DGB. It had overlapping coverage areas with the HBV in retail, banks and insurance and with the ÖTV in the public sector. The relations between the DAG and these unions varied over time from intense rivalry to cooperation. There were repeated conflicts that caused considerable costs in terms of staff time and financial resources, but there were also unsuccessful merger negotiations between the DAG and the HBV in 1974. After a period of increased competition in the context of expansion into the eastern states, relations eased during the 1990s and the DAG concluded cooperation agreements with ÖTV and HBV in 1994 and 1995, respectively, which were a starting point for future merger considerations (DAG et al. 2000a; Kahmann 2005: 20-21; Keller 2005a: 222).
Although the DAG had considerable assets, it had been unable to cover its expenses with its dues income for a number of years before the merger and had to use its returns on capital in order to balance its budget. Not least this was due to the DAG’s inability to significantly reduce its personnel costs, despite downsizing and some mergers between districts. Throughout the 1990s, the percentage of dues income that was spent on personnel costs was unsustainably high at over 70 per cent. In this context of high costs and decreasing power and influence, the DAG perceived the improved relations with the HBV and the ÖTV as an opportunity to “correct a historical mistake” in the structure of the German union movement by integrating the DAG into the DGB. The DGB also held this view (Interviews 12 and 18, DGB 2000c; Kahmann 2005: 21; Keller 2004b: 70).

The ÖTV also struggled to cover its expenses through dues income and experienced financial crisis during the 1990s. It made efforts to reduce costs through the reduction of its workforce by nearly 30 per cent between 1993 and 1998, the introduction of a budgeting system and organizational reforms to rationalize the complex structure of the union. It had not made provisions for the pensions for former union officials. They had to be paid out of current income, and this constituted an immense financial burden for the union. Massive downsizing and outsourcing in the public sector and the expectation of further reductions, membership loss, a worsening financial situation, increasingly overlapping coverage with other unions due to the privatization of public services, and the improved cooperation with the DAG provided the context in which the ÖTV considered merging, despite some reservations about further restructuring in the aftermath of its own structural reforms. The ÖTV was also driven by its interest in consolidating its position as one of the largest unions in the DGB (Alemann and Schmid 1998: 425; DGB 1999; Frey 1998; Kahmann 2005: 22-23, 36, 40; Schommer 2001: 40).

The 1990s were also marked by financial problems and membership decline for the HBV, which had been founded in 1949 with financial support from the DGB as a rival union to the DAG. The early 1990s were years of crisis in which it had to spend some of its modest assets to cover expenses and reduced its staff by about one third. Unions usually reduce staff through
voluntary redundancies, early retirement, decreased working hours and similar measures, but the HBV had to make some involuntary redundancies as well. It had trouble organizing in new areas of the private service sector due to the precarious nature of work, small establishment sizes and increased competition with other unions in such industries. Merging was a financial necessity for the HBV (Interviews 1 and 6, DGB 1999; Kahmann 2005: 24).

The DPG was a comparatively rich union and in contrast to some of the other merger partners, financial considerations were not a significant merger motive. It spent a very low percentage of dues income on staff costs because it only had full-time staff at the national and regional levels, while its local level was made up entirely of lay activists. This was a practical structure when the DPG was the company union at the Federal Post Office with very high organizational density. However, it posed significant challenges for the union in the context of massive downsizing, privatization and restructuring of the post and telecommunications sector and the expansion of mobile telecommunication and private postal and logistics companies, where the DPG faced competition from other unions, including the HBV and DAG. At the end of the 1990s, nearly 30 per cent of the DPG’s members were retired (DAG et al. 2000a; Kahmann 2005: 24-25, 28; Schommer 2001).

IG Medien faced considerable financial difficulties in the 1990s. The union was unable to cover its expenses through dues income throughout the 1990s and had to spend the few assets it had. In addition, IG Medien’s transformation from a traditional industrial union in the paper and printing industries to a services union in the media sector was viewed as imperfect and required more staff and material resources than the small and poor union could afford. IG Medien viewed merging as a way of securing the provision of adequate services for its members. In contrast to the situation in the 1980s when IG Medien was formed, the delegates only reluctantly endorsed the ver.di merger because they saw no alternative. Its insufficient recruitment of new members is evidenced in the fact that a high proportion of IG Medien’s members (28 per cent in 1999) were retired or unemployed (Interview 16, Kahmann 2005: 26, 28; Stamm 1999).
In summary, the merger motives of the five unions were defensive, much like the motives driving many other union mergers in various countries (Waddington 2006). Significantly, all unions had rising costs – not least due to their expansion into the eastern states outlined in Chapter 3 – that they had difficulties covering with dues income alone. The ÖTV, HBV and IG Medien had to eat into their assets and the HBV and IG Medien in particular struggled to survive financially. The five unions’ financial assets before the merger are shown in Figure 5.1. Furthermore, economic change had led to membership losses in core areas for all the merger partners. They experienced increasing competition in new areas, although none were particularly successful in organizing in areas of expanding employment. Especially the privatization of the post office and other areas of the public sector and the massive downsizing associated with this restructuring posed a great threat to the DPG, DAG and ÖTV.

**Figure 5.1: The Merger Partners’ Equity Capital and Reserves in Thousand DM at 31.12.2000, Without Provisions for Pensions or Other Liabilities**

- DAG: 521,478
- DPG: 582,260
- HBV: 66,770
- IG Medien: 44,900
- ÖTV: 713,769

Source: translated from DGB (2001a), with data from DAG et al. (2000a).
In all the constituent unions, the structure of membership, in particular the overrepresentation of older and male members, posed challenges for the future. As Figure 5.2 shows, in February 2001, only 5.4 per cent of the merging unions’ members were under 28 years of age, while 16.7 per cent were retired.⁷ Only 71 per cent of members were in either full-time or part-time employment.

**Figure 5.2: The Merger Partners’ Members by Age and Employment Status, February 2001**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members 28 and over</td>
<td>2,713,228</td>
</tr>
<tr>
<td>Members under 28</td>
<td>157,254</td>
</tr>
<tr>
<td>Employed members</td>
<td>2,047,922</td>
</tr>
<tr>
<td>Retired members</td>
<td>481,434</td>
</tr>
<tr>
<td>Unemployed members</td>
<td>224,590</td>
</tr>
<tr>
<td>Others (students etc.)</td>
<td>134,536</td>
</tr>
</tbody>
</table>


The percentage of female members varied greatly among the founding unions, as can be seen in Figure 5.3. IG Medien was the most male-dominated union stemming from its history as a printers’ union with only 32.5 per cent female members in 1999, but the ÖTV and DPG also represented considerably more men than women. On the other hand, in the

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⁷ In the DGB unions, members who are 28 and under are categorized as young members (*Jugend*).
HBV, with its focus on retail and banking, two thirds of members (66.4 per cent) were women (DAG et al. 2000a).

**Figure 5.3: The Founding Unions’ Members by Gender, 31.12.1999**

![Graph showing membership by gender for five unions: DAG, DPG, HBV, IG Medien, ÖTV. Women are shown in light blue, Men in dark blue.](image)

Source: DAG et al. (2000a).

The organizational reforms and downsizing that several unions engaged in during the 1990s proved insufficient to curb costs and to stem membership decline. Merging appeared as a feasible strategy to cut costs through the achievement of synergies and to open up new avenues for membership growth. In the years immediately before the ver.di merger, several unions in the DGB had merged, as described in Chapter 3. Due to the small number of affiliates in the DGB, future merger options were reduced dramatically through each merger that took place. Consequently, previous mergers provided not just a context but were a driving force for further structural transformation in the German union movement (Keller 2002: 526; 2004c: 109). The unions that formed ver.di were well aware that not participating in the proposed merger process would significantly reduce their chances of taking part in a later one where they could conclude the terms of the agreement as equal partners. Lastly, the development of
cooperative relations between the DAG and the DGB unions was perceived as a window of opportunity to unify the union movement.

5.4 The Merger Goals

The goals the founding unions pursued in the ver.di merger were largely identical to those identified in the literature discussed in Chapter 2. After an analysis of their internal and external environment provided them with sufficient motives to restructure, the unions made the “strategic choice” to merge with one another and form ver.di based on their expectation that this would lead them to revitalization (Frege and Kelly 2003).

An analysis of pre-merger documents shows that the founding unions expected the merger to lead them to revitalization for the following reasons:

- They expected that ver.di would be more attractive to workers because it would bundle strength, know-how and competence and provide increased possibilities for identification and participation through the industrial and occupational specificity of its Industry Departments.

- They anticipated that the merging of traditions and cultures would unleash creativity and innovative potential, and that with a strong profile and with greater competence and extensive support for members in industrial, occupational, economic and social questions, this would attract potential members.

- They also thought the merger would create synergies that would enable them to
  - reallocate resources to improve services and advice for members, and to improve regional and local union representation,
  - reduce the “white spots on the organizational map” by organizing in areas of weakness and in newly developing industries,
  - increase bargaining strength and
o develop modern and efficient forms of and strategies for industrial action.

• They believed that the large size of the union would give them considerable public attention as well as increased political clout and would allow them to speak with one voice on the national, European and international levels.

• They anticipated a decrease in inter-union competition and less overlapping coverage with positive consequences for their bargaining power and for resource allocation.

• Finally, they pledged to promote gender equity both within ver.di and in the wider society as a major political goal, and they anticipated that this would enable women to identify more strongly with ver.di and thereby increase female membership (DAG et al. 1997; 1998b; 1999; DAG et al. 2000a).

Gerd Herzberg, the Assistant National Secretary, reviewed those goals at ver.di’s first National Congress (Bundeskongress) in 2003. He reminded delegates that the purpose of the ver.di merger was to mitigate inter-union rivalry, to increase political power, to concentrate resources and to increase efficiency in the use of resources and that ver.di’s matrix structure of specialized industry divisions combined with comprehensive regional divisions was introduced with the aim of serving identity development of heterogeneous membership groups as well as a strong local presence, and of providing an efficient and concentrated use of resources (Ver.di 2003c: 326).

In short, the founding unions saw the merger to form ver.di as a prerequisite for effective interest representation in the services sector in the face of economic, political and societal changes and as a suitable method for achieving revitalization. Although the merger was a “defensive adjustment” to changes (Waddington and Hoffmann 2000; Waddington et al. 2003), the unions expected that the merger would put them in a stronger position and allow them to represent workers with greater force and persuasiveness.
Seven years after the merger, this outline of the merger goals provides a benchmark for assessing what has been achieved. Chapter 6 will compare these merger goals with the merger outcomes. But first, the remainder of this chapter examines the merger agreement that the founding unions struck and shows how it has been altered in the post-merger years. As the means by which the founding unions pursued the revitalizing goals of the merger was the establishment of new structures and rules, an analysis of the merger agreement is crucial for understanding why some of the merger goals were not achieved.

5.5 The Merger Agreement and Post-merger Structural Change

Altogether, the merger agreement included the rulebook (*Satzung*), a host of statutes (*Statuten*), guidelines (*Richtlinien*) and procedural rules (*Geschäftsordnungen*). Ver.di’s matrix structure of industry-based departments and geographical regions was specified in the rulebook. Each Industry Department devised its own statute (*Fachbereichsstatut*) that specified its coverage area, its internal division into specialized industry groups (*Fachgruppen*), the distribution of tasks and the allocation of funds among the national, regional and district levels of the Department. Guidelines regulated the representation of interest groups and working groups. Further guidelines of particular significance were the budgeting guideline, which regulated the allocation of funds within ver.di, the union quota guideline regarding the proportional representation of the founding unions in ver.di, and the guideline for the representation of women. Other guidelines concerned collective bargaining, industrial action, strike pay, legal representation, union representatives, membership, locals, mergers between Districts and many other issues. Procedural rules for the Union Council, the National Executive Committee and the institutions and committees on Regional District, District and Local levels were established. By focusing on these various rules, the merger agreement strongly emphasized structural aspects of integration and did not address political and cultural aspects. This narrow focus on structure is a feature in many union mergers (Strauss 1993; Waddington et al. 2005).
Chapter 5: The Ver.di Merger

It was intended that ver.di’s organizational structure would facilitate the achievement of the merger goals while meeting the demands of and providing security for all the founding unions. At the same time, it was supposed to serve integration and identity development in the new union. However, the chosen structure was not simply the outcome of rational deliberations regarding how to create a genuinely new union with a new organizational structure and rules that facilitated the achievement of the merger goals. Instead, bargaining processes and power struggles between the merging unions and among factions within each union had a significant impact on which structure the merger partners finally decided on in the merger agreement (Keller 2005a; Waddington et al. 2005). The Assistant National Secretary Gerd Herzberg explained at the 2003 National Congress that power relations among the merger partners and a disregard for the costs associated with structural choices featured strongly in the pre-merger discussions on organizational structure:

The smaller unions’ fear of an effective takeover by the largest union involved in the merger process played a considerable role for the matrix structure. Many of the extant rules are only understandable with reference to this fear. [...] The extensive rights of committees and subdivisions, the protection of these rights, unanswered questions regarding cooperation, questions regarding final decision-making authority and the budgeting rules are only explicable in this context. The rules on the union quota and the establishment of a transition phase until 2007 with partly inviolable rules underscore this supposition. [...] We need to remember that regardless of costs and of already existent budgetary deficits, and regardless of trends in membership development, we wanted to preserve all cultural achievements, and in all decisions we chose the best model and the best organization. With the motto “ver.di will fix it” we generously helped ourselves. Now we have to recognize that even the largest union has its limits and that we have to find work processes and structures that we can cope with (Ver.di 2003c).

The structure resulted in a high level of regulation and a number of problems. Specifically, the matrix structure with its many subdivisions proved expensive, too finely partitioned to be appropriate at lower levels, and to require a high level of coordination. The many subdivisions in the matrix necessitated a large number of large committees, and this proved expensive and unmanageable. Some of the responsibilities of Industry Departments, Regional Districts and Districts were unclear, which led to redundant work efforts, efficiency loss, problems with personnel and budgetary planning, conflicts surrounding leadership and authority, and
poor integration within the new union. The quotas on the proportional representation of the founding unions and of women in all institutions and committees made elections highly complex and compromised their democratic nature. The large number and size of committees proved to be inefficient and impractical. The budgeting system created difficulties in the distribution of resources. Some subdivisions of the organization were underfunded while others had ample resources, and a distribution of resources according to strategic and political priorities was not possible. In addition, ver.di continuously spent more than its income and had to withdraw funds from its assets. Finally, there was no agreement on standardized pay and conditions for ver.di employees, which led to annoyance and frustration among those concerned. While observing an employment guarantee for all employees, the union leadership had to significantly reduce staff costs in order to curb expenditure.

5.5.1 Planning Post-merger Structural Change in the Structure Committee

Although problems with the original structures quickly became clear, the union leadership faced many constraints when restructuring to simplify regulation, address the deficits and ensure that the structure did facilitate the achievement of the merger goals and integration within ver.di. Such constraints in the management of the post-merger integration process are typical in knowledge- and relationship-based organizations such as unions (Empson 2000). In addition, the formal rules that ver.di had given itself were found to overregulate some areas, and to leave gaps or be contradictory in others (Ver.di 2003e: 298). However, due to the mistrust between the founding unions and their fear that the merger compromise could be rescinded after the merger was concluded, high barriers to changing the statutes, guidelines and rules were created (Wendl 2003).

Therefore, post-merger restructuring proved to be a similarly complicated and political process as the pre-merger negotiations and generated high transaction costs (Keller 2005a). Structural changes entailed changes to the rulebook and the various guidelines and statutes, and had to be put to the
vote in various committees. Several senior officials commented that changing the structures was an extremely difficult process:

Despite everything we say today: it was the right decision to establish ver.di. But [if we did it again] we would try to do several things differently in terms of the structures. Today it is terribly difficult to change the structures, for example because the Industry Departments hold on to their autonomy and their finances. It is extremely difficult and nearly impossible to get away from those structures (Interview 12).

Once you have the structures and fill them with officials, you can't take the structures away from them again. That's the problem this organization has. Changes aren't enforceable because you can't get majorities for people to do away with themselves. If you want to dry out the swamp, don't talk to the frogs (Interview 32).

Our structures are embedded in the rulebook, in guidelines, electoral procedures and so forth. So besides the complexity of the matrix structure, we have created an additional complicated tangle of rules and guidelines that is often a real obstacle to get the adaptations and changes that we find necessary underway quickly and easily. [...] This complexity, which can be useful for safeguarding influences and democratic structures, can really restrict flexibility and the speed of reactions. There are a lot of things that we find cumbersome, but at the National Office we can't just make changes – we have to allow all sorts of people to participate and that makes it a lengthy process (Interview 20).

In reaction to this situation, the National Executive Committee (elected full-time officials) and the Union Council (elected lay activists) established a “Structure Committee for the review of ver.di’s structure” (Strukturkommission) in February 2002, and at the first National Congress in October 2003, the delegates made resolutions to reform ver.di’s structure, most notably Resolutions A1 and A5 (Ver.di 2003a). The Structure Committee, whose 34 appointed members were full-time officials and lay activists from all parts of the organization, continued its task of drafting structural reforms based on the resolutions. The Structure Committee was assisted by a staff of full-time officials from the National Office who prepared the themes that were discussed in the meetings. When the Structure Committee reached a consensus for structural changes and outlined how the rulebook and guidelines should be amended, the proposal was passed on to the National Executive Committee and the Union Council for endorsement. Some changes required endorsement from the second National Congress in 2007 (Ver.di 2004b). When a consensus for change was reached among the members of the Structure Committee, it was likely that all interests had been taken into consideration and that the Union
Council would vote in favour of the proposed changes, as several members of the Structure Committee commented:

Problem areas are discussed and over time positions change until we say: this could be a possible consensus in the organization. So the Structure Committee has a buffering and exchange function and circulates information within the matrix structures (Interview 21).

The Structure Committee considers all positions and then makes a proposal where everyone grinds their teeth and says “well, if that’s the way it is, it’s alright with me” (Interview 10).

If this circle reaches a consensual result, it is pretty representative of the whole organization. [...] You can be quite sure that it will somehow be accepted by the National Executive Committee, the Union Council and the whole organization (Interview 18).

Thus the Structure Committee allowed for discussion of post-merger structural changes among representatives from all parts of ver.di, and ensured that such changes were widely supported.

The next sections of this chapter portray the original structures and rules with their reasoning and consequences. They also show how the union leadership, through the Structure Committee, attempted to remove structural impediments to integration by altering the original structures and rules, and indicate which difficulties were associated with such reforms. In its 2007 operating report, ver.di summarized that it had sufficiently dealt with most of the structural impediments identified in Resolution A5 at its first National Congress in 2003 (Ver.di 2007g: 438), and this analysis of ver.di’s post-merger structural changes ends at that point in time.

### 5.5.2 The Matrix Structure

The merging unions specified in the rulebook that ver.di would have a matrix structure of four geographical levels, thirteen Industry Departments and seven self-organized interest groups (see Table 5.2). The matrix structure was thought to provide a high level of expertise (*Fachlichkeit*) in each of the industries and occupations in ver.di’s coverage area and at the same time to ensure the integration necessary to maximize the benefits of large organizational size. It would do this by creating a balance of power between functional and territorial representation in the Industry Departments and geographical levels. It was also thought that the matrix
structure would allow members to identify with their union by region, occupation and status and thereby facilitate democratic interest formation (Keller 2005a: 215).

Table 5.2: Ver.di’s Matrix Structure

<table>
<thead>
<tr>
<th>4 geographical levels</th>
<th>13 Industry Departments</th>
<th>7 interest groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>National office</td>
<td>1. Financial services</td>
<td>1. Youth</td>
</tr>
<tr>
<td>13 Regional Districts</td>
<td>2. Utilities and disposal</td>
<td>2. Senior citizens</td>
</tr>
<tr>
<td>3. Rheinland-Pfalz</td>
<td>5. Education, science and research</td>
<td>5. Foremen, technicians, engineers</td>
</tr>
<tr>
<td>5. Hessen</td>
<td>7. Local government</td>
<td>7. Unemployed</td>
</tr>
<tr>
<td>6. Nordrhein-Westfalen</td>
<td>8. Media, art, culture, printing, paper, industrial services and production</td>
<td>Plus <strong>working groups</strong> for:</td>
</tr>
<tr>
<td>8. Hamburg</td>
<td>10. Postal services, forwarding companies and logistics</td>
<td>2. Disabled members</td>
</tr>
<tr>
<td>11. Sachsen-Anhalt</td>
<td>13. Special services</td>
<td></td>
</tr>
<tr>
<td>12. Sachsen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Thüringen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>107 Districts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The merger partners agreed that the four geographical levels would be the National Office in Berlin, thirteen Regional Districts that closely corresponded to Germany’s federal states, 107 Districts, and a “fourth” local or company level that consisted of lay activists only. These “horizontal” subdivisions of the organization were given cross-sectional tasks, such as accounts, human resources, policy development, collective bargaining coordination, public relations, and representing the interests of women and young members.
The “core business” of collective bargaining and servicing members and works councillors was to take place in the thirteen Industry Departments. Most Industry Departments were made up of one or two of the constituent unions and were therefore rather homogenous compared with the geographical subdivisions, where all five unions were represented. Three of the small unions, IG Medien, HBV and DPG, dominated one or two Industry Departments. The ÖTV had the majority of members in over half of the Industry Departments and only the DAG was “atomized”, with members across all thirteen Departments (for details, see Keller 2005a: 216). These “vertical” Industry Departments were given considerable autonomy in collective bargaining, servicing and recruiting members, developing company, occupational, industry and collective bargaining policies and regarding finances and human resources within the Department.

Several groups of members were provided with their own representative structures within ver.di in order to facilitate their integration in and identification with the new union. Women’s committees were established at the District, Regional District and national level, and the Industry Departments implemented their own structures for the representation of women. The seven interest groups – Youth, Senior Citizens, Blue Collar Workers, Civil Servants, Foremen-Technicians-Engineers, Self-employed Workers, and Unemployed Members – were constructed as self-organized groups with their own committee structures and full-time officials. In addition to these self-organized groups (Personengruppen), working groups (Arbeitskreise) were formed for migrant members, disabled members, and gay, lesbian, bisexual and transgender members. In 2007, the status of the migrant members’ working group was elevated to that of a self-organized group. While the groups were not given any real decision-making power, they had the potential to complicate decision-making and coordination processes, and critics argued that these interest group structures were unnecessary and simply perpetuated the confusing and complicated structures of the ÖTV. In theory, all members could partake in processes of democratic interest formation three times: through their affiliations to a particular District and a particular Industry Department, and through
affiliation to one or several interest groups (Keller 2004b: 35; Müller et al. 2002: 104).

The next sections examine the organizational subdivisions and their relations within the matrix by explaining the pre-merger reasoning for their configuration and any post-merger changes that have been made.

5.5.2.1 Industry Department Structure: Pre-merger Reasoning and Post-merger Changes

The shape and size of the Industry Departments was the outcome of political negotiations, as a senior union official remarked:

How many Executive Committee members, in other words, how many Industry Departments, does each union get? That is how thirteen Industry Departments were created, not because of contents or logical coverage patterns (Interview 5).

While the original plan was to combine members in eight to fifteen Industry Departments of similar size and dues income that covered similar products and services (DAG et al. 1998a), the thirteen Departments that were established varied widely in membership numbers, as Table 5.3 shows, and corresponded to collective bargaining structures. An example is the allocation of air traffic controllers to the Federal and State Governments Industry Department because of their coverage by the public sector collective agreement. They were later transferred to the group “Air Traffic” in the Transport Department (Ver.di 2007g: 132).
Table 5.3: Industry Departments and Members, December 2001.

<table>
<thead>
<tr>
<th>Industry Department</th>
<th>December 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial services</td>
<td>145,802</td>
</tr>
<tr>
<td>2 Utilities and disposal</td>
<td>192,226</td>
</tr>
<tr>
<td>3 Health, social services, welfare and churches</td>
<td>379,595</td>
</tr>
<tr>
<td>4 Social insurance</td>
<td>78,367</td>
</tr>
<tr>
<td>5 Education, science and research</td>
<td>63,266</td>
</tr>
<tr>
<td>6 Federal and state governments</td>
<td>155,266</td>
</tr>
<tr>
<td>7 Local government</td>
<td>356,402</td>
</tr>
<tr>
<td>8 Media, art, culture, printing, paper, industrial services and production</td>
<td>226,233</td>
</tr>
<tr>
<td>9 Telecommunications, information technology, data processing</td>
<td>154,111</td>
</tr>
<tr>
<td>10 Postal services, forwarding companies and logistics</td>
<td>321,983</td>
</tr>
<tr>
<td>11 Transport</td>
<td>163,629</td>
</tr>
<tr>
<td>12 Commerce</td>
<td>436,908</td>
</tr>
<tr>
<td>13 Special services</td>
<td>120,707</td>
</tr>
</tbody>
</table>

Source: ver.di’s internal membership statistics.

The internal structure of the Industry Departments and their division into industry groups was diverse because each Industry Department determined its structure autonomously. For example, the two largest Industry Departments differed markedly in their structure: while the Commerce Industry Department was divided into only two industry groups (Wholesale and Retail), the Health, Social Services, Welfare and Churches Industry Department began with ten industry groups that distinguished between a range of occupations and workplaces, namely Churches and their Welfare Organizations, Hospitals, Psychiatric Institutions, Out-patient and Partly In-patient Care, Rehabilitation Institutions, Rescue Services, Charitable Institutions and Welfare Organizations, and Occupational Groups for medical technicians, doctors, and nursing and care. It later abolished all industry groups in favour of more flexible industry committees.
Chapter 5: The Ver.di Merger

The National Congress in 2003 advocated closer cooperation and possibly a reduction in the number of Industry Departments. The Structure Committee developed criteria to assess which combinations of Industry Departments were appropriate, namely overlapping industries and collective bargaining structures, as well as the structures of employer associations. Following that, a variety of cooperation or merger possibilities were discussed among the Industry Departments, such as:

- Departments 1 (Financial Services), 8 (Media, art, culture, printing, paper, industrial services and production) and 9 (Telecommunications, Information Technology, Data Processing)
- Departments 2 (Utilities and Disposal) and 11 (Transport)
- Departments 10 (Postal Services, Forwarding Companies and Logistics) and 11 (Transport)
- Departments 9 (Telecommunications, Information Technology, Data Processing) and 10 (Postal services, Forwarding Companies and Logistics)
- Departments 5 (Education, science and research), 6 (Federal and State Government) and 7 (Local Government)
- Department 13 considered cooperating with various Departments, namely 1, 2, 3, 5, 8, 9, 10, 11.

However, “objective” criteria such as overlapping industries, collective bargaining structures and the structure of employer associations were not the only ones relevant to the discussions, and personal and political factors played a large role. For example, an official from Industry Department 9 (Telecommunications, Information Technology and Data Processing) explained that power politics were the main reason his Department considered merging with Department 1 (Financial Services):

Originally Industry Department 9 wanted to remain independent. Then there was a discussion: if other Departments merge, then Department 9 will be one of the smallest and will lose power. So we had to come up with something. We picked Department 1 because, honestly, their working structures that come from the HBV are similar to those in the old DPG and because they are financially strong. That’s all. Outwardly we had to provide some reasoning and said there are connections between Department 9 and banks and insurance companies because they have a lot of IT. It’s very fabricated (Interview 21).
In addition, the resolutions passed at the 2003 National Congress specified that the National Executive Committee should be reduced from nineteen to eleven people. Due to the women’s quota, six of those had to be women. Therefore, an important question in the discussions about cooperation or mergers between Industry Departments was: who would be the representative of those two Departments in the National Executive Committee? As all Industry Departments soon decided not to merge but to pursue cooperation agreements, it meant that the delegates at two Industry Department Conferences had to nominate a common Industry Department Leader (Fachbereichsleiter) for the National Executive Committee. This difficulty was compounded by the fact that the combinations of Departments favoured at the national level differed from those in the Regional Districts, as this example shows:

It’s difficult because the national level is doing something totally different to the Regional Districts. In Nordrhein-Westfalen there is cooperation between Industry Departments 1, 8, and 9. But that isn’t favoured at the national level. Now in Nordrhein-Westfalen Department 8 wants to cooperate with 13, but they aren’t interested in 1 and 9 (Interview 4).

In the lead up to the National Congress in 2007, only Departments 2 and 11, 6 and 7, and 5 and 13 were able to agree on a common candidate (Ver.di 2007g). This was not sufficient to reduce the number of National Executive Committee members to eleven, and together with the women’s quota, it meant that the number of officers elected to the National Executive Committee at the 2007 National Congress was fourteen. Thus, despite instructions from the 2003 National Congress, the union leadership did not succeed in implementing a reduction in the number of Industry Departments.

5.5.2.2 Regional District Structure: Pre-merger Reasoning and Post-merger Changes

The Regional Districts were supposed to have similar membership numbers and sufficient resources. There was discussion whether they should be oriented towards the political boundaries of Germany’s states, which suited the public sector Industry Departments, or whether they should correspond to economic regions, for example the regions around Frankfurt, Wiesbaden
and Mainz, and around Mannheim, Viernheim and Ludwigshafen, which cut across several states (DAG et al. 1998a). The latter option would have been more practical for Industry Departments representing members in the private sector, for example in the retail industry. It was decided that the Regional Districts would correspond to state boundaries and reflect the way most of the constituent unions were structured. Consequently, they varied widely in membership numbers and resources, with some Regional Districts being about the same size as a large District (see Table 5.4). For example in October 2005, the Regional District Saar with 41,000 members was smaller than the Districts Dortmund (44,204) or Köln (42,154).

**Table 5.4: Regional Districts and Members, February 2001**

<table>
<thead>
<tr>
<th>Regional District</th>
<th>February 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baden-Württemberg</td>
<td>282,163</td>
</tr>
<tr>
<td>Bayern</td>
<td>293,162</td>
</tr>
<tr>
<td>Berlin/Brandenburg</td>
<td>270,269</td>
</tr>
<tr>
<td>Hamburg</td>
<td>119,728</td>
</tr>
<tr>
<td>Hessen</td>
<td>227,581</td>
</tr>
<tr>
<td>Niedersachsen/ Bremen</td>
<td>328,855</td>
</tr>
<tr>
<td>Nord</td>
<td>187,098</td>
</tr>
<tr>
<td>Nordrhein-Westfalen</td>
<td>671,631</td>
</tr>
<tr>
<td>Rheinland-Pfalz</td>
<td>118,004</td>
</tr>
<tr>
<td>Saar</td>
<td>49,655</td>
</tr>
<tr>
<td>Sachsen</td>
<td>167,461</td>
</tr>
<tr>
<td>Sachsen-Anhalt</td>
<td>99,883</td>
</tr>
<tr>
<td>Thüringen</td>
<td>72,992</td>
</tr>
</tbody>
</table>

Source: DGB (2001b).

In three cases, it was attempted during the merger negotiations to create Regional Districts that combined several states. Because consensus could not be reached at that time, a start-and-finish-model was adopted that specified that three mergers between Regional Districts should take place.
after the founding of ver.di: Sachsen, Sachsen-Anhalt and Thüringen, Rheinland-Pfalz and Saar, and Hamburg and Nord were supposed to merge by 2007. This was one example where ver.di chose to postpone conflicts rather than resolve them in the pre-merger phase (Keller 2005a: 218). However, the rulebook (§81) stated that if an affected Regional District Committee voted against the merger with a three-quarters majority and this was confirmed by the Union Council with a two-thirds majority, the merger would not take place. The result was that only the merger between Sachsen, Sachsen-Anhalt and Thüringen went ahead in 2007. These three East German Regional Districts lost more members than other parts of the organization and were not financially viable. The gravity of their financial situation was key in their decision to conform to the rulebook and merge, as these officials remarked:

Nobody wanted to merge. If you ask the full-time staff today, the majority still doesn’t want to. [...] But our finances are running out, we are eating into our assets, and according to the budget we are supposed to have less staff than we currently do, so there is permanent pressure to downsize. [...] If we downsize to the point that we are in the budget, we can’t fulfil our tasks properly. [...] There are certain tasks described in the rulebook and they require a certain number of staff. If you can’t seriously finance that and won’t be able to in the future, then I think you need to look and clarify: what can we do? (Interview 18).

I think if the start-and-finish-model had been to merge Thüringen with [the West German Regional District] Hessen and Sachsen-Anhalt with [the West German Regional District] Niedersachsen-Bremen, the mergers wouldn’t have been implemented. The problem is that the structure is so problematic in the East – membership loss, income loss, downsizing, office closures – that the individual Regional District can’t offer any reasonable prospects. You need a certain amount of resources and if you don’t have them, there is no union anymore. That was the problem, and that’s why they merged. Whether the merger is enough – a big question mark hangs over that because they have simply merged weak structures (Interview 27).

When the decision to merge was made, the union leadership in Sachsen, Sachsen-Anhalt and Thüringen intended to implement the merger with an austere attitude, to communicate openly that the merger was a pragmatic decision in light of the financial situation, to abstain from generating the excitement and euphoria that surrounded the ver.di merger, and to make tough decisions based on objective criteria, as a leader from one of the affected Regional Districts explained:
Our principle is not to promise anything that doesn’t correspond to reality. For many people, ver.di was a bit of a disappointment because before the merger a picture of possibilities and prospects was presented that had little to do with reality. We don’t want to do that, and instead we want to clearly name the reasons for the merger: it has to do with finances, membership loss and the fact that we can’t fulfil our tasks with the staff we have (Interview 18).

Preparations for the merger began, points of contention arose, and it became apparent that the union leadership did not have the authority to make such decisions alone but had to take the interests of concerned parties into account in order to ensure the success of the merger. In this sense, the leadership’s management of the merger process was constrained. Points of contention were where the new Regional District should be seated, whether the Industry Department Leaders had to move to the new seat or whether each Industry Department could decide where it wanted to be located, and the name of the new Regional District. Furthermore, there was discussion whether those Regional Districts that had small Districts that relied on subsidies from the Regional District level should be required to amalgamate them into larger Districts before the merger took place. The union leadership in Sachsen, Sachsen-Anhalt and Thüringen needed the cooperation of officials and delegates from the Industry Departments and Districts to resolve these issues and set up a steering committee, similar to the Structure Committee, which was made up of officials and delegates from the three Regional Districts. It discussed the merger process with the aim of making proposals on how to proceed that would be supported by all interested parties. The following comments underscore the constraints the union leadership faced in managing the merger process:

I can’t just determine centrally “this is how it is going to be”. There are discussion processes and we have to organize majorities. We managed to get a secure majority for a merged Regional District in all three constituent Regional Districts by convincing people. But we didn’t manage to do that for the District amalgamations in Sachsen or in Thüringen and it will happen later on. [...] I foresee conflicts because the large Districts in Sachsen-Anhalt will say “you’re not using our assets to maintain a structure in Thüringen that isn’t financially viable”. Then there will be reactions such as “right, so merger means shutting down our little Districts”. It’s not true, we’ll have to do it anyway (Interview 34).

[If we merged the small Districts] we would meet with massive resistance because the delegates and officials in the Districts aren’t prepared to do it. If we force them to merge, because it would surely make sense from an
economic point of view, but the members oppose it, it would be sheer madness because we would be acting against the people in our own organization. We can only do it if we are all willing, convinced and have a clear concept for implementing it (Interview 29).

The Regional District administration – this is a hot potato – is supposed to move to Leipzig. It’s not clear yet who will have to go along. Will it just be the three Regional District Leaders and their administrative staff, the finance, HR and legal departments? The critical point is where the Industry Departments will be located. We [in Sachsen] don’t think that the autonomy of the Industry Departments goes so far that they can decide where the Industry Department is located. In contrast with Thüringen, for example, we think that the Industry Department Leader, if he wants the job, has to relocate to Leipzig, but we haven’t been able to reach a unanimous result on that yet (Interview 14).

The union leadership’s constraints in managing the merger process also concerned the filling of leadership positions in the new Regional District. Concurrent with the reduction of leadership positions in ver.di as a whole, the number of positions in the new Regional District was reduced as well. Instead of three Regional District Leaders with four deputies each, the merged Regional District was to have one Leader and two deputies. Combined with a reduction of a total of 39 Industry Department Leader positions across the three merging Regional Districts to thirteen positions in the new Regional District, this amounted to a significant reduction in leadership positions. In addition, the positions had to be filled in accordance with the women’s quota. In order to fill the positions with appropriate candidates, the steering committee set up a staff selection committee (Personalfindungskommission) that developed selection criteria for all leadership positions. It selected candidates for positions according to the criteria, which then had to be elected by the delegates in each Regional District. However, as this selection process was not stipulated in the union’s rules, officials were not bound by it and could stand for election even if they were not nominated by the selection committee, as union leaders from the merging Regional Districts explained:

Normally in unions there is a conference and someone can get up and make a passionate and fiery speech, and then the delegates say “that was great” and vote for the person. We said: “formally we can’t prevent that but we really should better prepare such top management roles”. After all, we are talking about an organization with 300 employees and over 200,000 members, and we are talking about the leaders of that organization who represent it internally and externally. That’s why we said we want to try to advertise the positions, develop job descriptions and set up a staff selection committee that nominates a candidate, who is then
Chapter 5: The Ver.di Merger

hopefully supported by the Regional District Committees and voted for at the Regional District Conferences (Interview 18).

The staff selection committee is a novelty that isn’t anchored in the rulebook. That creates difficulties. First, the staff selection committee assessed the candidates for the Regional District Leader positions. Now it will assess the candidates for the Industry Department Leader and District Leader positions. It won’t be easy, because there are Industry Departments that say “we don’t care what that committee is doing. We are the Industry Department Committees and we choose our Industry Department Leaders”. The candidates could say: “I’m not interested in that staff selection committee, I’ll get myself elected by the Industry Department Conference”. [...] Everything new, like the staff selection committee, is treated with suspicion and anyone who refers to the rulebook is in the right if he doesn’t cooperate (Interview 14).

In contrast to Sachsen, Sachsen-Anhalt and Thüringen, the Regional Districts of Hamburg and Nord, as well as Rheinland-Pfalz and Saar voted to remain independent. They argued that they had incompatible cultures and working methods, that merging against the will of the officers and delegates would be counterproductive and that a cooperation agreement would allow them to realize synergies without the negative side-effects of a merger (Ver.di Nord & Hamburg 2005; Ver.di Rheinland-Pfalz & Saar 2005). They received endorsement from the Union Council under the condition that their finances were monitored in the future. Officials from both Hamburg and Saar commented on the discussions in the Structure Committee that allowed representatives from the affected Regional Districts to explain why they opposed the mergers. They saw these discussions as crucial for convincing the rest of the organization that forcing the mergers would be counterproductive:

If we didn’t have the Structure Committee I think it would have been much more difficult to convince the rest of the organization of our decision [not to merge]. The discussions that took place in the Structure Committee, and the possibilities for us to present our decision and to test the discussion and the formation of opinions over a period of six months allowed us to convince others. This committee has played a very positive role for us because we could test what the others’ concerns were and how their emotional state of affairs was. The objective state of affairs is different, and that’s what we were able to prove. But if there was no Structure Committee and the decision had only been made by the Union Council, I am extremely sceptical whether we would have been able to get our message across like we did (Interview 38).

If there had been a vote at the beginning about the Regional District mergers, all mergers would have gone ahead. Instead the topic was discussed again and again in the Structure Committee. We reported on the state of affairs and it became clear through discussions that they want us to present more evidence for this and that. Over the course of three or
four sessions it became clear that the Regional Districts had to provide evidence on finances and members that justified their independence. The concerned Regional Districts took that on board and worked out a plan that was then presented to the Union Council to endorse (Interview 21).

In accordance with the Structure Committee’s assessment, the Union Council endorsed the four Regional Districts’ decision to remain independent based on the realization that forcing the mergers would not generate the synergies they were supposed to produce. Again, this development highlights the constraints the union leadership faces in managing the post-merger integration process.

5.5.2.3 District Structure: Pre-merger Reasoning and Post-merger Changes

The number of Districts was a highly contentious issue during the merger negotiations. It was originally planned that the Districts would have similar membership numbers, sufficient resources to provide a full range of services with full-time officials from each Industry Department, correspond to economic regions and facilitate servicing through short distances (Keller 2004b: 35). However, support for the merger from local union officials was dependent on how they saw the development of their personal careers as well as the influence of their union within the merged organization. Therefore, the ÖTV was in favour of at least 150 Districts in order to ensure District Leader jobs for its many officials, while the smaller HBV preferred 60-80 Districts to ensure that it had at least one full-time official for each District (Müller et al. 2002: 85-91). For the smaller unions, a large number of Districts also meant that their current Districts would be torn apart and would become part of several ver.di Districts. The final number of Districts and their shape and size was the outcome of a power struggle between the founding unions and of subsequent negotiations within each region, and had little to do with the original “rational” plans, as an official commented:

The small unions thought that the ÖTV wanted to keep all its Districts and to make the small unions distribute themselves across those Districts like grains of sand. Then you would have had an enriched ÖTV and the small unions would have been gone. So instead the small unions wanted the ÖTV to adapt to their structures. That was a conflict between the founding unions: who has to give up their system, who retains power (Interview 33).
Chapter 5: The Ver.di Merger

As a result, few Districts were large enough to finance a District Leader and four deputies, thirteen Industry Department officers and several other officers for cross-sectional tasks. In the Regional Districts of Bayern, Berlin/Brandenburg and Nordrhein-Westfalen, a consensus on the number of Districts could not be achieved and start-and-finish-models for merging Districts similar to those in the Regional Districts described above were adopted. In addition to this, Resolution A5 at the 2003 National Congress required all Regional Districts to examine their District structures and to reduce the number of Districts where possible in order to reduce costs. Table 5.5 shows which Regional Districts merged their Districts.

Table 5.5: Number of Districts in Each Regional District, 2001 and 2007

<table>
<thead>
<tr>
<th>Regional District</th>
<th>2001</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baden-Württemberg</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Bayern</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Berlin/Brandenburg</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Hamburg</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Hessen</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Niedersachsen/ Bremen</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Nord</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Nordrhein-Westfalen</td>
<td>32</td>
<td>21</td>
</tr>
<tr>
<td>Rheinland-Pfalz</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Saar</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sachsen</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Sachsen-Anhalt</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Thüringen</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>107</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>

Source: ver.di internal document.
Chapter 5: The Ver.di Merger

The original number of 107 Districts was reduced to 85, but each of the District mergers was subject to lengthy negotiations among interested parties and had to be endorsed by the Regional District Committees. Power relations among Districts and between Districts and Regional Districts influenced which restructuring measures could be implemented, and the National Office did not have the authority to force District mergers, as union officials explained:

[At the National Office] we discussed [the District mergers] and assisted the processes but according to the rulebook, the Regional Districts can autonomously restructure their Districts. The National Office can't even say which Districts should merge with which. The Regional Districts can make such decisions (Interview 13).

The rulebook specifies that the Regional District Committee can decide on District mergers. [...] But the Regional District Committee consists of delegates from the Districts, and they don't want any decisions to be made against the interests of individual Districts. So the people making those decisions would experience inner conflict if they forced Districts to merge. [In Nordrhein-Westfalen] we also had a kind of unspoken rule not to force any mergers, so it was clear anyway. We had a lengthy discussion process so that the proposed mergers that were put to the vote were consensual (Interview 33).

A District doesn’t let a Regional District tell it to close a site. The District will feel weakened in relation to the Regional District if it closes a site and will keep it open, even if it is senseless. I think a lot is due to power structures (Interview 21).

The reduction in the number of Districts did not generate sufficient savings, which was partly due to the way the mergers were carried out, as a union official from the National Office complained:

At the moment we have Districts with an average size of 18-20,000 members. And we already said at the Founding Congress: a District is viable above 25,000 members, but we didn't manage to shape the Districts so that 25,000 members per District were possible. [...] Because we are losing members, 25,000 members per District isn't enough anymore, we probably need more like 30-35,000 members. [...] It is going in the right direction but most of these mergers are political, that means nothing much changes in terms of the daily work processes. The full-time officials that were based at three sites are still based at three sites. The only thing that changes is that there is only one District Leader as opposed to three, and that the political committees are merged. We have calculated for Nordrhein-Westfalen that this saves between five and twelve per cent, not more. These mergers were encouraged in order to make savings but the way they are carried out they don't generate more savings than that. It’s because the sites are maintained. That can be 120 to 200 square metres of leased office space. [If you do that,] how are you going to save money? (Interview 1)
So discussions continued about further reductions in 2008/2009 and about what services Districts should provide and how specialized their services should be. The Structure Committee developed concepts specifying which services should be provided to members in every District, and which services could be provided at smaller sites called “Service and Advice Bureaus” (Service und Beratungsbüros). Service and Advice Bureaus were conceptualized as a kind of shop front staffed by only few officials and without any committee structures. By merging several Districts and establishing Service and Advice Bureaus at the sites of the formerly independent Districts, savings could be made while maintaining the same level of service. But neither at the national nor at the regional level did the union leadership have the means to force the Districts to merge and to establish Service and Advice Bureaus, as these comments from officials and delegates from the National Office and two Regional Districts illustrate:

I think the aim for 2010-2011 will have to be 50-60 Districts. Not because we want that but because of the economic pressure. We have 246 sites without the National Office and the educational establishments. That will be reduced as well, but how and what profile should the sites have, what services should they provide for members and potential members? The Structure Committee thinks that should be developed systematically and jointly. It can’t be left up to each District (Interview 20).

Resolution A5 specified that we develop a concept for Service and Advice Bureaus, and we have done that. The implementation is up to the individual Districts and Regional Districts. That is one of our weaknesses: we can’t say “here’s the concept and now we are going to implement it”. Everyone is free to decide whether they use it or not (Interview 1).

[In this Regional District] we want to maintain our presence in the regional areas. But for me, an office in a regional area doesn’t have anything to do with District structures. It could be a Service and Advice Bureau. District structures means a District Leader, deputies, and a District Committee that independently decides on job plans and budgets. That is a bureaucratic extravagance that I don’t think members have much interest in (Interview 34).

It would be logical to say: it’s not about the District administration but about local work structures. Purely theoretically, we could say: we’ll merge Chemnitz-Erzgebirge and Zwickau into one District, but we’ll open Service and Advice Bureaus, which is more economical. But the way of thinking hasn’t reached that stage yet (Interview 29).

Like the post-merger changes to Industry Department and Regional District structures, the conflicts and negotiations surrounding District mergers highlight the difficulties and constraints the union leadership encountered
when removing structural impediments to integration in the post-merger phase.

5.5.2.4 Local Structure: Pre-merger Reasoning and Post-merger Changes

The rulebook specified that local structures could include members from a certain town (Ortsgruppen), from a certain establishment (Betriebsgruppen) or from a certain Industry Department in a town (örtliche Fachbereichsgruppen). Only the constituent unions IG Medien and DPG had well-developed local structures, so initially, many of ver.di’s Locals were based in the three Industry Departments that consisted mainly of IG Medien and DPG members: Departments 8, 9, and 10.

Local structures played a particularly important role in the DPG, as it did not have a District level. Instead, its full-time officials were concentrated at the national and regional levels, and the Locals had their own budgets and were run by works councillors at the large Telekom and post office sites. This continued in ver.di, as the Industry Departments 9 and 10 specified in their statutes that four per cent of the Regional Industry Departments’ budgets would be allocated to the Locals, which therefore became more autonomous than other Locals. In some areas, the Industry Departments 9 and 10 did not establish a presence in the Districts, and continued to rely on their three-tier structure of national, regional and local levels. This was appropriate for the structure of employment and the nature of industrial relations at the large Telekom and the post office sites, but it posed significant challenges for organizing members in other postal, logistics and telecommunication companies, as fewer full-time officials were available to establish ver.di’s presence in greenfield sites. In addition, it hampered the integration of Industry Departments 9 and 10 in ver.di and created some irritation among officials and activists in the rest of the organization. An official from Industry Department 9 explained why:

Department 9 is often reproached for being isolated from the rest of the organization. For example, when we organize strikes, we do it centrally. [Here at the regional level] I get instructions from the national level about what is going to happen where. I send the information directly to the local level. Now if the strike takes place in a District where there is no full-time official from Department 9, no one would even think of telling the District
that there is going to be industrial action. Then the District Leader says: “wonderful, the old DPG doesn’t find it necessary to even tell us what they’re doing” (Interview 21).

The union leadership planned to build a local presence in areas outside the Industry Departments 8, 9 and 10 in an effort to stem membership decline and increase union power. One of the Structure Committee’s concerns became how to strengthen local presence and establish closer ties to members at the local and workplace level. Efforts concentrated on exchanging experiences and establishing best practices among lay activists and the development of a guideline for local union work (Ver.di 2007g). Nevertheless, in 2007, the National Office had no centralized information on the number and distribution of Locals and where local presence had increased.

5.5.2.5 Relations Between Structural Units in the Matrix

The matrix structure was the outcome of micro-political bargaining processes between the founding unions. In particular, giving the Industry Departments a high level of autonomy alleviated the fears of the smaller merger partners that the ÖTV would dominate in the new union. It was also the outcome of the endeavours of each union to maintain its autonomy within the merged entity (Interview 12 and Ver.di 2003e: 298). In this respect, the matrix was the price for the realization of ver.di (Keller 2007b).

However, it became clear in post-merger practice that while the matrix provided a system of checks and balances by decentralizing decision-making and allowing organizational subdivisions a high degree of independence, it was also an inefficient structure that generated high transaction, control and coordination costs (Keller 2005a). The difficulties of leadership in a matrix structure were compounded through a number of factors specific to unions. First, the union leadership often lacked the authority to control the actions of the Industry Departments, Regional Districts and Districts. Coordinating them and eliciting their commitment to common rules and arrangements became a major concern. Second, the Regional Districts were so different that there was rarely one solution that was suitable for the whole organization. Thus, finding decentralized solutions was often a necessity. Third, the leadership on each level of the
organization was not a single person, but rather a committee of lay activists and a committee of union officials. Making and enforcing binding decisions in these committees required a lot of coordination and cooperation. Fourth, changing the rules to allow for more central control proved impossible because it would have required democratic endorsement from the decentral levels of the organization. The result was what a senior union official termed “organized irresponsibility” (Interview 20).

Thus, the benefits of matrix structures that are described in the literature – such as the ability to rapidly and flexibly respond to environmental complexity and change, as well as the high quality of decisions, the high integration and the good communication that stem from parallel reporting relationships – were only partially realized. The drawbacks – high costs, conflicts and the loss of accountability due to unclear authority structures and overlapping responsibilities, a proliferation of committees, and informational logjams – became manifest (Bartlett and Ghoshal 1990; Davis and Lawrence 1977). Two main problems regarding the relations between structural units in the matrix were identified in Resolution A5 at the 2003 National Congress and were subsequently discussed in the Structure Committee: disagreement regarding the responsibility and decision-making authority for ver.di as a whole and poor cooperation between Industry Departments and territorial levels (Ver.di 2007g: 438).

From the beginning, the Industry Departments tended to dominate and ver.di was perceived to be at risk of disintegrating into a “cartel of specialist unions” or a “DGB within the DGB” (Keller 2005a: 222; Waddington et al. 2005: 209). Because the officials and delegates in the Industry Departments often knew each other from pre-merger times, the Departments tended to be much better organized and integrated than the territorial levels of ver.di and therefore became more powerful within the organization. Their financial independence further strengthened their position, as two officials responsible for cross-sectional tasks at the national level explained:

The people that came together in an Industry Department usually knew each other from pre-merger times [...]. It’s obviously an easier integration process when the full-time officials as well as the delegates already know each other. That was much more difficult for officials and delegates in the
cross-sectional areas. Not only were their roles unclear, but they had to
deal with new people and make sure that the well-established Industry
Departments contributed to a common position. That’s why the Industry
Department structures were integrated much more quickly than the
comprehensive structures. My theory is that the power structures have
effectively changed from how they are specified in the rulebook, because
by integrating more quickly, the Industry Departments were able to assert
themselves better within a broad construct like ver.di than those parts of
the organization that hadn’t established their role and their basis of power
yet (Interview 13).

There is a danger that the Industry Departments have an independent
existence, precisely because they represent the founding organizations. As
we also coupled this with a budgeting guideline, i.e. the allocation of
finances depending on the dues income of the Industry Departments, they
are also financially independent and it is not easy to reconcile all that
(Interview 12).

The Industry Departments’ perspective that they were the ones directly
dealing with members at their workplaces, while the horizontal levels
fulfilled bureaucratic tasks, was revealed in a comment by an official from
an Industry Department. He also indicated a growing frustration with the
competition between Industry Departments and horizontal levels for funds:

The battle is taking place between cross-sectional and industry-based
tasks. If we have an oversized bureaucracy on the horizontal levels that
uses up a load of money and fulfils tasks for us that we have to pay for
because we can’t and aren’t allowed to do them ourselves, then that is a
division of labour that doesn’t work properly and results in competitive
behaviour regarding the distribution of funds. “Who’s doing more for the
members?” is what is said then, and that really is rubbish. A union has to
have people who have direct contacts with members and people who make
those contacts possible (Interview 25).

Formal structural changes, such as reducing the competences or the
finances of the Industry Departments, would not have found majorities in
the decision-making committees, so efforts to restore a balance of power
between Industry Departments and territorial levels concentrated on non-
structural changes that would bring about a greater awareness of ver.di as
a whole among officials and delegates. For example, the Union Council
suggested that members of the National Executive Committee and Regional
District Executive Committees should be responsible for an Industry
Department and a cross-sectional task, or for two Industry Departments, in
order to increase their responsibility for ver.di as a whole. It was also hoped
that campaigns that were not specific to a particular Industry Department,
such as the campaign for a statutory minimum wage, would increase
cooperation among Industry Departments and between Industry Departments and territorial levels.

Many conflicts at District and Regional District level were attributed to the unclear relations between District-based Industry Department Officers and their Leaders at Regional District level (*Bezirksfachbereichsleiter* and *Landesbezirksfachbereichsleiter*) on the one hand, and the District Leaders (*Bezirksgeschäftsführer*) on the other, as two officials explained:

If they have problems, the Industry Department officer based in a District tells the District Leader: “you don’t call the shots here, I am answerable to my Regional District Industry Department Leader”. He thereby degrades the District Leader to an administrator of scarce resources, who then has no possibility to independently establish political priorities or to do anything in the District (Interview 1).

The two groups where the conflict manifests itself are the District Leaders and the Regional District Industry Department Leaders. The former say “we need more rights to keep this show running at the local level” and the latter say “we are the ones who control the industry-specific and therefore the company-based structures in this region, so we have to give the instructions” (Interview 17).

Conflicts between Regional District Industry Department Leaders and District Leaders arose particularly regarding disciplinary and professional responsibility for District-based Industry Department Officers. While the Regional District Industry Department Leaders were in charge of the officers they deployed to the District level, the District Leaders required the disciplinary authority over these officers, in particular when planning District-level appointments and conferences or organizing temporary replacements for District-based officers on leave. An official explained how such conflicts between Regional District Industry Department Leaders and District Leaders developed:

The District Leaders have the responsibility to make sure that all members who come to the District are looked after. Some Districts have established consultation hours and distributed those hours among the officials working in the District. That encroaches on the authority of Regional District Industry Department Leaders because it means accessing their staff. If a Regional District Industry Department Leader says “no, this official can’t be there for the consultation hour because I need him somewhere else at that time”, there’s a conflict. It’s got a lot to do with how work is organized. If the two leaders, the District Leader and the Regional District Industry Department Leader don’t like each other or are at odds for some other reason, there is plenty of ammunition to intensify such a conflict (Interview 48).
Furthermore, District-level administrative staff was initially also appointed to either Industry Department or cross-sectional tasks. This meant that administrative work could not be efficiently distributed among the existent staff. The Structure Committee developed a model to pool all administrative staff at the District level and distribute work as required. The model was adopted, but in some Districts its implementation caused difficulties (Ver.di 2007g: 440).

These unclear responsibilities and competencies recurred at the Regional District level, where conflicts occurred between National Industry Department Leaders and Regional District Leaders regarding the authority over Regional District Industry Department Leaders. Conflicts also occurred between territorial levels, for example between Regional District Leaders and District Leaders. Two officials from Regional Districts provided examples of such conflicts:

As a Regional District Leader, it is unclear what instructions I can give Regional District Industry Department Leaders. I am responsible for finances in our Regional District. But how can I control finances if the Regional District Industry Departments control their own budgets? (Interview 21)

The question is: what can a Regional District Leader tell a District Leader to do? If the former says: “we want you to spend your money on this”, the latter says: “well I’d like to but my District Committee wants to spend it on something else”. There are many points where it is unclear who can tell who what to do regarding what (Interview 39).

Downsizing meant that fewer Districts were able to fund positions for thirteen Industry Department Officers and five officers for the District Executive Committee (Bezirksgeschäftsführung) plus others dedicated to the interest groups and further cross-sectional tasks. Consequently, the Industry Departments developed various solutions for the problem. Some Industry Departments concentrated all their officials at the Regional District level and serviced members in all Districts from that central base, others made one official responsible for Industry Department tasks across several Districts, and in other cases, several Industry Departments combined resources to fund a common officer at District level (Ver.di 2007g: 439). These variations did not facilitate the clarification of responsibilities, in particular between Districts and Industry Departments, and whether
relations were conflictual or cooperative was highly dependent on the officers concerned.

Overall, the post-merger phase showed that while the matrix structure was costly, difficult to control and prone to conflict, fundamental structural changes to the relations between structural units within the matrix were not possible. It became clear that besides minor structural changes, improving the functioning of the organization depended on raising awareness and responsibility for ver.di as a whole among union leaders. A cultural change was needed.

5.5.3 Quotas and Committee Structures

The merger agreement included details on how members could take part in the democratic decision-making processes within the union, and quotas and committee structures were stipulated in the rulebook. The union quota specified that until 2007 the founding unions would be represented in all institutions and committees according to their proportion of membership at the time of founding. The women’s quota specified that women must be represented in all institutions and committees at least according to their current proportion in the membership. Together, these two guidelines made elections highly complex and costly, as all the full-time officers and lay activists who were elected and appointed across all Industry Departments and regional levels of the organization had to represent women and the founding unions proportionally.⁸ In addition, their origin from particular Industry Departments, Districts and Regional Districts were taken into account. This limited the democratic nature of elections (Wendl 2003). Two officials explained:

> The question is how restricted the election is when you have so many quotas. For example if you have a committee with 20 people, half of them have to be women, particular percentages have to come from each constituent union, each Industry Department and each District. Then you know exactly: “this place has to be filled by a woman from Department X, Region Y and founding union Z”. That’s not an election; you go out and

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⁸ Difficulties associated with the implementation of the women’s quota in the elected officer positions (hauptamtliche Wahlangestellte) are explained in Chapter 6.
look for someone who has all those qualities and that person has to do it (Interview 39).

An extreme example was the election of delegates for the 2003 National Congress. My Industry Department had two delegates: one departmental delegate and one regional delegate. One of them had to be female. The chairperson of the Regional District Industry Department Committee is a woman and it would be strange if she didn’t get to go to the Congress, so there was no real choice at the Regional District Industry Department Conference. Regarding the regional delegate, the former DPG had two places in the Regional District that had to be shared between Industry Departments 9 and 10: a northern one and a southern one. So I had to discuss who gets which place with the Leader of the other Department. Of course that discussion was determined by which candidates were available (Interview 21).

The merger resulted in a large number of committees to represent members according to their Industry Department, their geographical origin and their attachment to the interest groups. The committees were all quite large to provide for proportional representation of the many groups in the organization and to fulfil the various quotas. However, attendance was rather low, making it difficult for the committees to constitute a quorum. The feasibility of such large committee structures was called into question, but reducing their size met with resistance. A lay activist and a union official recounted their experiences in attempting to simplify the committee structures:

Our District Committee has 40 members. I hear that about 20 attend. So they only just constitute a quorum. At the beginning the founding unions were afraid that if they didn’t have voting rights, all sorts of things would be decided, and everything was shaped by mistrust. At the moment we are trying to develop new structures and decrease the size of committees, and we discuss it in the Structure Committee. But it is incredibly difficult. Nobody goes to the committee meetings because they think “oh, it’s not so important what they’re doing there”. But if you tell them “you don’t need to come anymore”, they say “hang on, something’s happening there and they are trying to rob me of my voting rights”. It’s like that on all levels of the organization (Interview 10).

The interest groups are very steadfast. We recently revised their guidelines in the Union Council, but nowhere did we succeed in getting radical simplification. Not against the will of the groups, because they have set themselves up and try to defend their rights even where they don’t make sense and are not practiced. [...] For example the women’s structures in the Industry Departments: there are huge passages in the guideline about what structures can, should and must be established. And we can see that in practice, for example women’s structures in the Industry Departments at the District level: zero. That continues up the hierarchy. It is a problem and we haven’t been able to reach a consensus about simplifying that guideline (Interview 17).
Due to the limited number of lay activists in ver.di, these quotas and the large number of committees meant that active members tended to hold several mandates and spent a lot of their free time on union affairs (Waddington et al. 2005: 210). A lay activist elaborated:

I’m in the District Committee, I’m a deputy Regional District Committee chairperson, and I’m a deputy chairperson in the Union Council. I’m also in the Structure Committee. For my Industry Department I’m the chairperson in the National and Regional District Industry Group Committees. My employer gives me eight days off a year for union work and I spend at least half of my annual leave as well, plus time off in lieu of overtime payments. On average it’s 60 to 70 days a year just for ver.di.

In summary, the committee structures proved to be inefficient and impractical, and the quotas limited the democratic nature of elections. Nevertheless, simplifications to the established structures were difficult to achieve.

### 5.5.4 The Budgeting Guideline

The budgeting guideline was a further expression of the mistrust that existed between the founding unions. It regulated the allocation of dues income within the organization. The original budgeting guideline was modified in 2005 in order to comply with Resolution A5 from the 2003 National Congress. The aims of the review were to clarify which parts of the organization had which tasks and to allocate adequate funds to fulfil those tasks, to introduce more financial flexibility and to increase ver.di’s ability to run campaigns at short notice. It also took into account that due to the employment guarantee given in the merger agreement, the target of restricting staff costs to 50 per cent of the budget could not be met. Table 5.7 shows how the dues income was allocated across the organization, both before and after the review.
### Table 5.6: The Budgeting Rates: Percentage of Dues Income Allocated to Organizational Subdivisions, 2002 and 2005

<table>
<thead>
<tr>
<th></th>
<th>Material expenses</th>
<th>Personnel costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2005</td>
</tr>
<tr>
<td>Common budget</td>
<td>13.5%</td>
<td>13.35%</td>
</tr>
<tr>
<td>Strike fund</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Innovation fund</td>
<td>2%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Educational establishments</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20%</strong></td>
<td><strong>19.10%</strong></td>
</tr>
<tr>
<td>National office</td>
<td>6%</td>
<td>7.1%</td>
</tr>
<tr>
<td>National Industry Departments</td>
<td>4%</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Total national level:</strong></td>
<td><strong>10%</strong></td>
<td><strong>10.5%</strong></td>
</tr>
<tr>
<td>Regional Districts</td>
<td>2.5%</td>
<td>2.25%</td>
</tr>
<tr>
<td>Districts</td>
<td>9%</td>
<td>9.15%</td>
</tr>
<tr>
<td>Regional District and District level Industry Departments</td>
<td>8.5%</td>
<td>6.75%</td>
</tr>
<tr>
<td><strong>Total regional and district level:</strong></td>
<td><strong>20%</strong></td>
<td><strong>18.15%</strong></td>
</tr>
<tr>
<td>Ver.di Total</td>
<td>50%</td>
<td>47.75%</td>
</tr>
</tbody>
</table>

The budgeting guideline also redistributed funds between Industry Departments and Regional Districts according to mainly formal criteria: Among the Industry Departments, the average dues income across all Industry Departments and the difference between the average and each Industry Department’s dues income was calculated. Those with above-average income paid half of the difference to the poorer Industry Departments. From 2005, after the funds had been redistributed in this way, one per cent of the funds allocated to each Industry Department were redistributed again to the Industry Departments in most need of assistance, particularly Industry Departments 8 and 13. Among the Regional Districts, each Regional District received its percentage of the total dues income weighted by its own dues income (50 per cent), its membership (40 per cent) and its geographical size (ten per cent). From 2005, the weighting of the geographical size of the Regional District was reduced to eight per cent, and two per cent of the finances were distributed to particularly disadvantaged regions and to those Regional Districts that were disproportionately burdened by the distribution rules, for example ones with a large number of members but a small geographical size (Ver.di 2004a).

The National Executive Committee, the Regional District Executive Committees, the Industry Department Leaders and the District Leaders made draft job plans (Stellenpläne) allocating these funds to positions and presented these plans to the corresponding delegate committees for endorsement.

In order to increase ver.di’s ability to run campaigns at short notice, a new campaign fund (Aktions- und Kampagnenfonds) was established in the reviewed budgeting guideline by setting aside three per cent of all material expenses budgets to finance such campaigns. However, the reviewed budgeting guideline also reduced the innovation fund from two per cent to 1.25 per cent of the budget, and part of the campaign fund was to be used to fund 100 apprenticeships. Therefore, the reviewed guideline increased ver.di’s ability to respond quickly to political and industrial relations developments with campaigns, but it reduced its capacity to develop innovative approaches to union work over a longer term.
The budgeting guideline, in both its versions, caused a number of problems that were quickly recognized by union leaders, some of whom voiced their opinions publicly. Firstly, it resulted in some richer and some poorer Industry Departments. The criteria for allocating funds neither considered whether bargaining in each Industry Department’s coverage area was centralized or decentralized, nor whether members were concentrated in large enterprises and had permanent employment contracts or were dispersed across small and medium-sized enterprises in precarious forms of employment. The richer Industry Departments were large, had high organizational density and had members in stable and well-paid jobs, especially in the public sector. But they also tended to be the ones where there were few opportunities for gaining new members (Hensche 2003; Wendl 2003). This had serious consequences for future membership development, as an official explained:

We are falling into the following trap: the proportion of employees in the public sector is declining, whether we like it or not. But we have lots of members there today. According to our budgeting guideline, that’s where our funds go. The proportion of private service sector employment, Industry Department 13, is increasing and will become more and more important. We don’t have members there and the funds don’t go there either. That can’t lead to a good result. But it’s all a question of power. […] The members we are losing in parts of the public sector, for example in local government in Sachsen-Anhalt: we can pour as much money in there as we like, double the staff and so forth. We can’t withstand the structural changes. It would be smarter to redirect some of that money (Interview 18).

Secondly, the allocation of funds according to formal criteria was too inflexible and restricted ver.di’s strategic options (Nies 2002). While it provided a high degree of security for all groups within the organization, it undermined ver.di’s ability to establish priorities and concentrate efforts in areas of organizational weakness:

Every committee gets some percentage of the dues income, so that everyone has a certain security. It has a positive side, because responsibility for the budget is decentralized, but it also means a certain lack of politicization of the budget. We budget according to the number of members, the expanse of the region and the level of dues payments, but we need to be able to include political and collective bargaining priorities in our budgeting plan. It’s only a small step but we introduced a new campaign fund, where all organizational divisions set a little bit of their budgets aside to finance campaigns, because we found that when we decided to run a campaign, everyone guarded their budgets like crazy to make sure no money was spent on it because they needed it for their daily work (Interview 38).
Thirdly, because of the allocation of funds and jobs, some parts of the organization simply did not have the resources to fulfil their tasks. They either overspent their budget and used their assets, or cut back their services and left positions vacant. In every year until 2007, ver.di ran alarming budgetary deficits and withdrew funds from its assets, as Table 5.8 shows.

**Table 5.7: Yearly Budgetary Deficit, 2002-2006**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgetary deficit in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>94,052,587</td>
</tr>
<tr>
<td>2003</td>
<td>63,457,381</td>
</tr>
<tr>
<td>2004</td>
<td>42,795,259</td>
</tr>
<tr>
<td>2005</td>
<td>18,341,707</td>
</tr>
<tr>
<td>2006</td>
<td>18,897,043</td>
</tr>
</tbody>
</table>

Sources: Ver.di (2003e; 2007g).

An official from a Regional District illustrated the discrepancy between the shortage of funds and the abundance of positions defined in the matrix structure:

According to the budgeting guideline and the job plan, we have 1.1 union officers for the Regional District administration in Thüringen. That is supposed to cover five members of the Regional District Executive Committee, legal representation, public relations, accounting and so forth. Logically that isn’t possible (Interview 34).

Fourthly, ver.di employees were preoccupied with disagreements about the interpretation of the budgeting guideline, as an official complained:

You have to spend money economically but we overdid it: get money, exercise power, and if someone wants money from me, the first thing I do is refuse to hand it over. The result is that we spend too much time dealing with questions of finances, the flow of funds, and invoicing. It’s not just the accounts department that gets annoyed; highly paid people fight about who has to pay four Euros (Interview 18).

Although it was recognized throughout the organization that the allocation of funds according to the budgeting guideline restricted the power of the
union leadership to make strategic decisions, fundamental changes to the structure of the guideline were not possible. Such changes would have required greater integration and trust within ver.di and the development of a common culture, as a union leader pointed out:

We need to find a rational financial structure that leaves room for strategic decisions. That requires trust and the willingness to let the general interest of the organization prevail and not just that of one’s own task and organizational unit. That can’t be prescribed or forced through rules. It’s a question of culture and of a democratic self-concept and of whether I see a union as a political organization or just a bureaucratic apparatus. If I see it as a political organization, I need to be structured in a way that all the structures including the financial ones that regulate daily work can be set aside in certain situations and directed towards a common goal (Interview 38).

In summary, the budgeting guideline provided financial security for the constituent unions and was therefore a central part of the merger agreement. A negative consequence of the strict rules on the allocation of funds was that they limited ver.di’s ability to redirect funds in line with a strategy to increase members and power. In times of declining income, however, fundamentally altering the rules on the allocation of funds was not possible. Rather than structural change, a cultural change was needed.

### 5.5.5 Working Conditions for Ver.di Employees

Although the budgeting guideline and the job plans detailed how funds were allocated, the merger agreement included an employment guarantee for all staff until 2007. This meant that where the number of employees was higher than the number of jobs in the plan, that division of the organization overspent its budget. In an effort to reduce the budgetary deficit, the union leadership and the internal ver.di works council reached an agreement (Gesamtbetriebsvereinbarung zur Haushalts- und Personalkosten-konsolidierung – GBV HuP) in 2004 to reduce staff costs through a range of measures. The agreement specified that in order to balance the budget, which the Union Council required the National Executive Committee to do in 2007, the number of full-time positions had to be reduced from 4,025 in January 2003 to 3,050 in December 2007. This resulted in a permanent pressure to downsize. The agreement sought to reduce the number of staff through a freeze on recruitment, severance payments for voluntary
redundancy, and financial incentives for early retirement and for part-time work, including the controversial arrangements of working 50 per cent of hours and receiving 80 per cent of pay, or working 80 per cent and receiving 90 per cent of pay. Staff costs were also reduced through the reduction of working hours by 2.5 per cent for all employees in 2005 and 2006 with a corresponding reduction in pay, and the deferred payment of wages from April to September 2004, when five per cent of monthly pay was withheld and was paid out in December. Finally, incentives for transfers to other parts of the organization aimed to reduce surplus staffing in some areas by allocating staff to vacant positions elsewhere. In exchange for these concessions, the employment guarantee was extended until 31.12.2008 (Ver.di 2004c). Nevertheless, by 2007 ver.di had cut approximately 1,400 jobs (Ver.di 2007l).

A further factor compounding the conflicts surrounding staff costs was that ver.di faced considerable difficulties in standardizing working conditions for its employees. The merger agreement specified that ver.di employees would be paid according to their entitlements in the founding unions until an agreement between the union leadership and the ver.di works council was found (DAG et al. 2000e). However, working conditions, classifications and pay rates, and company pension entitlements varied greatly among the founding unions. Table 5.9 depicts the average incomes of staff in each of the founding unions. Consequently, colleagues working side by side were remunerated differently for the same work, which led to a lot of annoyance and frustration. For example, staff from the founding unions DAG and DPG, which had brought the most assets into the merger, were paid less than staff from HBV and IG Medien, which had contributed few assets and had merged with financial considerations in mind.
Chapter 5: The Ver.di Merger

Table 5.8: Average Income of Administrative Staff and Union Officers in the Founding Unions, in DM, 1999

<table>
<thead>
<tr>
<th></th>
<th>Administrative staff</th>
<th>Union officers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>District and regional level</td>
<td>National level</td>
</tr>
<tr>
<td>DAG</td>
<td>3,899</td>
<td>4,476</td>
</tr>
<tr>
<td>DPG</td>
<td>4,500</td>
<td>4,700</td>
</tr>
<tr>
<td>HBV</td>
<td>4,903</td>
<td>5,039</td>
</tr>
<tr>
<td>IG Medien</td>
<td>4,836</td>
<td>4,836</td>
</tr>
<tr>
<td>ÖTV</td>
<td>4,656</td>
<td>4,656</td>
</tr>
</tbody>
</table>

Source: DGB (2000b)

The negotiations to standardize pay, conditions and pensions between the union leadership and the works council were difficult and protracted. A works councillor elaborated on the situation:

Sometimes it’s really irritating and we rarely get any results because the Union Council members are sometimes informed and briefed by the union leadership, and we works councillors are then seen as the bad guys who don’t see the whole but only focus on the interests of certain groups – and that is a difficult position. In every merged company there will be difficulties like this, especially when the financial situation is like it is, and in my view these are totally normal processes where both sides don’t make any compromises in the way they conduct themselves in this conflict. One could expect that it works differently in unions, but it doesn’t (Interview 25).

In 2006, after two years of complicated negotiations, the union leadership and the works council agreed on general working conditions (Allgemeine Arbeitsbedingungen – AAB) that came into force on 1 January 2008. They standardized working time, annual leave and leave loading, bonus payments, time off in lieu for overtime worked, and transfers within the organization (Ver.di 2007g: 265-267). Mid-2007 an agreement was also found on a common classification structure and pay rates. It was implemented during 2008. Standardizing the company pension entitlements for ver.di employees was particularly difficult. While the DAG and DPG had established reserve funds for the payment of pension entitlements, the other founding unions had paid company pensions out of their current budgets. As a result, around thirteen per cent of ver.di’s budget for
personnel was used for pension payments and the union leadership feared the pension costs would become unsustainably high (Ver.di 2006a). Therefore, it cancelled all future pension entitlements in September 2006 although no agreement for standardizing entitlements had been reached. The works council took legal action and the employees protested until the leadership extended the continuation of entitlements from the founding unions (Roth 2006a; b).

The differences in pay and conditions and the downsizing, together with the scarcity of funds to carry out their tasks and the ambiguity surrounding leadership and responsibilities in the matrix structure had a negative effect on employee commitment and morale. It also hampered restructuring, as employees had no certainty about how positions would be classified and paid in the future. Officers from Regional Districts and the National Office explained:

We were supposed to have 120 positions [in this Regional District] when we had about 180 and now the number we are supposed to have has fallen to about 90. We have had to cope with massive downsizing. [...] It has to happen in a way that isn’t totally depressing, frustrating and demotivating [...]. There is always as much work as there are people because union work is endless. That means that when you downsize, everyone says: who is supposed to do that work now? You intensify, intensify, intensify, [...] less and less people are doing the same and sometimes even more work. Many say to us: you are worse than the companies we deal with (Interview 38).

This disorder, always having to help out, helping here, helping there: that works for a while and in the founding process everyone was happy to do it, but due to their workloads colleagues are increasingly saying “that’s not on”. [...] There is a conservative tendency there that unfortunately is strongly encouraged by our works councillors and it is extremely difficult to get mobility and flexibility (Interview 1).

I find it very unfortunate that we have this discussion about employment conditions and pay systems while we are trying to restructure and develop the organization. [...] It makes restructuring difficult because nobody knows how work areas will be defined. Theoretically, someone could voluntarily change positions and find out later that the job he is doing now is valued at a lower level than the one he was doing before. It isn’t discernible what will be emphasized and where there will be differences in pay. That paralyses restructuring. For example, within the Industry Departments we can’t reduce the number of Industry Groups because it’s unclear how the affected officials will be paid (Interview 21).

Overall, employment relations and human resource issues were not swiftly resolved in the ver.di merger process. Post-merger efforts to standardize employment conditions and to reduce staff costs were time-consuming and
difficult, and required a large amount of resources. Working conditions for ver.di staff were not standardized until seven years after the merger, and this frustrated employees and hampered restructuring. Due to the financial pressure to downsize, the employment guarantee could not prevent stress and anxiety among ver.di’s staff. In contrast to the situation in ver.di, many researchers have highlighted the significance of a well-managed and fast integration process for merger success. In particular, they have underscored the importance of assuring employee motivation and satisfaction (Buono and Bowditch 1989; Cartwright and Cooper 1992; 1996; Marks 1982; Napier 1989). In light of their findings, it is plausible that the protracted negotiations regarding working conditions in ver.di negatively impacted on the merger outcomes.

5.6 Conclusion

This chapter has shown that concluding the merger between the five unions was a significant achievement: Each of the founding unions had particular motives and goals during the merger, and the merger was a political process characterized by mistrust among the merger partners. The merger agreement, which focused on structural aspects and neglected political and cultural aspects of integration, was inevitably a compromise between the five unions and as such a crystallization of interest politics. It was a great challenge for the merging unions to adopt a structure that facilitated the achievement of the merger goals and also attained majority approval in the democratic decision-making processes in all five organizations.

The compromise that the constituent unions found was enshrined in the rulebook, statutes, guidelines and other documents that could not be amended post-merger without endorsement from various elected committees. This made it very difficult to adjust structures post-merger even where they were not useful and actually hindered the achievement of the merger goals. The union leadership sought to remove structural impediments to integration, but was constrained in its management of the post-merger integration process. The establishment of a Structure Committee helped find consensual solutions for structural problems. Post-merger restructuring concentrated mainly on “symbolic corrections” (Wendl
2003), as a recasting of the entire matrix structure, budgeting guideline and other rules was out of the question. Where no agreement had been reached prior to the merger, particularly regarding the working conditions of ver.di employees, finding a solution post-merger proved extremely difficult. At Regional District and District level, where start-and-finish models had been agreed upon in order to postpone conflicts surrounding the implementation of structural change, the previously agreed change trajectories were called into question. Overall, the merger was followed by a phase of introspection and a preoccupation with structural problems, and little attention was paid to strategic reorientation. At the 2007 National Congress, when the present analysis of structural changes ended, many motions suggesting further structural change were put forward. Most notably, Resolution H1 was passed and required further reviews of the budgeting guideline, the matrix structure – in particular the structure of Industry Departments – and the clarification of task allocation among structural units within the matrix (Ver.di 2007a).
6 Merger Outcomes: The Ver.di Merger as a Revitalization Strategy

6.1 Introduction

Ambitious goals were pursued with the establishment of ver.di. The founding unions expected their members to find membership in ver.di more than an equal replacement of their membership in the old organizations – they thought membership in ver.di would be of a new and better quality. They anticipated greater bargaining power, greater political influence, less inter-union competition and a concentration of resources and competences that would result in greater efficiency and effectiveness in representing members in heterogeneous industries, occupations and localities. Moreover, they agreed to use the opportunity the merger offered to reform their organizational structures in a way that promoted women’s participation and representation (DAG et al. 2000a; Gerd Herzberg in Ver.di 2003c). In brief, the founding unions expected the merger to lead to revitalization.

This chapter assesses whether, and to what extent, the merger goals were achieved. To this end, it describes post-merger developments in membership levels, examines how ver.di’s bargaining power and political influence changed, shows how inter-union competition developed, assesses whether synergies were achieved and whether service provision and the recruitment and retention of members improved, and explores to what extent gender equity was realized.

6.2 Membership

As explained in Chapter 3, German unions experienced a surge in membership in 1991 following re-unification, but continuously lost members after 1992. Ver.di and its predecessor unions were no exception. This section presents and discusses ver.di’s membership developments. It compares them to those in other DGB unions and to the developments in the founding unions before the merger. It distinguishes between members gained and members lost, between working and non-working members, and
between membership developments in ver.di’s Industry Departments and Regional Districts. Finally, it addresses the financial significance of membership developments by discussing the adjustment of dues payments and the collection of outstanding dues.

Table 6.1 shows that the unions that formed ver.di in 2001 fared better than the other seven unions in the peak federation DGB in the years 1991-2000. They lost 30.6 per cent of their members, while the other unions lost 35.1 per cent. However, in the first seven years after the merger, membership decline in ver.di was greater than in the other unions. While the other DGB unions lost 16.8 per cent of their members between 2001 and 2007, ver.di lost 21.4 per cent. Averaged over the period 1991-2000, the ver.di unions lost 3.06 per cent of members per year, and the other DGB unions lost 3.51 per cent per year. In contrast, in the period 2001-2007, ver.di continued to lose an average of 3.06 per cent of its members per year, while the other unions reduced their losses to 2.4 per cent per year.

Table 6.1: Members and Membership Decline in Ver.di and the DGB Unions 1991-2007

<table>
<thead>
<tr>
<th></th>
<th>Pre-merger</th>
<th>Post-merger</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ver.di's five predecessor unions</td>
<td>4,316,909</td>
<td>2,996,358</td>
<td>30.6</td>
<td>3.06</td>
</tr>
<tr>
<td>DGB excluding the ver.di unions</td>
<td>8,068,278</td>
<td>5,234,437</td>
<td>35.1</td>
<td>3.51</td>
</tr>
<tr>
<td>Ver.di</td>
<td>2,806,496</td>
<td>2,205,145</td>
<td>21.4</td>
<td>3.06</td>
</tr>
<tr>
<td>DGB excluding ver.di</td>
<td>5,092,513</td>
<td>4,235,900</td>
<td>16.8</td>
<td>2.40</td>
</tr>
</tbody>
</table>

Sources: DGB (2008); Ebbinghaus and Visser (2000); own calculations.
Figure 6.1 shows the members gained and members lost per year. Between 2001 and 2007, the number of new members in ver.di remained relatively stable at around 100,000 per year. But there were great differences in the number of exits per year. They increased from 170,990 in 2001 to 260,627 in 2004. After ver.di began systematically approaching those who had cancelled their membership, exits fell to 169,449 in 2007. Although ver.di gained more than 730,000 new members in the first seven years after the merger, it lost nearly double that amount in the same period.

**Figure 6.1: Members Gained and Members Lost in Ver.di, 2001-2007**

[Chart showing members gained and lost from 2001 to 2007]

Source: ver.di’s internal membership statistics.

Within ver.di, the development of membership levels varied widely across Industry Departments and across Regional Districts. As Table 6.2 shows, between 2001 and 2007, the Industry Department 3, “Health, Social Services, Welfare and Churches”, lost only 10.1 per cent of its members, while the Industry Departments covering local governments and federal and state governments, Departments 6 and 7, lost 28.2 per cent and 31.6 per cent of their members, respectively.
### Table 6.2: Members and Membership Decline in Ver.de by Industry Department, 2001-2007

<table>
<thead>
<tr>
<th>Industry Department</th>
<th>December 2001</th>
<th>December 2007</th>
<th>Decline in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Health, social services, welfare and churches</td>
<td>379,595</td>
<td>341,282</td>
<td>10.1</td>
</tr>
<tr>
<td>9 Telecommunications, information technology, data processing</td>
<td>154,111</td>
<td>131,483</td>
<td>14.7</td>
</tr>
<tr>
<td>4 Social insurance</td>
<td>78,367</td>
<td>65,791</td>
<td>16.0</td>
</tr>
<tr>
<td>5 Education, science and research</td>
<td>63,266</td>
<td>52,955</td>
<td>16.3</td>
</tr>
<tr>
<td>13 Special services</td>
<td>120,707</td>
<td>98,461</td>
<td>18.4</td>
</tr>
<tr>
<td>10 Postal services, forwarding companies and logistics</td>
<td>321,983</td>
<td>262,364</td>
<td>18.5</td>
</tr>
<tr>
<td>2 Utilities and disposal</td>
<td>192,226</td>
<td>150,922</td>
<td>21.5</td>
</tr>
<tr>
<td>11 Transport</td>
<td>163,629</td>
<td>127,090</td>
<td>22.3</td>
</tr>
<tr>
<td>12 Commerce</td>
<td>436,908</td>
<td>339,523</td>
<td>22.3</td>
</tr>
<tr>
<td>1 Financial services</td>
<td>145,802</td>
<td>108,902</td>
<td>25.3</td>
</tr>
<tr>
<td>8 Media, art, culture, printing, paper, industrial services and production</td>
<td>226,233</td>
<td>164,214</td>
<td>27.4</td>
</tr>
<tr>
<td>7 Local government</td>
<td>356,402</td>
<td>255,915</td>
<td>28.2</td>
</tr>
<tr>
<td>6 Federal and state governments</td>
<td>155,266</td>
<td>106,145</td>
<td>31.6</td>
</tr>
</tbody>
</table>

Source: ver.de’s internal membership statistics.

Membership losses were also unevenly distributed across Regional Districts, as Table 6.3 shows. While membership in the Hamburg region declined by 15.3 per cent between 2001 and 2007, membership in the three East German Regional Districts that merged in 2007 dropped by 34.5 per cent. Overall, the Regional Districts that cover eastern Germany – Nord, Berlin/Brandenburg, and Sachsen, Sachsen-Anhalt and Thüringen – suffered the greatest decline in membership.
Table 6.3: Members and Membership Decline in Ver.di by Regional District, 2001-2007

<table>
<thead>
<tr>
<th>Regional District</th>
<th>December 2001</th>
<th>December 2007</th>
<th>Decline in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamburg</td>
<td>120,764</td>
<td>102,315</td>
<td>15.3</td>
</tr>
<tr>
<td>Baden-Württemberg</td>
<td>275,103</td>
<td>230,734</td>
<td>16.1</td>
</tr>
<tr>
<td>Bayern</td>
<td>287,448</td>
<td>240,951</td>
<td>16.2</td>
</tr>
<tr>
<td>Niedersachsen/ Bremen</td>
<td>322,095</td>
<td>267,254</td>
<td>17.0</td>
</tr>
<tr>
<td>Saar</td>
<td>47,834</td>
<td>38,975</td>
<td>18.5</td>
</tr>
<tr>
<td>Nordrhein-Westfalen</td>
<td>655,757</td>
<td>530,469</td>
<td>19.1</td>
</tr>
<tr>
<td>Rheinland-Pfalz</td>
<td>114,953</td>
<td>91,096</td>
<td>20.8</td>
</tr>
<tr>
<td>Hessen</td>
<td>221,653</td>
<td>173,929</td>
<td>21.5</td>
</tr>
<tr>
<td>Nord</td>
<td>177,432</td>
<td>134,831</td>
<td>24.0</td>
</tr>
<tr>
<td>Berlin/Brandenburg</td>
<td>259,290</td>
<td>182,180</td>
<td>29.7</td>
</tr>
<tr>
<td>Sachsen, Sachsen-Anhalt &amp; Thüringen</td>
<td>324,167</td>
<td>212,411</td>
<td>34.5</td>
</tr>
</tbody>
</table>

Source: ver.di’s internal membership statistics.

Despite the overall negative development in membership numbers, there were some positive aspects. Not only did ver.di manage to substantially reduce the number of exits after 2004, it also addressed several factors related to the financial significance of membership development. Ver.di increased its efforts to adjust membership dues to reflect pay increases (Beitragsanpassungsmaßnahmen) and to collect outstanding dues payments (Beitragsrückstandsbearbeitung). The number of members with outstanding payments declined from approximately 360,000 in 2004 to 45,000 in 2007 (Ver.di 2007k). The amount of outstanding dues was reduced from €19.3 to €7.8 million and the average monthly dues were increased from €14.66 to €15.34, as Table 6.4 shows. This moderated the financial impact of the membership losses.
Table 6.4: Average Monthly Dues and Outstanding Dues Payments, 2004-2007, in Euro

<table>
<thead>
<tr>
<th>Year</th>
<th>Average monthly dues</th>
<th>Outstanding dues payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>14.66</td>
<td>19,313,189</td>
</tr>
<tr>
<td>2005</td>
<td>14.98</td>
<td>12,360,543</td>
</tr>
<tr>
<td>2006</td>
<td>15.25</td>
<td>8,249,862</td>
</tr>
<tr>
<td>2007</td>
<td>15.34</td>
<td>7,765,646</td>
</tr>
</tbody>
</table>

Source: (Ver.di 2007l).

This also had the effect that some members, in particular non-working members, cancelled their membership. As Table 6.5 shows, the percentage of working members who paid the full dues (one per cent of their regular monthly pay) increased from 70.6 per cent in 2001 to 74.4 per cent in 2007. Correspondingly, the percentage of members who did not work and therefore paid lower dues (0.5 per cent of their regular monthly income or a minimum amount of € 2,50 per month), in particular unemployed members, declined (Ver.di 2007g).

Table 6.5: Working and Non-working Members, 2001-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Working members</th>
<th>Non-working members</th>
<th>Total members</th>
<th>Percentage of members who work</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1,982,738</td>
<td>823,758</td>
<td>2,806,496</td>
<td>70.6</td>
</tr>
<tr>
<td>2002</td>
<td>1,985,336</td>
<td>754,787</td>
<td>2,740,123</td>
<td>72.5</td>
</tr>
<tr>
<td>2003</td>
<td>1,890,758</td>
<td>723,336</td>
<td>2,614,094</td>
<td>72.3</td>
</tr>
<tr>
<td>2004</td>
<td>1,800,123</td>
<td>664,387</td>
<td>2,464,510</td>
<td>73.0</td>
</tr>
<tr>
<td>2005</td>
<td>1,738,458</td>
<td>620,934</td>
<td>2,359,392</td>
<td>73.7</td>
</tr>
<tr>
<td>2006</td>
<td>1,689,228</td>
<td>585,503</td>
<td>2,274,731</td>
<td>74.3</td>
</tr>
<tr>
<td>2007</td>
<td>1,640,308</td>
<td>564,837</td>
<td>2,205,145</td>
<td>74.4</td>
</tr>
</tbody>
</table>

Source: ver.di’s internal membership statistics.
Overall, the data on membership show that after the merger, ver.di lost members at a faster rate than the other unions did, while before the merger it was the other way round. Averaged over the years 2001-2007, ver.di lost members at the same rate as the five predecessor unions did before the merger. Yearly losses fluctuated widely: although the number of new members was stable at about 100,000 per year, the exits peaked in 2004 and then fell again. Exits overall were nearly double the number of new members. There were great differences in membership developments across Industry Departments and Regional Districts.

Thus, despite being the DGB union with the most favourable coverage area – the service sector is an area of employment growth – it appears that ver.di fared worse than the other unions regarding membership recruitment and retention. This could be largely due to external factors, such as developments in employment in the sectors covered by ver.di – public and private services – as opposed to those in the sectors covered by other unions – mainly manufacturing. The data certainly points in that direction: ver.di suffered the greatest membership losses in the public sector Industry Departments where there were job reductions of around 30 per cent, from 6.7 to 4.6 million, between 1991 and 2005 (Keller 2007a), and in the East German Regional Districts, where unemployment was high. Numerous union officials pointed out that the membership losses that were the result of job reductions in ver.di’s core areas, particularly in the public sector, in banking and printing, and at Deutsche Post and Deutsche Telekom, could not easily be compensated by membership gains in the expanding private services sector. Precarious work and non-standard employment relationships as well as small establishment sizes and irregular working hours made organizing members in expanding areas such as security services, call centres and agency work difficult. These factors as well as weak domestic demand over several years also hampered recruitment in retail, which was one of ver.di’s core areas where approximately fifteen per cent of its members were organized. In a situation of high unemployment and empty state coffers, ver.di concluded collective agreements with only modest wage increases or even wage freezes in exchange for employment security. This was also seen as a factor that impacted negatively on membership development because
workers thought that if their employment was secure, they no longer needed the protection union membership could offer them (DGB 2004a, Interviews 24, 35, 37, 44; Wendl 2003).

However, from a union revitalization perspective, unions are perceived as strategic actors whose fate is not determined solely by economic developments and employer and state strategies. It follows that ver.di is in part responsible for its membership development. Several ver.di officials and former officials acknowledged this and wrote that factors that ver.di had control over contributed to the membership decline (Hensche 2003; Wendl 2002; 2003). Such factors were members’ feelings of disappointment about inadequate collective agreements and about the inadequate representation of their interests in the political sphere, especially regarding the labour market and welfare reforms Hartz and Agenda 2010 after 2002, and members’ experience of inadequate advice and servicing. Furthermore, building membership in new areas to compensate for losses in core areas requires a dedicated effort from the union. Research in Great Britain, the Netherlands and Germany has shown that gaining sustained improvements in membership in the private services sector requires long-term commitment, the redistribution of resources within the union and a cultural change that makes organizing a priority for union officers and lay activists (Dribbusch 2003). The extent to which ver.di did this will be discussed later in this chapter. From the perspective of the logic of union mergers as a strategic choice for revitalization, the membership losses could be due to a failure to improve bargaining power and political influence, to reduce inter-union competition, to achieve synergies and augment service and recruitment efforts, and to better represent women in the post-merger phase. The next sections examine these issues.

6.3 Bargaining Power

An important goal of union mergers is to increase bargaining power. According to merger advocates, the strength of an entire merged union comes to bear in every bargaining round that it is party to. Threats to go on strike are more credible because of the large strike fund of a merged union, and this threat is present in all negotiations undertaken in different
departments and sectors. In addition, a merged union combines the strength of previously rival unions. Those unions no longer undermine each other’s bargaining power in areas of overlapping coverage, and the merged union can extend the industrial strength of its stronger bargaining areas to its weaker ones. The unions that formed ver.di also thought their bargaining power would increase in this way. Accordingly, ver.di’s post-merger bargaining outcomes should have been better than

a) those of the constituent unions before they merged and

b) those of the unions that did not merge.

Furthermore, if ver.di’s weaker areas profited from the presence of the stronger ones, the bargaining outcomes within ver.di should have become more similar, and finally, bargaining outcomes should have improved particularly in areas where the constituent unions had overlapping coverage.

However, bargaining outcomes are complex and contain many quantitative and qualitative elements. This makes them difficult to compare. In addition, bargaining outcomes are highly dependent on external conditions, for example productivity, profits and turnover in a given industry, employer capacity to pay or improve conditions, and unemployment rates. Therefore, bargaining outcomes may not truly reflect the bargaining power of a union. These problems show that in order to make a meaningful assessment of ver.di’s post-merger bargaining power, several measures are required.

Undy (forthcoming) arrives at an indication of the bargaining power of post-merger unions in Great Britain by examining bargaining coverage, decentralization of bargaining, and level of industrial action. While these measures provide an estimate of the overall bargaining power of unions in a national context, they are not particularly useful when examining the bargaining power of a certain merged union. This is because the available data, in Germany at least, is aggregated to the national level and does not differentiate between individual unions. However, perusal of the aggregate data permits several observations:

First, bargaining coverage in Germany has been declining in recent years (WSI Tarifarchiv 2007). Although the available data on bargaining coverage
by industry does not correspond to the coverage areas of individual unions, it does not indicate any great differences in the development of bargaining coverage in such industries that ver.di covers (services, public sector) and in other industries (manufacturing). Second, regarding collective bargaining decentralization, shifts from sectoral to company-level agreements did not appear to be linked to the coverage areas of particular unions (EIRO 2002a; 2005). Third, despite a moderate increase in industrial action in 2006, the number of working days lost through industrial action in Germany remained far below the EU average (Dribbusch 2007).

This section examines ver.di’s bargaining power in several ways. First, it compares pay increases as a quantifiable and comparable measure of bargaining outcomes between ver.di and all DGB unions and between ver.di and its predecessor unions over time in order to assess whether bargaining outcomes improved after the merger. Second, it examines the pay increases across the ver.di industries in a given year to assess whether they became more similar after the merger. Third, it compares the pay increases in banking and retail in order to assess whether the elimination of inter-union competition led to better bargaining outcomes. Fourth, it analyses the industrial action taken by ver.di and discusses whether it can be interpreted as an increase in bargaining power. Finally, it considers union officials’ appraisal of how ver.di’s bargaining power developed.

Table 6.6 shows the collectively agreed annual average pay increase in West Germany in the main industries of the ver.di unions – HBV and DAG covered retail and banking, ÖTV and DAG covered the public sector, IG Medien covered printing and DPG covered post. Traditionally, the annual average pay increase in the ver.di industries was comparable or slightly lower than the annual average pay increase across all industries. This remained so in the post-merger years and a perceptible improvement compared to the pre-merger increases or to those across all industries failed to appear.
Table 6.6: Annual Average Pay Increase in all Industries and in Ver.di’s Main Industries, in Per Cent, West Germany 1990-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual average pay increase in all industries</th>
<th>Annual average pay increase in Banking, Post, Printing, Retail &amp; Public Sector</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>3.9</td>
<td>3.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>1991</td>
<td>6.0</td>
<td>6.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1992</td>
<td>5.7</td>
<td>5.6</td>
<td>-0.1</td>
</tr>
<tr>
<td>1993</td>
<td>3.8</td>
<td>3.6</td>
<td>-0.2</td>
</tr>
<tr>
<td>1994</td>
<td>2.0</td>
<td>1.9</td>
<td>-0.1</td>
</tr>
<tr>
<td>1995</td>
<td>3.6</td>
<td>3.1</td>
<td>-0.5</td>
</tr>
<tr>
<td>1996</td>
<td>2.3</td>
<td>1.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>1997</td>
<td>1.4</td>
<td>1.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>1998</td>
<td>1.7</td>
<td>1.7</td>
<td>0.0</td>
</tr>
<tr>
<td>1999</td>
<td>2.9</td>
<td>3.0</td>
<td>0.1</td>
</tr>
<tr>
<td>2000</td>
<td>2.4</td>
<td>2.2</td>
<td>-0.2</td>
</tr>
<tr>
<td>2001</td>
<td>2.1</td>
<td>2.5</td>
<td>0.4</td>
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<tr>
<td>2002</td>
<td>2.6</td>
<td>2.4</td>
<td>-0.2</td>
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<tr>
<td>2003</td>
<td>2.4</td>
<td>2.3</td>
<td>-0.1</td>
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<tr>
<td>2004</td>
<td>1.9</td>
<td>2.0</td>
<td>0.1</td>
</tr>
<tr>
<td>2005</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td>2006</td>
<td>1.5</td>
<td>1.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>2007</td>
<td>2.2</td>
<td>1.2</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

Source: WSI Tarifarchiv; own calculations.

9 Data from 1990 to 2007 covers the pre and post-merger phases of ver.di during 1 ½ economic cycles: the post-unification boom in 1990-91, the recession in 1992-93, the small boom in 1999-2000 and the stagnation since 2002. Data for East Germany was omitted because it is not comparable to the West German data before 1997, as due to the circumstances of reunification, there were extreme and extremely different pay increases in different industries, and the institutional conditions, e.g. bargaining coverage, differed as well. Comparing East and West German data from 1997-2007 would not cover a complete economic cycle and not allow for a meaningful pre- and post-merger comparison.
The collective agreements in printing, retail, post, banking and the public sector differ greatly in their significance. The retail and public sector agreements are by far the largest. In 2007, the retail agreement covered more than 1.6 million employees and the public sector agreement covered nearly 1.5 million employees, as Table 6.7 shows.

### Table 6.7: Employees in the Coverage Areas of All Pay Collective Agreements (Lohn-, Gehalts- und Entgelttarifverträge) in Ver.di’s Main Industries, in Thousands, West Germany 1991-2007

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing</td>
<td>185</td>
<td>173</td>
<td>186</td>
<td>159</td>
</tr>
<tr>
<td>Retail</td>
<td>1705</td>
<td>1809</td>
<td>1751</td>
<td>1669</td>
</tr>
<tr>
<td>Post</td>
<td>221</td>
<td>222</td>
<td>120</td>
<td>97</td>
</tr>
<tr>
<td>Banking</td>
<td>377</td>
<td>383</td>
<td>449</td>
<td>238</td>
</tr>
<tr>
<td>Public sector</td>
<td>2270</td>
<td>2183</td>
<td>1908</td>
<td>1482</td>
</tr>
</tbody>
</table>

Source: WSI Tarifpolitischer Jahresbericht Table 5b, various years; WSI Tarifarchiv.
Notes: In 1991 and 1995 the Post collective agreements included the Federal Post Office (Deutsche Bundespost), and the Deutsche Post, Telekom and Postbank. In 2007 the Banking collective agreement did not include the Genossenschaftsbanken (cooperative banks), because they were covered by a separate collective agreement.

By weighting the pay increases in the ver.di industries according to the number of employees covered, it is possible to discern whether ver.di’s bargaining outcomes improved without the distorting effect of industry size. As Figure 6.2 shows, between 2005 and 2007 the pay increases in ver.di’s main industries were significantly lower than across all industries, mainly due to the below average pay increases in the public sector and in retail.
Figure 6.2: Collectively Agreed Annual Average Pay Increase in Ver.di Industries and All Industries, in Per Cent, West Germany 1990-2007

Source: WSI Tarifarchiv; own calculations.

Overall, the quantitative bargaining outcomes do not indicate that ver.di’s bargaining power increased after the merger, neither in comparison with all industries in a given year nor in comparison with the pre-merger outcomes of the five founding unions.

The second argument regarding bargaining power is that the bargaining outcomes should have become more similar within ver.di as the weaker areas profited from the presence of the stronger ones. Figure 6.3 shows the difference in per cent between the highest wage increase in one of the ver.di industries and the average annual wage increase across the five ver.di industries, and also the difference in per cent between the lowest wage increase in one of the ver.di industries and the average annual wage increase across the five ver.di industries. For example in 1990, the average annual wage increase in the ver.di industries was 3.5 per cent. In printing, it was 5.7 per cent, which is 64.7 per cent above the average. In the same year, the increase in the public sector was only 1.7 per cent, which is 50.9 per cent below the average.
The wage increases across the ver.di industries in a given year did not become more similar after the merger. In fact, in 2006 the variation in pay increases across ver.di’s five main industries was greater than at any time after 1990.

The third argument why bargaining power increases through union mergers is that inter-union competition in overlapping coverage areas diminishes and the rival unions that previously undermined each other’s bargaining power work together and thereby achieve greater bargaining power. The main areas where this should have been the case in ver.di are in banking and in retail, where DAG and HBV used to compete for members. Figure 6.4 shows that the annual average pay increases in banking were for the most part above average after the ver.di merger in 2001, and were frequently below average in the 1990s. In contrast, the pay increases in retail were below average after the merger while there were some above-average increases before the merger.
Thus, the data does not show any uniform effect of the merger on bargaining power in areas of pre-merger competition. If the merger had any effect on bargaining power in banking and retail, it is not evident as it was eclipsed by other factors, such as the contrasting economic situations of the industries – banks achieved good profits in the post-merger years while the retail sector was in a slump.

Industrial action can also serve as an indicator of bargaining power and an increase in industrial action can be seen as the merged union’s greater capacity to enforce its demands. In 2006 and 2007, ver.di substantially increased its industrial action, as can be seen in Figure 6.5 detailing strike costs in ver.di from 2004 to October 2007.
The sharp increase in industrial action in 2006 and 2007 is mainly attributable to strikes in the public sector and at Deutsche Telekom AG. In both sectors, industrial action was protracted and it is questionable whether the predecessor unions – ÖTV and DPG – would have had the funds and the stamina and determination to strike for such a long time.

Ver.di’s fourteen weeks of strikes in the public sector in 2006 marked the longest period of industrial action ever to have taken place in the German public sector. Ver.di had concluded a new framework agreement for the public sector, the Tarifvertrag für den öffentlichen Dienst (TVöD), in February 2005. However, in contrast to past agreements, the TVöD only applied to federal and municipal employees. The Employers’ Association of German Länder (Tarifgemeinschaft deutscher Länder TdL) had decided to bargain independently from the federal and municipal employers’ associations and demanded state-specific arrangements. In addition, three municipal employers’ associations (Lower Saxony, Hamburg and Baden-Württemberg) made use of an opening clause in the TVöD that allowed them to cancel the provisions on working time and subsequently demanded an increase in working hours. Ver-di’s aims in the ensuing strikes were defensive: firstly to apply the TVöD in the states and secondly to prevent an increase in working hours in the municipalities. The strikes were judged to be partially successful as the fragmentation of bargaining was halted when
the states (with the exception of Hessen) signed a uniform collective agreement and as a landslide victory for employers regarding increased working hours was averted, although ver.di did make concessions on working hours both on state and municipal level. The defensive nature of the strikes and their length can be interpreted as a sign of weakness rather than of increased bargaining power: due to the privatization and fragmentation of bargaining in the public sector, the traditional “battle-tried” workers in public transport, airports, rail and post were not available to strike as they were covered by new separate collective agreements. Therefore, aside from the municipal garbage collectors, the strikers were mainly white collar workers and employee groups that traditionally had a low willingness to strike and little strike experience, such as childcare and hospital workers. Also, as union density on the state level is comparatively low, ver.di was unable to develop enough pressure on the employers to force a quick resolution of the conflict. It is expected that the fragmentation of bargaining in the public sector will continue in the future (Bispinck 2006; Dribbusch 2006; Keller 2007a, Interview 18).

The strike at Deutsche Telekom AG in spring 2007 was also a novelty, as it was the first strike in the history of the company, which had been privatized in 1995. It was defensive in nature as well: Deutsche Telekom AG had decided to transfer 50,000 employees to three new service companies called T-Service with a twelve per cent wage cut and an extension of the standard weekly working time without pay compensation. After six weeks of strikes, ver.di and Deutsche Telekom AG reached an agreement to reduce wage levels by 6.5 per cent over a period of 42 months and to extend weekly working hours from 34 to 38 hours without pay compensation. The agreement also included new, lower pay scales and performance-based pay components for future employees of T-Service and the introduction of Saturday as a regular working day for customer service employees. On the positive side, it ruled out forced redundancies until the end of 2012 and the selling of the company before the end of 2010, guaranteed the continuing employment of 4,150 apprentices and included many provisions from the collective agreements at Deutsche Telekom AG, for example on annual
leave, partial retirement and company pensions and seniority (EIRO 2007a; Ver.di 2007f).

In retail, collective bargaining rounds were lengthy and difficult for several years. Agreements were often reached only after strike action and many months after the previous agreement expired. The reasons for this were the continuing slack demand in the retail sector and the deregulation of shop opening hours, which saw employers bargaining for the reduction of penalty rates, increased flexibility in working hours and the introduction of opening clauses for employers at the local level (Bispinck and WSI-Tarifarchiv 2003; 2007). Again, ver.di was in a defensive position, and due to its limited capacity to strike in retail, was unable to put enough pressure on employers to quickly resolve the conflicts (Interviews 22, 26, 40, 41).

Ver.di officials made differentiated judgments of the development of the union’s bargaining power. On the one hand, they rated the new sectoral agreement in the public sector, the TVöD, which completely overhauled the previous collective agreement, the *Bundes-Angestelltentarifvertrag* (BAT), and the long public sector strikes as successes that were attributable to the increased size of the union. They also pointed to improvements in some qualitative issues, especially regarding older workers. However, they found that such successes were eclipsed by German unions’ generally defensive position in collective bargaining in the post-merger years. Rather than gaining improvements, ver.di tried to prevent worsening conditions, especially in pay and working time, and such bargaining outcomes did not make union membership particularly attractive, as two ver.di officials commented:

> It is difficult to assess [ver.di’s bargaining power], especially as the whole development has been eclipsed by the generally defensive position of unions in collective bargaining. That’s why you can only speak of collective bargaining successes for unions in recent years with a whole lot of optimism. In our core areas you can’t really say that we have been successful in the sense of improving the situation, instead, the success lies in stopping it from getting worse. And the few areas where we entered unknown territory for example in pension schemes, training and partial retirement shouldn’t be underestimated or disregarded, but they aren’t perceived by members as particular highlights where people say “that’s great, I’m going to join ver.di because of this” [...]. They really are partial successes that shouldn’t be underestimated but if you look at wages and working time, then you can’t say that we’ve had any particular successes in recent years. We have tried to avert the worst (Interview 15).
Our members are confronted with increased working hours and cuts in wages and conditions. We fight against that and prevent a lot of it, and that is our success. But for the people it has still gotten worse than it was before and I think strategically, we are on the defensive, and we can’t get out of there. We try to catch up with the problems, try to prevent the worst, and I think one of the key factors for our membership development is that we simply don’t have enough real successes. [...] We are not on the offensive like in the 1980s where we say “our goal is the 35 hour week for everyone!” where we try to fill people with enthusiasm, where we make demands ourselves and try to get them through. Now it is more like: someone plans to make something worse and we fight against that (Interview 3).

The defensive nature of ver.di’s bargaining and industrial action was confirmed by the National Secretary Frank Bsirske in his speech at the National Congress in October 2007:

The years 2003 to 2007 were marked by some exceptionally severe defensive industrial action. There was hardly a month in which ver.di was not involved in industrial action. Surely this was partly due the fact that we – in contrast to the manufacturing unions – are involved with industries that are particularly hard hit by slack demand, structural crisis and the consequences of mass unemployment and falling tax revenue. Together with the changed political coordinates, that undoubtedly contributed to the exceptional severity with which some of the industrial conflicts were fought. They were conflicts in which we partially had to accept inferior conditions, yes, but in which we always held our own and prevented worse. [...] I have spoken about the severe industrial action, about how we made compromises but in the main part held our ground. That was not a matter of course. They were successes that we worked and fought hard for with the help of the organization (Ver.di 2007k).

A positive aspect that officials attributed to the merger was ver.di’s effort to politicize pay disputes by campaigning for a statutory minimum wage. Broadcasting such disputes as social and political issues compensated for a lack of power at the bargaining table, especially in low-wage areas, as an official commented:

We try to consider the whole debate about opening clauses not as pure collective bargaining policy but also as social policy. And in conflicts about pay levels we also discuss changes in economic and fiscal policy. Our initiative on a statutory minimum wage is an example of how we try to politicize such conflicts in a societal sense and to take them out of the relatively confined framework of company and sectoral level bargaining, because we believe that we can’t continue to regulate certain processes on that level only. I think our profile on this matter is pretty good (Interview 15).

In summary, there is no evidence to suggest that ver.di’s bargaining power increased after the merger. There was no perceptible improvement in pay increases compared to other unions or compared to past increases achieved
by the predecessor unions. On the contrary, pay increases in ver.di’s largest industries, retail and the public sector, were significantly below the national average between 2005 and 2007. Pay increases in areas of previous inter-union competition were not uniformly better than before the merger. Pay increases across ver.di industries did not become more similar. Industrial action increased, but the strikes were mainly defensive. The ability to run long strikes, some improvements on qualitative bargaining issues and the politicization of industrial disputes were successes. However, they did not change ver.di’s generally defensive position, and the union continued to bargain and undertake industrial action with the aim of averting worsening conditions rather than enforcing its own demands.

6.4 Political Influence

Merger supporters maintain that union mergers result in increased political influence in the peak federation, in the political party the union is affiliated to, and in the national policy-making process. As German unions are not affiliated to any political party, this section focuses on ver.di’s influence in the political sphere and its role in the peak federation DGB.

Increasing influence in the political sphere as an element of revitalization “implies that unions improve the effectiveness of their efforts to influence the policy-making process, either through traditional or innovative methods” (Behrens et al. 2004a: 22). If ver.di increased its political influence after the merger, it would have generated more political ideas, and would have been able to promote them to its membership and the wider public, to introduce them to the political process, and to exert pressure to ensure the ideas were reflected in legislation. These issues are considered in turn.

The merger afforded ver.di greater capacities and specialization regarding public policy. Ver.di established departments for general policy as well as for the economic, European and international, gender, social, educational, vocational, health and numerous industry policy fields that prepared arguments for the union’s position on current political developments. In the smaller predecessor unions in particular, there were no specialized
departments for these policy fields and these themes were dealt with by officials in addition to their other tasks. However, there was criticism within the union of this “policy-making from above” without the participation of members and at a level of intricacy that went beyond the capacity of the local levels of the union (Wendl 2002; 2003).

The merger not only allowed ver.di to formulate well-informed political positions in all policy fields, but also increased its opportunities to promote them. Numerous union officials thought an important benefit of the merger was that the National Secretary Frank Bsirske became a well-known public figure and that ver.di was in the media almost every day (e.g. Interviews 21, 30, 40). As mentioned above, ver.di succeeded in publicizing and campaigning on industrial relations issues as social and political issues. The most prominent examples of this were the campaign for a statutory minimum wage and the Lidl-campaign.

The minimum wage campaign was initiated by ver.di and NGG in 2006. They succeeded in putting the issue of working conditions in the low-wage sector firmly on the political agenda (Bispinck and Schäfer 2006). By 2008, there was intense political debate about the necessity of a statutory minimum wage and the feasibility of other regulations in the low-wage sector. Regulations that were discussed included the capacity of the Federal Minister of Labour to declare collective agreements universally binding for all employers in a given industry, and the extension of the Worker Posting Law, which obliged all employers in the construction industry to comply with collectively agreed sectoral working conditions, to other industries (Bispinck and Schulten 2008). In his speech at the National Congress in October 2007, the National Secretary Frank Bsirske attributed ver.di’s success in positioning the issue of minimum wages in the public debate directly to the merger:

> With ver.di we have increased the political influence of our founding unions and the attention they are paid in society to a much higher degree than the founding unions could have done alone. None of the founding unions alone would have been strong enough to position the issue of minimum wages in society. Not even in the DGB would the founding unions have been able to achieve this separately. [...] Meanwhile [...] the DGB Executive will decide to participate in the minimum wage campaign and, together with the issues of agency work and poverty in old age, put this issue at the centre of its activities regarding the federal election in 2009.
The states Bremen, Berlin and Rheinland-Pfalz have announced that they will make initiatives for a statutory minimum wage in the Bundesrat and thereby keep the issue in public debate. That is good and a great success for us, because with ver.di we have succeeded in really turning the public debate on this issue within two years and thereby set a great social issue together, colleagues! (Ver.di 2007k)

The Lidl-campaign was launched in 2004. Its aim was to organize members, install works councils and improve working conditions at one of Europe’s largest discount supermarkets. Lidl was decidedly anti-union and went to great efforts to prevent the election of works councils in its outlets. The Lidl-campaign, which was ver.di’s first large-scale organizing campaign, received a lot of attention, both within ver.di and in the wider public. Within ver.di, it was not limited to the Commerce Industry Department but involved and was followed by members across all Industry Departments. In the political domain, ver.di was able to broadcast the dispute about works council representation and employment conditions at Lidl as a campaign about human rights, and against shameful and humiliating employment conditions at Lidl and other discount supermarkets. It was reported on in numerous news features, documentaries and newspaper articles in Germany and Europe (e.g. Pidd 2007; Rohwetter 2005; Tomic 2005). Ver.di’s success in generating public awareness of working conditions in discount supermarkets also served to enhance the union’s public image (Matrai and Wohland 2008).

In the 2000s, all German unions experienced difficulties in ensuring their political positions were reflected in legislation. Overall, unions’ political influence declined, with weakened ties to the SPD, less representation in the parliament and reforms to the governance structures of social security agencies, as outlined in Chapter 3. Ver.di adopted a far left-wing political position, was very vocal in its opposition to several government and EU reforms and engaged in alternative forms of political action, particularly demonstrations and protests, to compensate for declining influence in the traditional political institutions. Together with other DGB unions, ver.di was involved in large-scale protests against the labour market and welfare reforms introduced by the SPD and Green coalition, Agenda 2010 and Hartz, in 2004, and against the CDU and SPD coalition’s policies on health care and taxes, and on increasing the retirement age to 67 in October 2006.
According to the former Chancellor Schröder, by pressuring the government and opposing the *Agenda 2010* and *Hartz* reforms, ver.di and IG Metall contributed to his calling early elections and the electoral defeat of the SPD in 2005 (Der Spiegel 2006). On the EU level, ver.di was involved in protests against the European Directive on services in the internal market (2006/123/EC), in particular against the “country of origin principle” which would have made service providers subject only to the law of the country in which they were established, rather than those in which they operated. While the protests led to some modifications of reform proposals, unions continued to find themselves in a defensive position in politics. Overall, officials from ver.di’s policy departments did not think that the merger fundamentally changed ver.di’s defensive position. Similarly to bargaining power, any “successes” involved averting worsening conditions rather than gaining improvements – and this did not appear attractive to potential members.

In summary, the merger allowed ver.di to establish specialized policy departments, and ver.di was regularly featured in the media and enjoyed high publicity. Ver.di succeeded in broadcasting industrial relations issues, in particular surrounding minimum wages and representation and working conditions in discount supermarkets, as important social and political issues, and was at the forefront of protests against various government and EU reforms. However, like other unions, ver.di remained in a defensive position in politics, and there is no evidence to suggest that the merger gave ver.di greater access to the political process or greater success in seeing its positions reflected in legislation.

The merger could also have increased ver.di’s political influence in the peak federation DGB. Past research on the ver.di merger emphasized that the DGB would lose influence and power through the establishment of ver.di, firstly because ver.di and IG Metall combined made up about 70 per cent of the DGB’s membership and could therefore determine its policies, secondly because the large unions had the capacity to provide many of the DGB’s services in-house, and thirdly because they no longer required the DGB for political representation (Hasibether 1999; Keller 2005a; Waddington and Hoffmann 2005).
Chapter 6: Merger Outcomes

There was some indication that both ver.di and IG Metall were so large that they had a major influence on the DGB’s policies, to the detriment of the smaller unions. This was particularly so if ver.di and IG Metall were in agreement, and some of the smaller unions felt that their concerns were not heard (Interviews 28, 42 and 43). Two examples of where ver.di’s political position preceded and influenced DGB policy, in spite of a differing opinion by a smaller union, were the issues of statutory minimum wages and the privatization of the railway.

On the issue of a minimum wages, ver.di and NGG succeeded in convincing IG Metall and the other DGB unions with the exception of IG BCE of the necessity of a statutory minimum wage. IG Metall had originally favoured a system of sectoral minimum wages and IG BAU and IG BCE favoured the extension of the Worker Posting Law, which makes sectoral collective agreements universally binding (Bispinck and Schäfer 2006). The DGB and all its affiliate unions with the exception of IG BCE eventually supported a statutory minimum wage of at least €7.50 per hour (DGB 2007a).

On the issue of privatizing the railway, first ver.di and later IG Metall joined a coalition of environmental and anti-globalization groups, “Bahn für Alle”. They opposed the privatization of the railway, Deutsche Bahn AG, although the rail union in the DGB, Transnet, did not oppose privatization if collectively agreed working conditions and employment guarantees were maintained. In March and April 2007, the DGB Executive passed resolutions that disapproved of any privatization without Transnet’s consent. Finally, in November 2007, Transnet distanced itself from any privatization measures that involved spinning off sections of the Deutsche Bahn AG group (DeineBahn.de 2007a; b).

In the context of the DGB Congress in 2006, ver.di and IG Metall were reproached for pursuing their own agendas within the DGB with little consideration for the smaller affiliates or the DGB itself (Knott 2006; Sievers 2006a; b). It appears that the DGB’s task of reconciling the interests of its member unions and representing them in the political sphere became more difficult as the large unions differed in their political positions and pursued their own economic and social policies, as a senior ver.di official explained:
The three large unions – ver.di, IG Metall and IG BCE – consciously cover fields that are really supposed to be covered by the DGB: economic policy, social policy, education policy. That is typically done by the peak federation. But we are so big and are entitled to do it as well. So there is some competition there, or call it a weakening or permanent endangering of the DGB. [...] we will have to think about whether we still need the peak federation or whether we say the DGB will do it all. It is hard to say because as you can see, the unions have very different political positions – the political positions of IG BCE and ver.di are at times worlds apart. How are you going to reconcile that to the satisfaction of all the unions in the DGB? I can’t see ver.di handing it over to the DGB and IG Metall sees it the same way (Interview 12).

Overall, ver.di was very confident in its interaction with other unions and the DGB, and this was surely a new development for the smaller merger partners. Furthermore, ver.di’s political positions significantly influenced DGB policy. In the future, the change of leadership in IG Metall in 2007 may change the nature of relations between ver.di and IG Metall in the DGB, and thereby affect their relations with the smaller affiliates as well. Also, the DGB’s role in settling disputes between unions may be strengthened as a result of decisions made at its 2006 Congress, as the next section explains.

6.5 Inter-union Competition

Ver.di’s founding members anticipated a decrease in inter-union competition as a result of the merger. This was the case in areas of rivalry between the former HBV and DAG, and it can be argued that inter-union competition that would have developed between the founding unions due to changing industry structures, such as between HBV and DPG in logistics, was prevented. Otherwise, inter-union competition increased. Ver.di’s operating reports in 2003 and 2007 detailed jurisdictional disputes with all DGB unions and stated that for a number of professional associations within ver.di’s jurisdiction, the merger was a motive to seek legal recognition as unions (Ver.di 2003e: 293-296; Ver.di 2007g: 303-304, Interview 17).

Many of the disputes between ver.di and other DGB unions concerned areas of “industrial services”, such as outsourced services to industries that are organized by other unions. For example, ver.di competed with the construction union IG BAU for membership among cleaners and with IG Metall in the labour hire and IT sectors. This intensified competition was largely due to changes in the structure of the economy, especially
outsourcing and the privatization of public services. Mergers and acquisitions among firms, changing value chains and an increased cross-over between production- and service-related activities also played a role. Finally, employer strategies to avoid being bound by a collective agreement or to become party to a collective agreement that was less costly to them than their current one also contributed to inter-union competition. In addition, declining membership numbers among all unions decreased their willingness to reach clear agreements about jurisdiction in contested areas and to solve jurisdictional disputes cooperatively. In 2007, ver.di had not come to an agreement about coverage disputes with IG BCE in the water industry, with Transnet in public transport, and with GdP in correctional centres, customs and the fire brigade (Ver.di 2007g: 304).

The increased size of the unions, in particular of ver.di and IG Metall, meant that the DGB found it increasingly difficult to settle disputes between them, especially when they preferred not to follow its formal disputes proceedings (Ver.di 2002; Waddington and Hoffmann 2000). At the DGB Congress in 2006, however, resolutions were passed to strengthen the DGB’s role in settling disputes, to clarify jurisdictional boundaries and to prevent unions from unilaterally extending their coverage areas through changes to their rulebooks (Ver.di 2006b).

Competition also increased between ver.di and unions that were not affiliated to the DGB. A number of professional organizations that had cooperation agreements with the former DAG began bargaining on their own after the ver.di merger. This trend began shortly before the formation of ver.di with the pilots’ association Vereinigung Cockpit (VC) concluding an own collective agreement in 2001, and a further prominent example was the doctors’ association Marburger Bund (MB), which bargained separately from the remaining hospital staff in 2005. The principle of industrial unionism totally broke down in the airline sector, where next to ver.di, which represented all occupations, and VC for pilots, there were separate organizations for flight attendants (Unabhängige Flugbegleiter Organisation – UFO), air traffic controllers (Gewerkschaft der Flugsicherung – GdF), and ground crew (Vereinigung Boden – VB). Several other associations, for example the association of orchestras and choirs (Deutsche
Orchestervereinigung – DOV), also severed their cooperation agreements. On the one hand, this development was attributed to homogenous groups seeking to improve their working conditions by renouncing solidarity with other workers in the industry, and to employers promoting these developments by bargaining with these groups. On the other, it appeared to be related to ver.di’s size and its left-wing political position, as this former DAG official argued:

[During the founding process] we realized: when the DAG is gone, a certain segment of working people won’t be covered. A segment that was seen as a little right of the middle, and that was treated differently by employers, and there was a danger that someone else would occupy that vacuum. The DAG was also like a cartel. A large number of associations were linked to it through cooperation agreements. They could be lost, develop an independent existence, and we would be a huge union that is fraying at the edges as smaller unions develop. That has come true to some extent. [...] The latest example is Marburger Bund, which has become very popular and organizes members by saying “we aren’t the large anonymous block, we represent the specific interests of doctors and we can do that much better than a large union like ver.di”. We wanted to provide this specialization through the Industry Departments but it hasn’t worked as well as we thought it would (Interview 12).

There was also competition between ver.di and organizations affiliated to the peak federation DBB. These associations traditionally concentrated on civil servants, whose employment conditions were determined by law, but they increasingly organized public sector employees, who were covered by collective agreements, as well. As the DBB is a more loosely organized peak federation than the DGB, it was possible for ver.di to be in conflict with some DBB member organizations, and to cooperate with others. For example, ver.di and the DBB affiliate Gewerkschaft der Sozialversicherung (GdS) competed for members in social security agencies. On the other hand, ver.di and the DBB peak organization agreed to jointly bargain in the public sector in 2008 (DGB 2007b). This agreement, in turn, was criticized by other public sector unions in the DGB who also bargained together with ver.di, the police union GdP and the education union GEW. They were not consulted and feared their interests would not be adequately considered in the bargaining process. Therefore, they required the DGB to intervene (Damm 2007; Schiermeyer 2007, Interview 42).

Ver.di was also in competition with organizations affiliated to the Christian peak federation CGB, particularly with the Deutscher Handels- und
Industrieangestellten-Verband (DHV) and the Gewerkschaft Öffentlicher Dienst und Dienstleistungen (GÖD). The CGB unions concluded collective agreements with employers in industries and areas where ver.di was not well organized, particularly in the eastern states, for example in labour hire, security services, and social security and welfare agencies. Ver.di argued that the CGB concluded “dumping collective agreements” with rates below what ver.di would have agreed to. However, in some instances, employers were in a position to choose which union to bargain with. Once a CGB collective agreement was in place, it lowered the benchmark for ver.di’s collective bargaining in that industry, and it was very difficult for ver.di to replace such damaging agreements with its own. In labour hire, for example, the DGB unions were jointly bargaining with the two largest employer associations in the industry, Bundesverband der Zeitarbeit (BZA) and Interessengemeinschaft Zeitarbeit (IGZ) in 2003, when a collective agreement was struck between CGB affiliate unions Tarifgemeinschaft Christlicher Gewerkschaften für Zeitarbeit und PersonalService-Agenturen (CGZP) and a small employers’ association. As the wages and conditions of that collective agreement were significantly lower than the benchmark figures the DGB unions and the BZA and IGZ had agreed upon, the employers declared the benchmark figures as obsolete and the unions had to make considerable concessions in the bargaining that followed (Aust and Holst 2006, Interviews 17 and 37).

Overall, inter-union competition between ver.di and other unions, both within the DGB and without, increased after the merger. Much of the increased competition was not caused by the merger, but rather by conditions such as changing industry structures, employer strategies, and intensified competition for members among unions in times of membership decline. But it did play a role that ver.di was perceived as being so large and anonymous that some potential members feared their occupational interests would not be heard, and thought that an occupational union would provide better bargaining outcomes. Evidently, ver.di was not able to convey that its Industry Departments represented occupational interests at least as well as professional organizations did and that in addition, the combined union was more powerful than a small organization. It is also
possible that ver.di’s political positions did not appeal to some occupational groups.

6.6 Synergies

Union mergers are thought to improve services and recruitment, as well as bargaining power and political influence by generating economies of scale and synergies. However, academic literature on union mergers repeatedly points out that there is no evidence to suggest that such synergies are frequently achieved (Carter 1991; Davis 1999; Strauss 1993; Undy 1999; Waddington 2005a). Creating synergies was also a major goal of the ver.di merger. It is difficult to assess whether the merger led to synergies and eliminated the duplication of work at the local level. For example, it was often argued that instead of a DAG and a HBV official visiting Betriebsversammlungen (meetings of the workforce chaired by the works council) at banks or retailers, only one official would go. It is unclear to what extent the elimination of this duplication of work led to improved services and recruitment at the local level. Two years after the merger, lay activists said they had not experienced any considerable synergies in terms of political cooperation or support between Industry Departments at the local level (Express 2003). It is unclear whether this was a general and enduring phenomenon. Nevertheless, some assertions can be made about the realization of synergies at an aggregate level. This section focuses on the number of organizational divisions and committees, and the number of ver.di employees. In a second step, it compares ver.di with IG Metall, a union of similar size.

Ver.di had a much smaller number of organizational divisions than its founding unions had in sum. The founding unions’ seventeen educational establishments were reduced to eleven, ver.di had one National Office as opposed to five, and the number of Regional Districts and Districts was significantly reduced, as Table 6.8 shows. However, the savings this generated were less than they could have been, as in many cases, the sites were maintained, and in addition, the employment guarantee meant that the physical amalgamation of organizational divisions did not reduce labour costs.
Table 6.8: Number of Geographical Divisions in the Founding Unions and in Ver.di

<table>
<thead>
<tr>
<th></th>
<th>National office</th>
<th>Regional Districts</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAG</td>
<td>1</td>
<td>11</td>
<td>46 (plus 60 local offices)</td>
</tr>
<tr>
<td>DPG</td>
<td>1</td>
<td>16</td>
<td>(1,171 locals without full-time officials)</td>
</tr>
<tr>
<td>HBV</td>
<td>1</td>
<td>14</td>
<td>55</td>
</tr>
<tr>
<td>IG Medien</td>
<td>1</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>ÖTV</td>
<td>1</td>
<td>16</td>
<td>166</td>
</tr>
<tr>
<td><strong>Total of all pre-merger divisions</strong></td>
<td><strong>5</strong></td>
<td><strong>66</strong></td>
<td><strong>323</strong></td>
</tr>
<tr>
<td><strong>ver.di</strong></td>
<td><strong>1</strong></td>
<td>13; 2007: 11</td>
<td>108; 2007: 86</td>
</tr>
</tbody>
</table>

Source: DAG et al. (2000a).

As detailed in Table 6.9, the size of the National Executive Committee was also reduced in comparison with the sum of the National Executive Committees of the founding unions. In the founding unions there were 33 National Executive Committee members altogether. Ver.di started with nineteen members and later reduced their number to fourteen with an aim of eleven. The number of delegates at the National Congress was also reduced significantly. The sum of the delegates at the last Congresses of the founding unions was 1,859, and ver.di’s rulebook (§38(3)) stipulates that the number of delegates at National Congress is approximately 1,000.
Table 6.9: National Executive Committee Members and National Congress Delegates in the Founding Unions and in Ver.di

<table>
<thead>
<tr>
<th>Union</th>
<th>Number of National Executive Committee members</th>
<th>Number of Delegates at National Congress</th>
</tr>
</thead>
<tbody>
<tr>
<td>ÖTV</td>
<td>7</td>
<td>555</td>
</tr>
<tr>
<td>HBV</td>
<td>6</td>
<td>308</td>
</tr>
<tr>
<td>IG Medien</td>
<td>5</td>
<td>300</td>
</tr>
<tr>
<td>DPG</td>
<td>6</td>
<td>514</td>
</tr>
<tr>
<td>DAG</td>
<td>9</td>
<td>182</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td><strong>33</strong></td>
<td><strong>1,859</strong></td>
</tr>
<tr>
<td><strong>ver.di</strong></td>
<td><strong>14; aim of 11</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

Sources: DAG (2001); DPG (2001); HBV (2001); IG Medien (2001); ÖTV (2001); ver.di archives.

Despite the employment guarantee, staffing levels declined by nearly twenty per cent after the merger. In 2000, the founding unions had 5,070 employees in sum (DAG: 1,097, DPG: 512, HBV: 701, IG Medien: 310, ÖTV: 2,450) (DAG et al. 2000a). In June 2007, 4,161 people were employed by ver.di, which was equivalent to 3,176 full-time positions (Ver.di 2007j). A large number of employees signed an agreement on early retirement and were due to leave the organization shortly.

Overall, the number of employees, organizational divisions and committees was significantly reduced in comparison with the sum of those in the founding unions. But when comparing ver.di with IG Metall, a union that is similar in size, it appears that the possibilities for gaining economies of scale and synergies were not exhausted (see Tables 6.10 and 6.11). In 2006, IG Metall had 2,549 employees, and ver.di had 4,240. The number of delegates at IG Metall’s 2007 National Congress was 501, and at ver.di’s 2007 National Congress it was 1,008. Ver.di had fourteen National Executive Committee members compared to the seven full-time officials in IG Metall’s National Executive Committee. Table 6.11 shows the number of members divided by the number of union employees and updates the statistic published by the DGB in 1999. The statistic only provides a rough
estimate of how many members a union official looks after because it includes all staff, including part-timers and those in administrative and management roles who do not directly deal with members. However, it does indicate that IG Metall employed less staff per member than ver.di and its constituent unions did from 1993 until 2006, and that after the merger, ver.di did not achieve synergies that allowed it to employ less staff per member. On the contrary, membership decline was greater than the reduction in staff.

**Table 6.10: Members, Employees, Delegates and National Executive Committee Members in IG Metall and Ver.di, 2006/2007**

<table>
<thead>
<tr>
<th></th>
<th>IG Metall</th>
<th>Ver.di</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members 31.12.2006</td>
<td>2,332,720</td>
<td>2,274,731</td>
</tr>
<tr>
<td>Employees 2006</td>
<td>2,549 including full- and part-timers</td>
<td>4,240 including full- and part-timers</td>
</tr>
<tr>
<td>Delegates at 2007 National Congress</td>
<td>501</td>
<td>1,008</td>
</tr>
<tr>
<td>Number of National Executive Committee members</td>
<td>7 full-time officials (and 29 lay officials)</td>
<td>19 full-time officials reduced to 14 in 2007</td>
</tr>
</tbody>
</table>

Sources: Fickinger (2007); IG Metall (2005; 2007); Ver.di (2007e; j; n).
Table 6.11: Members per Union Employee: IG Metall, Ver.di and Ver.di’s Constituent Unions, 1993-2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HBV</td>
<td>626</td>
<td>679</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IG Medien</td>
<td>576</td>
<td>600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ÖTV</td>
<td>692</td>
<td>782</td>
<td>608</td>
<td>-</td>
</tr>
<tr>
<td>DPG</td>
<td>864</td>
<td>768</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DAG</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ver.di</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>536</td>
</tr>
<tr>
<td>IG Metall</td>
<td>983</td>
<td>1002</td>
<td>-</td>
<td>915</td>
</tr>
</tbody>
</table>

Sources: DAG et al. (2000a); DGB (1999; 2008); Fickinger (2007); Ver.di (2007j).

In summary, ver.di significantly reduced the number of organizational divisions, the size of the National Executive Committee and the number of delegates at its National Congress compared to the predecessor unions. It also significantly reduced the number of staff. However, in comparison with IG Metall, the number of employees and the size of the National Congress and the National Executive Committee are still very large. Although ver.di covers a wider range of industries than IG Metall and therefore may require more staff and larger representative structures, the stark differences between the two unions do suggest that not all potential synergies were realized in ver.di.

6.7 Service Provision

Ver.di anticipated that the synergies would free up resources which it would use to improve services to members. Besides collective bargaining, the core services ver.di provides are legal advice and representation as well as education and training for works councillors, staff councillors, union representatives and rank-and-file members. It also provides non-industrial services. This section considers post-merger developments in legal advice and representation, non-industrial services and education.
Before the merger, the DGB unions provided some legal services themselves and referred some cases to the DGB’s legal services organization, the *DGB Rechtsschutz GmbH*. The DAG provided all its legal services in-house. During the merger negotiations, it was decided that the legal advice and representation services of all the founding unions would be combined without any reductions (DAG et al. 2001). There was discussion about whether ver.di might provide close to all legal services in house, and for this purpose, directly employ some of the legal services officers working for the DGB. This would have been a significant shift in responsibilities from the DGB to ver.di and could have caused political irritations. The model was rejected, not least because of the high labour costs that would have ensued, and ver.di adopted a “mixed model” for legal advice and representation, as some of the other DGB unions did as well, by utilizing the *DGB Rechtsschutz GmbH* as well as maintaining its own services. Because ver.di did not collect and analyse data on its legal services at the national level, it was not possible to determine exactly how the quantity of legal services developed. It was clear, though, that every year, the *DGB Rechtsschutz GmbH* processed more than 40,000 cases for ver.di, and that ver.di itself processed around 10,000, or twenty per cent, of all cases. Furthermore, legal advice and representation was available for a wider range of issues than was the case in the constituent unions. Ver.di took measures to improve the quality of its legal services, such as increased training for its legal advisers, a new guideline specifying standards, competences and management structures, and the dedication of funds to legal services in the revised budgeting guideline (DGB 2006; Ver.di 2004d; 2006f; Ver.di 2007g: 294, 333; Interview 46).

Ver.di offered an expanded range of non-industrial services which were provided by the subsidiary service organization *ver.di Service GmbH*. They included discounts on a range of insurances, home loans, cars, holidays, and entertainment. Ver.di also offered free advice regarding income tax returns, reference letters, unemployment, tenancy, debts, mobbing, career planning for young people, and accident insurance for all members. Advice on income tax returns was previously only offered by the DPG, and advice on tenancy was only offered by HBV (DAG et al. 2000b). These services
Chapter 6: Merger Outcomes

were expanded to cover all members. Ver.di planned to expand these services further, and in particular, offer services targeted to certain member groups, such as a liability insurance for fire-fighters or a member card for young members that provided discounted gym memberships and cover charges at nightclubs (Ver.di 2007g: 290-291; 2007h). Ver.di also provided various publications for members and maintained an extensive website. Several surveys and projects aimed to optimize ver.di’s communications, print and digital media (Ver.di 2007g: 296-299). There were two call centres: ver.diDirekt for general issues and mediafon for contractors and freelancers, and new service and advice bureaus were planned. The Regional District Hamburg established a “ver.di center”, where members received advice quickly without having to wait for an appointment with the responsible industrial officer. Several projects focused on improving the quality of ver.di’s services and regulating and standardizing member-oriented work processes (such as the projects Standardisierung mitgliedernaher Arbeitsorganisation (SmilA) and Qualitätssteigerung der Gewerkschaftsarbeit).

Ver.di’s educational strategy, program, and establishments were subject to scrutiny after the merger with the aim of improving efficiency and effectiveness. But similarly to the situation in legal services, educational services were offered at all levels of the organization, and ver.di did not collect data centrally that traced how many seminars and participants there were over the years. It is known, though, that several educational establishments were closed and that the resources for education were about 40 per cent less than they were in the constituent unions, and that correspondingly, the quantity of educational offerings decreased (Interview 47). Quality might have increased as the seminar program was reviewed and the subsidiary organization ver.di B+B that runs the seminars went through a quality management process (Ver.di 2007g: 237-244; Ver.di Bundesbildungskommission 2007).

All in all, it is difficult to gauge whether ver.di’s legal and educational services improved, but they were reviewed with the aim of enhancing quality. The range of issues for which ver.di offered legal advice and representation expanded, while the number of educational services
decreased. The range of non-industrial services expanded after the merger – some services were entirely new and others were previously available in only one of the constituent unions. Ver.di found they were not a sufficient reason to join the union, but some of the non-industrial services, in particular the discounted insurances, played an important role in membership retention (Ver.di 2007g: 290; Interviews 1 and 12).

6.8 Recruitment and Retention

According to the logic of mergers as a revitalization strategy, merged unions have more resources to spend on recruitment and retention and are therefore more successful. In ver.di’s case, membership loss accelerated after the merger and its yearly percentage loss was greater than in most other DGB unions, despite its favourable coverage area. The number of new members remained stable at around 100,000 per year, while the number of union leavers increased sharply from 170,990 in 2001 to 260,627 in 2004, and subsequently fell to 169,449 in 2007. This shows that there were no improvements in recruitment in the post-merger years, but that after 2004, membership retention improved. This section examines ver.di’s efforts in recruiting and retaining members in turn.

Reducing the so-called “white spots on the organizational map” by recruiting new members in areas of weakness and newly developing industries was one of the main arguments for the ver.di merger. However, there was little effort to tackle the union-free zones, as many union officials lamented:

The famous white spots were used without end to justify the merger. “Ver.di will look after the white spots” – every critic was beaten down by this argument: “what do you want, now we finally have money and staff to dedicate to the union-free zones”. Now the money is being spent and the staff are being sent home (Interview 6).

During the merger the announcement was made: duplication of work will be eliminated and we will set out to discover the white spots. Nothing happened (Interview 35).

Once it was the agenda with which ver.di was founded: organize the white spots. If we hadn’t developed the Lidl campaign, I couldn’t see many examples where ver.di addresses this issue. That shows that things need to change (Interview 2).
Ok, there have been some projects in radio and media, the *connexx* project, and also in the IT industry; they do have a certain significance. You can’t say that nothing has been done, but apart from such showpiece projects, there is little activity to venture into new areas (Interview 15).

Several external factors can explain the lack of improvement in recruiting members. In particular, ver.di’s generally defensive position in collective bargaining and in politics made it difficult to attract new members. It would have been easier if ver.di could have generated enthusiasm around a set of demands rather than fighting against deteriorating conditions. Officials found themselves trying to uphold existing bargaining and membership coverage rather than expanding it.

Factors related to the merger also explain the lack of improvement in recruitment. First, the merger detracted from the seriousness of the situation. As the assumption was that ver.di was now a large and rich organization, it took several years for all involved to become fully aware of the dimensions of the decline, as an official responsible for membership development explained:

> The bad membership developments hadn’t really reached many of us, mentally. We thought: “Ver.di is a large union with lots of money and if we run a deficit, we’ll take a bit out of our assets”. The fact that they are limited isn’t really the mindset yet. It has changed a bit, but in the first two to three years, and especially at the beginning, we really thought: “we are a big union, we have enough money and we are enough people”, and we lived in the lap of luxury and didn’t really think about what we were doing. That has caught up with us so quickly that I think we’ll soon have the situation that everyone who is active in a full-time or lay capacity in ver.di understands the gravity of the situation (Interview 3).

Second, after the merger, a lot of time and energy was spent on internal administrative issues. Union officials and lay activists were occupied with internal issues, such as the allocation of jobs and funds, to the detriment of servicing and recruiting members. An official elaborated on the difficulty of maintaining both the internal and external perspective:

> A key question that we are all dealing with at the moment is the contradiction between the internal and the external perspective. On the one hand, many lay activists and the union officials have the feeling that we are spending so much energy on internal issues, internal structure, downsizing, matrix, District mergers, Industry Department mergers, and and and. Many say “we are too preoccupied with ourselves, we need to direct that energy towards our members”. On the other hand, people see the questions we are dealing with internally as so important that they organize committees to discuss how exactly the downsizing process is going to be organized. For weeks and months they discuss how each and
every position will be calculated because they think it really is important whether a District has half an administrative position more or less (Interview 33).

Third, after the merger, ver.di did not develop a central recruitment strategy. Although it can be argued that a decentralized approach to member relations that is tailored to specific employee groups can lead to success in recruitment, many officials found that Industry Departments, Regional Districts and Districts “reinvented the wheel” on how to attract new members (Interviews 3, 14, 32). This reduced the synergies and learning effects that could have been gained through the merger:

It remains our dilemma: when the Health Industry Department has an industrial dispute and runs a recruitment campaign in the process, it develops everything itself. When the Telekom Industry Department has a dispute and does some recruiting, it develops the campaign itself, and so forth. This is why: everyone has their own funds and they don’t pool their money – instead everyone tries to do it on their own, and they want to decide what is done. On the one hand that is right because they can assess the situation of the employees more accurately; on the other hand, there is never any synergy. Instead of the five unions we had before, we sometimes have the feeling we are thirteen, because each Industry Department works on its own (Interview 40).

Fourth, ver.di works councillors were less likely to recruit and to recruit “with high intensity” than those from the unions IG Metall, IGBCE and NGG, as a survey of works councillors showed. Evidently, works councillors, who generally play a highly important role in recruiting union members, were not sufficiently integrated in ver.di’s recruitment strategies (Behrens 2005a).

Fifth, the allocation and redistribution of funds according to the formal criteria of the budgeting guideline restricted ver.di’s ability to establish priorities and concentrate recruitment efforts in areas of organizational weakness. In times of scarce resources and downsizing, the Industry Departments did not have the capacity to organize in their areas of weakness, but focused on maintaining members and servicing in their well-established areas. Recruitment in the “white spots on the organizational map” took place in the form of centrally funded projects. There were several showpiece projects, such as connexx.av (new media, radio, television) and newcomer (IT), but their effect was limited. Officials who were involved in projects to recruit in new areas complained that there was a lack of
understanding in the organization regarding how much time and resources were actually required to establish the union at a greenfield site and that project funding was terminated prematurely, as this example shows:

[Our Industry Department] had two projects financed by the innovation fund, with what I think was a much too short-term goal. I think it is illusory to say “in two years we will organize twenty per cent of employees in an industry that we are not represented in at all today”. It is illusory, but lots of people in unions still think that way. Look at the assessment of the Lidl campaign in this organization. Some people think it is great because it generates publicity, and others say “it is not getting us any members”. Well it isn’t going to get us any members but it is clear why not: we only get members when we have the works council structures in place. And that isn’t the case yet. The Lidl campaign will take a long time unless ver.di decides to invest more resources in it (Interview 5).

The lack of time and resources were also a problem in ver.di’s organizing campaigns. In comparison with American organizing campaigns, the Lidl campaign, which ver.di launched in 2004, was under tight financial constraints (Dörre 2008). Similarly, the organizing campaign in the security services industry in Hamburg, which ver.di initiated in 2006 with support from the American union SEIU, was also carried out in a limited time frame and with tightly restricted resources. During the project ver.di recruited approximately 200 new members, established works councils in two companies, established a group of activists spanning several companies and achieved the first wage increase in the security industry in Hamburg in three years (Dribbusch 2008). While the project can be seen as a success, it was too limited in scale to make an appreciable difference to ver.di’s membership levels.

Sixth, ver.di’s initial claims that it would make recruiting members in newly expanding industries such as call centres and labour hire a priority gave way to a “phase of disillusionment” after efforts to recruit members, establish works council structures and conclude collective agreements were of limited success (Aust and Holst 2006). While ver.di invested few resources in establishing the union in the labour hire industry after 2005, IG Metall launched a number of campaigns to recruit members in labour hire in 2006 and 2007 (Wölflle 2008). The fact that about half of all labour hire employees work in the metal and electrical industry and IG Metall’s efforts to organize members call ver.di’s claim for coverage of all labour hire employees into question.
Overall, after the ver.di merger, recruitment remained stable at around 100,000 new members per year. A number of external as well as internal factors contributed to the failure to increase the number of new recruits, including ver.di’s generally defensive position in bargaining and politics, a lack of focus on recruitment, the absence of an integrated recruitment strategy that involved works councillors, and the allocation of funds in a way that prevented large-scale recruitment campaigns in unorganized areas.

Nevertheless, a number of recent improvements could increase the number of new recruits in the future. To begin with, a restructure at the National Office in 2006 combined several departments in a central membership department spanning recruitment, servicing, management of complaints and member relations, including the ver.di call centre and the website for activists (Ver.di 2006d). This restructure reflects the enhanced significance ver.di now attaches to membership development. In fact, at the 2007 National Congress, National Secretary Frank Bsirske identified membership development as ver.di’s most important and most political task and called on the union to closely gear operations to increasing membership numbers (Ver.di 2007k). Furthermore, with its new knowledge on how the organizing approach could be applied in the German context, ver.di launched organizing campaigns in a number of retail and health organizations (Ver.di 2007k). Due to the increased focus on membership development, new organizing skills and the economic upswing, recruitment figures could well improve in the coming years.

During the ver.di merger process, the ability of the merged union to retain its existing members was assumed to follow from its increased strength and improved services. However, in the first four years after the merger, the number of members leaving ver.di steadily increased. In the year 2004, ver.di lost nearly 2.5 times the number of members it gained. Without surveying former members on their reasons for cancelling their membership, it is unclear what led to this development. Certainly many exits were due to factors such as retirement, unemployment or parental leave. Yet they cannot fully explain the stark increase in turnover. Indeed, the high turnover numbers are reminiscent of the situation in UNISON in
Great Britain, where membership turnover was also a major issue after the merger, and where it was found that around 40 per cent of turnover was preventable, particularly if the union improved workplace organization (Waddington and Kerr 1999). Several ver.di officials suspected that members were disappointed when the high expectations that the founding unions generated before the merger were not fulfilled. Dissatisfaction with collective agreements such as the TVöD in the public sector and with labour market and welfare reforms were also seen to play a role. Finally, in the initial post-merger years, some members received unsatisfactory advice and services (Interviews 40 and 48; Hensche 2003; Wendl 2002; 2003).

From 2004, ver.di systematically improved its efforts in retaining members. In particular, it built a network of activists who called members that had cancelled their membership to find out if they might reverse their decision. They found that often people left the union when they retired, became unemployed, or went on parental leave, thinking that they were no longer eligible to be members or assuming that their membership fee would remain as high as it was when they were in employment. By approaching union leavers ver.di was able to significantly reduce the number of exits after 2004 (Ver.di 2006d).

In summary, membership retention worsened significantly after the merger before it improved. It appears that several factors contributed to the increase in turnover in the initial post-merger years, including dissatisfaction and disappointment with the merger among members. The reduction in turnover after 2004 coincided with ver.di’s increased focus on retaining members.

6.9 Gender Equity

A final goal of the ver.di merger was to improve women’s participation and representation. In contrast to the other merger goals, this was not something that was assumed to result quasi-automatically from the increased size of the merged union. Ver.di’s political goal of achieving gender equity in the labour market and the wider economy and society was applied to the organization of ver.di itself, and it was anticipated that the
promotion of gender equity would allow women to identify more strongly with the union and ultimately boost female membership. This section examines to what extent gender equity in ver.di was realized.

Ver.di pursued the goal of gender equity through two parallel strategies: traditional policies on the promotion of women (*Frauen- und Gleichstellungspolitik*) and gender mainstreaming. Therefore, this section considers the primary means of improving gender equity in unions as identified in past research (Healy and Kirton 2000; Kirton and Healy 1999; 2004; McBride 2000; 2001), as well as gender mainstreaming. Women’s representation in unions can be improved in three ways. First, reserving seats for women at committees and conferences ensures their representation according to a specific quota or their proportion in the membership. Second, implementing equality structures for women, such as women’s committees, conferences and officers, enables them to represent their group interests and to feed these interests into the mainstream union. Third, women-only trade union education can contribute to greater identification and participation of women in trade unions. Gender mainstreaming, on the other hand, aims to make women and men in all parts of the organization aware of the consequences of all their actions for both sexes and to prompt them to adjust their behaviour accordingly. Consequently, the implementation of gender mainstreaming implies a cultural change. Past research has found that female union officers attach greater priority to women’s issues in bargaining and are more committed to recruiting women and promoting their participation in union affairs than are men (Heery and Kelly 1988). It has also found that officer commitment to and training in equality bargaining and the influence of equality officers and committees lead to a greater expression of women’s interests in bargaining (Heery 2006a). Therefore, both representational structures for women and gender mainstreaming should lead to a greater reflection of women’s issues and priorities in bargaining and policy. Hence, this section takes both ver.di’s formal structures as well as post-merger policies and practice into account. In a final step, it examines whether the proportion of female membership increased after the merger, as a goal of implementing gender
equity in ver.di was to become more attractive to unorganized female employees (Keller 2005a: 214; Interview 45).

Ver.di’s rulebook (Ver.di 2003d) stipulates the representation of women in all decision-making bodies and committees and in all delegate elections at least according to their proportion in the membership (or the section of the membership that a specific body represents) (§20(3)). It mandated the establishment of women’s committees and the organization of women’s conferences at the District, Regional District and national level, and it required the Industry Departments to implement binding structures for the representation of women (§59). Such structures included an Industry Department women’s conference and either a committee, women’s representatives or another form of representation in the Industry Department at the District, Regional District and national levels (DAG et al. 2000c). The role of the women’s committees and conferences was to develop policies and campaigns concerning women’s issues and equal rights, and to represent women’s interests in the mainstream committees and conferences. In addition, the Industry Departments could conduct women’s collective bargaining forums to discuss and decide on demands and pass them on to the bargaining committees. Regardless of the existence of such forums or otherwise, two women from the women’s representative bodies were to participate in the bargaining committees in an advisory capacity (DAG et al. 2000c). Overall, in McBride’s (2000) terms, ver.di’s rules and guidelines provided for the proportional representation by women in the mainstream structures, and for the representation of women as a social group in specific women’s structures at all levels and in all departments of the union, and provided the women’s structures with the power to influence the mainstream union.

The formal rules on gender equity in ver.di’s structure were extensive and they were largely put into practice in the committees and conferences. For example, in 2003, the proportion of women in bargaining committees in ver.di was 57 per cent, and in negotiation committees it was 51 per cent (Tondorf et al. 2004). However, this exemplary participation of women did not extend to works council and staff council structures. Data from the 2002 works council elections showed that women made up 39.9 per cent of ver.di
works council members and only 28 per cent of works council chairpersons. In staff councils, the public sector equivalent of works councils, women comprised 41.7 per cent of staff council members and 30.3 per cent of staff council chairpersons (Tondorf et al. 2004). Thus, the participation of female lay activists was good but there was room for improvement.

Putting gender equity into practice was not straightforward among ver.di staff. As Table 6.12 shows, in June 2007, 65 per cent of all ver.di employees were women. Women made up close to all administrative employees (94 per cent), but only 37 per cent of union officials were women. The proportion of women in leadership positions ("Führungskräfte") was even lower, and was only 26.8 per cent in 2003 (Tondorf et al. 2004).

This low number of female union officials and officials in high ranks made it difficult to find enough women to fulfil the women’s quota for the elected officer (hauptamtliche Wahlangestellte) positions. Indeed, the implementation of the women’s quota was a great challenge for the organization:

<table>
<thead>
<tr>
<th>Table 6.12: Ver.di Employees by Gender, June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong></td>
</tr>
<tr>
<td>All employees</td>
</tr>
<tr>
<td>Union officials</td>
</tr>
<tr>
<td>Administrative employees</td>
</tr>
</tbody>
</table>


§ 83 of ver.di’s rulebook specified that in the case that the proportional representation of women (the women’s quota) among elected union officers was not realized with the establishment of ver.di, the National Executive Committee must take measures such as staff development programs to realize and maintain it as soon as possible, and that it must be realized at the latest by the National Congress in 2007. This was a formidable task, because as the National Secretary Frank Bsirske said in his address at ver.di’s founding Congress in 2001, the Regional District Executive
Committees were made up of thirteen women and 53 men, and only seven of the nineteen National Executive Committee members were women (Müller et al. 2002: 200).

It turned out that three major organizational changes coincided at the elections for the Regional District Executive Committees in March 2007 and the National Executive Committee at the National Congress in October 2007: Firstly, the “start-and-finish models” ended and mergers between the Regional Districts Hamburg and Nord; Rheinland-Pfalz and Saar; and Sachsen, Sachsen-Anhalt and Thüringen were to take place. As discussed in Chapter 5, only the last merger took place. Secondly, the size of the Regional District Executive Committees was reduced from five to three members, the District Executive Committees were reduced to two members, and the National Executive Committee was supposed to be reduced to eleven members. Thirdly, the women’s quota for elected union officials became binding.

These simultaneous changes generated a lot of pressure and uncertainty in the organization. They meant that a number of men who had leadership positions could not keep them and that the hopes of some men who thought they were next in line for such positions were dashed. Simultaneously, women, who at times were not given the amount of training and support necessary, were brought in from other parts of ver.di or from other organizations to fill the positions (Annesley 2006). At one point, the opinion that such a stringent application of the women’s quota was not legally tenable circulated in ver.di and found the support of many employees. In particular in the Regional Districts, it was difficult to convey that with a proportion of around 50 per cent female members, two out of three Regional District Executive Committees members – Regional District Leader (Landesbezirksleiter) and two deputies – must be women. The National Executive Committee commissioned an expert’s report on the legality of the stringent application of the women’s quota, which found the application to be legal. An official recalled the difficulties involved in implementing the women’s quota:

The problem with the women’s quota is that it is a minimum quota, and it becomes more acute when the number of leadership positions is reduced. When the Regional District Executive Committees were reduced to three
members, the women’s quota meant that if the proportion of women in the Regional District was greater than 34 per cent, two of the three leadership positions were reserved for women. Well, blood was spilled! Formally it was correct but it was hard to convey. It was right to pull it through not only because it’s in the rulebook and you can’t just change the rulebook, but also because it is a testimony to Ver.di’s gender policy. It took a lot of courage. People in leadership positions had to tell their colleagues and friends with whom they’d been working for years “no, you can’t remain in that position, it isn’t possible anymore”. It was very strenuous and a great accomplishment (Interview 45).

Nine of the eleven Regional Districts observed both the women’s quota and reduced their Regional District Executive Committee to three members. In Saar, the leadership team was comprised of two men and one woman, and in Bavaria, there were two men and two women. Both in Hessen and in Niedersachsen-Bremen, two men contested one position (Roth 2007; Schöneberg 2007).

For the National Executive Committee, the women’s quota could not be realized simultaneously with the reduction of its size. As some Industry Departments had elected a common nominee, the National Executive Committee could theoretically have been reduced to twelve members, but seven of the nominees were men. The union leadership decided to abide by the rulebook and realize the women’s quota – but that meant nominating two women for additional positions on the National Executive Committee. This decision met with resistance from the delegates at the 2007 National Congress, who argued that if the union leadership required all divisions of the organization to save resources, it should do so itself (Ver.di 2007k). Similar to other cases in the union where women were “parachuted in” to areas they were unfamiliar with in order to fulfil the women’s quota (Annesley 2006), the delegates were unreceptive to the nominees and voted them down. Within two days and after much discussion, the union leadership presented the delegates with two new nominees, Elke Hannack und Dina Bösch, who were then elected.

A further instrument for the promotion of women within the union was women-only trade union education. Women-only education is an important instrument for promoting the participation of women in unions (Kirton and Healy 2004). Ver.di offered a wide range of women’s only seminars. Some were specifically for female works and staff councillors or women’s and
equal rights representatives. Many focused on labour law, but some also dealt with communication, negotiation, and representing women’s issues in these committees. Others were for rank-and-file members and concerned general issues such as harassment and discrimination, stress management, knowledge management, managing conflict, women in leadership positions, and work-life balance, or they were geared towards women who work in particular occupations or industries (Ver.di 2007c). In 2006, ver.di launched a twelve-month mentoring program for female lay activists, designed to promote women’s activism (Ver.di 2007g).

Parallel to the structures to promote representation by and for women, ver.di implemented a gender mainstreaming strategy. The key aim was the integration of gender policy into daily union work in all Industry Departments and levels of the organization. As such, gender policy would be implemented by mainstream union officers during their daily tasks of bargaining, servicing, policy-making and so forth, and merely supported by the Gender Policy Department. To this end, ver.di ordered the nomination of Gender Representatives (Genderbeauftragte) in all departments at the National Office and in all Regional Districts, and the Gender Policy Department provided consultation and advice to union leaders, held gender training and information sessions and workshops, and wrote manuals on how to implement gender mainstreaming and how to conduct “gender checks” (Genderprüfung). However, in a 2006 review of ver.di’s gender mainstreaming strategy, the Gender Policy Department found that gender mainstreaming had not become an established part of daily union work. Rather, it was seen as an additional task that was often neglected. The Department had to invest considerable resources in sustaining the network of Gender Representatives and in information and training. Consequently, it had few resources with which to support the integration of gender policy into daily union work and to document, control and evaluate the implementation of gender mainstreaming.

The Gender Policy Department identified several key problems: Firstly, there were no established transport routes for gender policy into the structures and committees, and gender mainstreaming was therefore not well-anchored in the organization. In particular, it was not well-anchored in
core operative areas of the organization such as collective bargaining. Secondly, gender mainstreaming was not seen as an obligation and union officials did not treat it as a priority. Whether they dealt with it at all was arbitrary – there were no sanctions for not doing so, and doing so was not supported or praised. For example, although there was an agreement that all proposals brought to the National Executive Committee would pass through a “gender check”, there were no consequences if this was not done or only done cursorily. Finally, union leaders did not sufficiently support and promote the implementation of gender mainstreaming in their areas of responsibility. For example, some Regional Districts did not establish posts for Gender Representatives (Annesley 2006). Also, when obligatory leadership training was introduced for all union leaders, the training program did not include any gender aspects. This weakened the two-pronged gender mainstreaming strategy of combining top-down exemplary behaviour from union leaders with bottom-up qualification and participation of all officials and activists (Ver.di 2006c).

Nevertheless, the Gender Policy Department regarded gender mainstreaming as a long-term organizational learning process that would take time to implement. Although the process was far from finished, ver.di had made considerable progress in the integration of gender policy both in its internal structures as well as in bargaining and policy-making. Internally, gender aspects were considered when the 2004 agreement to reduce staff costs (GBV HuP) and the restructure at the National Office in 2006 were subject to a “gender check”. In 2005, a project was concerned with barriers to the implementation of gender mainstreaming in the work processes of individual ver.di staff. Regarding the integration of gender aspects in ver.di’s bargaining and policy, there were projects on work-life balance (in balance: Gutes Leben – gute Arbeit) and on gender aspects of occupational health and safety, for example (Ver.di 2006c). Following the resolutions at the founding Congress (Resolution 08) and at the 2003 National Congress (Resolution F6) to promote gender equity in bargaining policy, the Department of Bargaining Principles published extensive materials how to conclude non-discriminatory collective agreements and how to promote equal pay for work of equal value. Ver.di was involved in various...
conferences and projects on equal opportunity and equal pay, and in 2006, established a network of works councillors dedicated to the promotion of equal opportunity (*Betriebsräte - aktiv für Chancengleichheit*).

In summary, ver.di’s formal rules on gender equity, both in terms of representative structures and gender mainstreaming, were extensive. In addition, the introduction of gender mainstreaming was an innovative approach to achieving gender equity. Implementing the rules was not straightforward and at times met with resistance or indifference in the organization, but overall, ver.di made good progress towards the achievement of this merger goal. Not least, this can be attributed to the establishment of binding principles and structures in the merger agreement (Tondorf et al. 2004).

Besides underscoring ver.di’s political objective of gender equity in the economy and society, the goal of the gender equity measures in ver.di was to increase female membership. Although it cannot be established whether changes to the proportion of female membership after a merger are due to gender equity measures without analysing such data as employment trends and age profiles of members (McBride and Waddington 2007), it is interesting to note that female membership in ver.di increased by only half a percentage point between 2001 and 2007 (see Table 6.13). This contrasted with the situation in UNISON, the British union that also pursued the aim of gender equity in its 1993 merger. The proportion of women members in UNISON increased by five percentage points from 67 per cent at the time of the merger to 72 per cent in 2004 (McBride and Waddington 2007).
Table 6.13: Female Members in Ver.di, 2001-2007

<table>
<thead>
<tr>
<th></th>
<th>Members</th>
<th>Female members</th>
<th>Percentage of female members</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2001</td>
<td>2,806,496</td>
<td>1,385,697</td>
<td>49.37</td>
</tr>
<tr>
<td>December 2002</td>
<td>2,740,123</td>
<td>1,355,888</td>
<td>49.48</td>
</tr>
<tr>
<td>December 2003</td>
<td>2,614,094</td>
<td>1,299,360</td>
<td>49.71</td>
</tr>
<tr>
<td>December 2004</td>
<td>2,464,510</td>
<td>1,225,984</td>
<td>49.75</td>
</tr>
<tr>
<td>December 2005</td>
<td>2,359,392</td>
<td>1,172,140</td>
<td>49.68</td>
</tr>
<tr>
<td>December 2006</td>
<td>2,274,731</td>
<td>1,132,963</td>
<td>49.81</td>
</tr>
<tr>
<td>December 2007</td>
<td>2,205,145</td>
<td>1,100,057</td>
<td>49.89</td>
</tr>
</tbody>
</table>

Source: ver.di’s internal membership statistics.

More women joined and more women left ver.di than did men. Between 2001 and 2007, 54.4 per cent of new members and 51.2 per cent of leavers were women, as Table 6.14 shows. However, without surveying members about their reasons for joining or leaving, it is unclear whether women joined and left more frequently than men because of ver.di’s gender equity policies and practices, because of its recruitment and retention methods, or simply because of their movements in and out of the labour market.

Table 6.14: New Members and Members Leaving by Gender, 2001-2007, in Per Cent

<table>
<thead>
<tr>
<th>Gender</th>
<th>New members</th>
<th>Members leaving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>45.6</td>
<td>48.8</td>
</tr>
<tr>
<td>Women</td>
<td>54.4</td>
<td>51.2</td>
</tr>
</tbody>
</table>

Source: ver.di’s internal membership statistics.

In conclusion, ver.di made many efforts in pursuit of the goal of gender equity in its internal structures and external policies. While the merger agreement contained extensive rules on representation by women in mainstream union structures and of women in separate structures, and on the use of gender mainstreaming, their implementation was a challenge for
the organization. Although good progress was made, the proportion of female members in ver.di did not increase.

6.10 Conclusion

This chapter examined the outcomes of the ver.di merger using data collected five to seven years after the merger took place. On the basis of the research questions developed in Chapter 4, it assessed whether the ver.di merger was a successful revitalization strategy.

After determining that membership decline continued after the conclusion of the merger, the research presented in this chapter established that if bargaining power increased after the merger, it was not reflected in bargaining outcomes. It also found that while ver.di’s activity and visibility in the political sphere increased, the merger did not give the union greater access to the political process or greater success in seeing its positions reflected in legislation. Ver.di’s influence within the DGB increased, especially when its interests were aligned with those of IG Metall. Inter-union competition increased both within the DGB and with other organizations. The research could not determine whether synergies were achieved at the local level, but found that at the aggregate level, some synergies were reached but not all potential synergies were realized. The range of services available to members was enlarged and service quality was reviewed, and legal advice and representation services were expanded while educational services decreased. There were no positive developments in recruitment in the post-merger years and little effort was made to recruit in new areas. However, a new-found focus on recruitment and first experiences with the organizing approach suggest recruitment figures may increase in the future. Membership turnover increased significantly after the merger, but retention improved from 2004 onwards. Great efforts were made to implement gender equity in ver.di’s internal structures and external policies, and this led to improvements but had no perceptible effect on the development of female membership.

Overall, the research established that the ver.di merger did not lead to revitalization along any of the five dimensions. Despite this assessment, the
ver.di merger cannot be termed a failure, as some preconditions for achieving revitalization are in place: a coverage area with expanding employment, the means to coordinate bargaining across industries, a high degree of public awareness of ver.di, progressive gender equity structures and policies, and the resources to develop new approaches to union work. Time will tell whether ver.di is still on the path to revitalization or whether the merger did nothing for the revitalization of the constituent unions, or worse, hampered their development. Chapter 7 will examine what things could have been done differently and what aspects of post-merger integration management impeded the timely achievement of the merger goals and with that, of revitalization.
Chapter 7: Post-merger Integration

7 Post-merger Integration: The Development of a New Organizational Culture in Ver.di

7.1 Introduction

As was established in the literature review in Chapter 2, the achievement of two types of synergies is at the heart of any “revitalizing” merger strategy. Operational synergies improve efficiency and generate slack resources that can be deployed to improve operations, while collusive synergies decrease inter-union competition and increase representation, and therefore power, in the peak federation, vis-à-vis employers and in the political system. The prerequisite for the achievement of such synergies is organizational integration. However, the common theme that emerged from the interviews with ver.di officials and activists was the lack of integration within the new organization. Chapter 6 located where and how the merger outcomes fell short of ver.di’s merger aims. While in many instances, external factors such as economic developments and employer and state strategies contributed to these outcomes, they were also the result of internal factors and were influenced by the union leadership’s handling of the post-merger integration process.

The role of union leaders in a merger is to facilitate the structural and cultural integration of their organizations. As outlined in Chapter 5, in ver.di’s pre-merger phase, the focus of union leaders’ attention was on developing a new organizational structure, and the merger agreement laid emphasis on the protection of group interests, particularly through the establishment of semi-autonomous Industry Departments. While the merger agreement included detailed rules on organizational structure and fund allocation, the development of a new organizational culture and “organizational frames of reference” to guide strategic decision-making were largely neglected. How the ver.di leadership went about removing structural impediments to integration in the post-merger phase was
examined in Chapter 5. This chapter is concerned with the cultural integration of the constituent unions.

In political representation, in collective bargaining and in the development of new strategies and approaches to union work, cultural integration and the accompanying solidarity, trust, cooperation and resource-sharing are necessary in order to achieve synergies and to harness the benefits of increased size. In other words, cultural integration is necessary in order to achieve revitalization through a union merger. A clear organizational identity and mission, that is a consensus among all those involved on what the union is and what it wants to achieve, are required for securing and increasing a merged union’s political influence. The role of the union leadership in this process is to strengthen and communicate a common organizational identity and mission. A consistent collective bargaining strategy and the coordination of bargaining across industries are necessary in order to increase bargaining power. The role of the union leadership here is to formulate and implement a collective bargaining strategy that allows the union to harness areas of strength for the benefit of the whole organization and prevents areas of weakness from negatively affecting other bargaining rounds. Institutional vitality, that is the union’s ability to embrace new strategies and approaches to union work, is contingent on the creativity of union employees and their motivation and ability to develop innovative strategies. The role of the union leadership in this case is to foster an organizational culture that is conducive to innovation. This chapter examines each of these issues in turn.

7.2 Organizational Identity and Mission

People’s social identity is linked to their membership of organizations and they may attach emotional value and derive part of their self-concept from that membership. Organizational identity is what members perceive to be central, distinctive and enduring about their organization, and it shapes their attitudes and behaviours. Members have a collective notion of “who they are”, and this notion becomes particularly salient in their minds during times of organizational change, such as mergers (Albert and Whetten 1985; Tidwell 2005; van Dick et al. 2006; Young 2001). In unions, both staff and
Chapter 7: Post-merger Integration

members share this organizational identity, which encompasses “a union’s ideology, culture of action, norms, and the way members view themselves” (Waddington et al. 2005: 216). Because of the autonomy union officers have in carrying out their work, their organizational identity and values have a large impact on their work behaviour (Heery 2006b; Kelly and Heery 1994; Prott and Keller 2002). Union mergers are a threat to organizational identity, and staff and members may react with negative emotions and may exhibit less organizational citizenship behaviour, which is not formally required or rewarded, when their old union ceases to exist and they do not fully identify with the merged union. Like staff in other types of organization, union staff may also experience lower job satisfaction and put in less work effort, and absenteeism and turnover may increase (Cartwright and Schoenberg 2006). Union activists and members may also become less committed and satisfied, and may spend less time recruiting new members, attending union meetings and sitting on union committees, for example.

Furthermore, it has been argued that a common identity is particularly important for German unions, as “German unions, with high degrees of social responsibility enshrined in a public welfare orientation (Gemeinwohlorientierung), need a common identity to undertake functions essential for a co-ordinated market economy” (Waddington et al. 2005: 216). Therefore, the development of a common identity after a merger is important in Germany to secure a merged union’s political influence.

An organizational mission describes “what an organization stands for” and “why it exists”. Behind every mission is a vision of what the organization hopes to achieve. By describing its basic purpose, it guides the strategic decisions made in the organization (Anheier 2005). Particularly for unions as political organizations, clarity regarding what the union stands for and wants to achieve in politics and society is important for guiding unions’ reactions to political developments. Conversely, an unclear mission and vision hamper a union’s capacity to act when several conflicting interests exist within the organization and thereby diminish its political influence. In ver.di’s case, critics noted before the merger that ver.di’s structure should support its strategy, or in other words, its form should support its functions (Dörre 1999; Riexinger and Wild 1999b; Stamm 2000). However, the
precise strategy and functions of the new union remained unclear during the merger process, and post-merger research found that the lack of a “common vision” that unified and directed the bureaucratic apparatus contributed to the operational problems ver.di experienced with its matrix structure (Waddington et al. 2005: 209).

This shows that for ver.di, a clear organizational identity and mission are highly important for the commitment, motivation and satisfaction of its employees, lay activists and members and thereby impacts on how well they carry out their tasks of servicing, organizing, bargaining, campaigning and representation. Moreover, a clear organizational identity and a clear mission are important guides for ver.di’s political action, can reconcile conflicting internal interests, strengthen its political influence and better direct its apparatus to the achievement of its goals.

This section highlights the difficulties ver.di employees experienced in coping with changing organizational identity, shows where new identities developed in subsections of the organization, explains how an unclear mission impacted on political influence, and examines how ver.di went about creating a new organizational identity and mission through a program debate and through campaigns.

7.2.1 Identity Loss and Identity Development

For many ver.di employees and activists, especially the older ones, the transition to a new organizational identity was difficult. Nostalgically, they remembered their old unions fighting for demands and contrasted this with the strategic defensive ver.di found itself in. But union officials in particular continued to work for ver.di, even if they were unmotivated and unsatisfied, because they thought they would not find work elsewhere due to their age, the generally high level of unemployment in Germany and because working as a union official was perceived as a career path with limited prospects (Wendl 2003). Thus, turnover was less of a problem than low job satisfaction, motivation and work effort. Several officials and activists explained:

Most of the active colleagues were socialized at a time when things were looking up, and they associate that with their old union – that is where
they were in the youth organizations and fought for their demands. In their memories, that was what happened the whole time in their old union (Interview 7).

The freshness and cheerfulness of the 1980s is gone, and you can sense that. When you walk through this building and look at the union officials, no-one is happy, no-one is laughing, no-one is beaming. Everyone is somehow bitter (Interview 40).

Our real dilemma is that there are too many old people around here. The average age in ver.di is about 50, that’s like an old people’s home. On the one hand, not old enough to use the early retirement options, on the other, at an age where changes are hard (Interview 18).

Of the 4,000 ver.di employees, 800 have signed an agreement on early retirement, i.e. they want to get out early. Some are motivated to do things until the end, and others are counting the days. That is one of the causes of our misery: our officials don’t have the convincing charisma of pulsating commitment that gets others going. Many have become cynical and are counting the days when they can finally leave (Interview 40).

Not only did the identities of the old organizations live on in ver.di, but also, new identities of certain groups within ver.di, particularly of Industry Departments and self-organized groups, became salient and stronger than any new overarching ver.di identity. As discussed in Chapter 5, most Industry Departments were made up of one or two of the constituent unions and were more homogeneous than the geographical subdivisions, where all five constituent unions were represented. They took responsibility for ver.di’s core functions of collective bargaining, member servicing and recruitment, and were given considerable financial autonomy through the allocation of funds according to the budgeting guideline. It was therefore no surprise that the more homogenous Industry Departments were quick to develop their own identities that were embraced both by union staff as well as lay activists and members.

But also Industry Department 13, the only one that had a diverse membership from a wide range of disparate industries across several constituent unions, developed its own identity. Industry Department 13 covered “Special Services” which included the real estate, call centre, labour hire, and travel industries; political parties and associations; research, consulting, security, and funeral services; conventions and exhibitions, hairdressers and beauticians, fitness centres and more. In the discussion about reducing the number of Industry Departments, outlined in detail in Chapter 5, there was some interest from other Industry Departments to
merge with parts of Industry Department 13. For example, Industry Department 11 (Transport) was interested in incorporating the travel and tourism sections of Industry Department 13 and several Industry Departments were interested in the call centre section. But the lay activists on Industry Department 13’s Executive Committee (Fachbereichsvorstand) were strongly opposed to splitting the Industry Department up and passed a resolution that they were only prepared to cooperate or merge with other Industry Departments as a whole. Officials from Industry Department 13 expressed their surprise at how well the lay activists worked together despite their diversity. They attributed this to their new-found collective identity as Industry Department 13 rather than the dispersed groups they were in the constituent unions:

I wouldn’t have thought the Department could become so homogenous because there are great differences between surveyors at the Technical Inspection Agency, architects and engineers in the housing industry, security guards and call centre workers. But they have grown together and look out for each other (Interview 4).

The industries that have come together here were stepchildren in their old unions; little attention was paid to them. And now the lay activists have seen “we have our own Industry Department, we have had similar experiences in the significance of our industries and now we can finally step up”. I think they have become more self-confident and thereby developed their own sense of unity that is independent of their old unions. I found that astonishing (Interview 5).

It turned out that these areas were so small in the constituent unions that they were “amongst the also rans”. The collective bargaining was done but then no one looked after the members. So the activists think it is great here and have got themselves together really well (Interview 35).

The Industry Departments were the main points of identification for ver.di employees and lay activists, and attempts to adjust ver.di’s structure post-merger met with resistance, as examined in Chapter 5. Several union officials explained that this made integration across Industry Departments difficult:

This Industry Department mentality is very prominent within ver.di. We had it in the old unions too, but it wasn’t as apparent because the identification with the union as a whole had grown over 30-40 years. With the establishment of ver.di there was a cultural break. The identification with the old unions was supposed to be reduced in the name of integration, but parallel to that a new identification with ver.di isn’t growing naturally, without it being perceived as an organizational task. That’s why integration and new identification is focused on the Industry Departments. And that leads to departmental egoisms playing a larger role than was the case
beforehand. The degree of differentiation is larger too, because it's not five old unions but thirteen Industry Departments, so there is quite a danger there that it will drift apart into these Industry Departments (Interview 15).

Overall you can say that the first four and a half years in ver.di have led to an own identity in each Industry Department and all of them are now fighting to maintain their autonomy (Interview 20).

The lay activists are oriented towards maintaining the Industry Department structures. In the structures a new identity was formed pretty quickly, and it can be emotional too, even though the old identities of the constituent unions still exist. [...] The Industry Departments and self-organized interest groups are really strong (Interview 17).

This discussion has shown how ver.di employees and lay activists developed different identities that stemmed from the old unions as well as new departmental and group identities. Correspondingly, some of them experienced competing commitments to their group, department, members of their old unions and to ver.di as a whole (Alatrista and Arrowsmith 2004). This section has also indicated how difficult post-merger structural reforms can be when new identities have been created in subdivisions of the organization. This highlights the importance of an overarching ver.di identity for ensuring a commitment to the organization as a whole and so that post-merger organizational changes are not perceived as another threat to identity.

7.2.2 An Unclear Mission

One of the aspects of the merger process that was widely criticized from within and by external observers was the focus on structure and the disregard of political aspects of organizational integration (Detje and Wehner 1999b; Dörre 1999; Hasibether 2001; Riexinger and Wild 1999b; c; Wendl 1999). As the then National Secretary of the ÖTV, Herbert Mai, said in 1999, an early program debate was necessary so that people with different political positions could see that their ideas would be heard in the new union and that it was possible to further common interests despite ideological differences. Indeed, there were significant differences among the founding unions: some were on the right and others on the left wing of the labour movement. Some focused on social partnership with employers, while others were more conflict-oriented. Mai argued that a failure to discuss underlying norms, values and ideologies would result in mistrust.
that would impede the organization in its day-to-day operations (Mai 1999: 586).

Officials of the union left in particular argued that the discussion on ver.di’s organizational structure should not be decoupled from a discussion about its identity, its goals and what it viewed as its responsibilities. They found the only official documents that considered ver.di’s mission and goals, the 1998 “Political Platform” (Politische Plattform) and the 1999 “Programmatic Position Paper” (Programmatisches Positionspapier) were too abstract and too general. They felt these documents did not address controversial issues, reconcile the heterogeneous political positions of the founding unions or present a convincing political and direction-setting argument for the merger. While acknowledging that addressing controversial political issues could jeopardize the merger, they feared that a lack of open discussion and political positioning would undermine commitment to the organization, both by members and by ver.di employees. They also thought that it would be difficult to organize members and works councillors in new areas if it remained unclear what ver.di proposed to do for members in unorganized industries. Despite their own efforts to stimulate a discussion, the debate on ver.di’s mission and goals remained minimal before the merger (Balluff 2001; Detje and Wehner 1999a; Elvers 2000; Pickshaus 1999; Riexinger and Wild 1999a; d; Stamm 1999; Wendl 1999; 2000; 2001). While postponing political discussions in order to conclude the merger agreement without delay may have been reasonable, the post-merger developments are harder to justify. After the merger, internal discussions remained focused on structures, rules and resources, while an agreement on policy contents was repeatedly postponed (Keller 2005a: 221).

Some political developments in the post-merger years found members in opposing positions. Without the strategic guidance of a clear organizational mission, it was difficult for the union leadership to reconcile the interests of members in heterogeneous industries. An example in the early post-merger years was the national health care reform, where members working in private health insurance companies and in pharmaceutical wholesaling were concerned about their employment, while other membership groups were interested in better quality and lower costs in health care. Similarly,
members who worked at Frankfurt airport approved of expansion plans, while other members opposed them on environmental grounds. Likewise, members working at nuclear energy plants differed from other members in their views on denuclearization and nuclear waste transports. Some members worked in the army or at allied military bases in Germany, while other members demanded a reduction or even abolition of the army and the closure of allied military bases. Several ver.di officials voiced their opinions that while ver.di needed to show understanding for the conflicting interests of members, it could not remain silent. As a large political organization whose members were affected by political developments and reforms, it had to synthesize the interests of different membership groups, make a decision on its position and represent its members in the political sphere (Balluff 2001; Hensche 2003; Wendl 2002). A consensus and a strong awareness among ver.di employees and members of the organization’s basic mission and vision could have helped the union reconcile conflicting interests. The next sections review ver.di’s struggle to define an organizational identity and an organizational mission through a political program and through campaigns.

7.2.3 In Search of a Political Program

From the beginning, there was debate among the founding unions about whether ver.di should have a political program or not. Some of the founding unions had one, while others had a collection of programmatic documents and resolutions that outlined their identity and mission. Nevertheless, the leaders of the founding unions decided to adopt a political program and gave a project group the task of preparing a draft that could be adopted at the founding Congress. However, they soon decided to postpone the debate about a political program until after the merger so as not to endanger the conclusion of the merger agreement. The founding unions aimed to adopt a political program at the first regular National Congress in 2003, by which time an intensive and broad debate about ver.di’s political positioning and its views and demands was to take place. Nothing of the sort happened, and the 2003 National Congress passed a resolution requiring the union leadership to develop a program and have it ready for adoption at the 2007
National Congress. Following that, an official program debate coordinated by the Policy and Planning Department at the National Office was opened. Very few union officials and members were involved in the workshops and events that were organized for the program debate, and there was criticism of the short time-frame for discussion, the disregard of the constituent unions’ programs, the lack of transparency about how the national-level editorial committee incorporated the results of local debates into the program text and of such a “paternalistic centralization” of discussion results (Wehner 2005; 2007). Many senior officials and lay activists expressed reservations about the program debate in interviews, saying the debate was not of interest to members, was too abstract, had no practical relevance and would not generate change, as these examples show:

Many of those involved in the program debate are traditionalists who want to preserve parts of the programs of their old unions. Next to those who haven’t even heard of the program debate there are many who have legitimate reservations about it, for example that it doesn’t have any practical use (Interview 7).

Program debates are always slow in getting started. There is always a hard core of people involved, and then there’s a large number who demand the debate but don’t come when you invite them to. We’ve had several attempts and got no response (Interview 18).

Some people in ver.di say: “If things are going really well, 150 people in this organization of 2.4 million members are interested in the program debate. So it shouldn’t be overrated. Most of our members expect us to improve their specific life situation or at least help make sure that it doesn’t get worse. That’s what they expect from us, and how we describe the world and with what values we operate in this world – they might listen to it, they might not, but under no circumstances will they discuss it”. I don’t think it is quite that bad. People are interested in the program and they ask about it, but if I asked them to write a list with the three most important areas that ver.di should attend to, I guarantee that a program wouldn’t be in first place in any Industry Department. They have too many specific problems (Interview 28).

Some members think it’s important that ver.di provides them with good collective agreements, job security and legal advice and representation – they don’t care about anything else. Other members do look at what themes ver.di is concerned with. [...] For most members, themes that you can comprehend and act around are more interesting than a general program debate. The Lidl-campaign and the Hartz IV reforms are real themes that grasp members (Interview 29).

Further problems were associated with the program debate. Firstly, the union leadership failed to clarify the purpose of the program or the debate, and this led to different expectations and to misunderstandings among
those involved. Secondly, there were fears that discussing fundamental strategic and programmatic questions could increase conflicts and cause rifts in the organization. However, avoiding open conflict by not discussing controversial questions could not resolve such issues, and they continued to build up as subliminal tensions that surfaced at random (Pfitzner 2007a; b). Thirdly, the program debate was at times too concerned with formulating general political positions for ver.di and did not focus enough on the underlying values and ideas that form the basis of a union identity and mission, as a senior official explained:

In my point of view, the most political task for ver.di is not formulating a political position more accurately but filling members with enthusiasm for the basic idea of unionism, for solidarity and justice and for a certain coherence in incomes – that nobody is doing really badly and that there don’t really need to be so many people who are so much better off than everyone else. For me, getting back to that way of thinking is the most political task. We need to get more members and we don’t need to explain to them how the world works politically, but we do need to familiarize them with the basic idea that individuals who have no political or economic power can fare badly if they don’t have a strong organization supporting them. That position is more important than becoming absorbed in the hundredth detail of the trade tax reform (Interview 28).

A fourth criticism of the program debate emanated from the Regional District Nordrhein-Westfalen, which found the program debate to be too far removed from the reality of union work. It launched its own strategy process (*Perspektive ver.di NRW*) in which it clarified what ver.di stands for within a discussion of what it had identified as the four core areas of union work, namely ver.di’s workplace policy, membership recruitment and servicing, collective bargaining policy and political policy. An official explained:

We think the program debates are an important discussion platform, but they don’t generate change. There’s a motion, everyone votes for it and the resulting resolution says something, but the caravan moves on in the way it always has, and maybe you have to comply with some provision from that resolution, but you can still pretty much do what you want. That’s why we have a strategy process [in Nordrhein-Westfalen] where we try to use a debate about a program to discuss our practical everyday fields of activity: recruiting members, collective bargaining policy, and political representation (Interview 33).

The 2007 National Congress postponed the adoption of a program until the third National Congress in 2011 on the recommendation of the Union Council, which argued that not enough people in the organization had been
involved in the discussion process in order to adopt the program in its current form. This Resolution P1 included a plan to broaden the discussion to all levels, Industry Departments, self-organized groups and committees and to document and publish discussion outcomes widely (Ver.di 2007m).

7.2.4 Campaigning Together

It was disputed within ver.di whether the program debate was helpful or whether common campaigns such as the Lidl-campaign and the minimum wage campaign, common industrial conflicts and common successes were the basis for forging a new identity and mission. The fact that campaigns focus on a particular issue was seen as both an advantage and a drawback in the creation of a new organizational identity and mission. Campaigning advocates argued that members were more likely to become involved in a current political or bargaining issue than in an abstract debate, and advocates of a program debate argued that campaigns were too narrowly focused and that it would be difficult to build an overarching common identity and mission from a string of disconnected campaigns. In addition, they argued that campaigns could not resolve discrepancies between ver.di’s self-concept, claims and standards on the one hand, and its practical policy and bargaining outcomes on the other. Some activists feared that such discrepancies between demands and reality would lead to a loss of credibility (Pfitzner 2007b).

An unclear identity and mission also led to disagreement regarding post-merger practice in political campaigning. Ver.di was very vocal in its opposition to various political reforms and neglected the negotiation strategies of some of the constituent unions. Some officials found that this was at times unhelpful for ver.di to get its positions reflected in legislation, as a senior official from one of ver.di’s policy departments explained:

We fought hard against Hartz IV but we lost. We fought hard against the Agenda 2010 but in the end our positions were not endorsed. [...] We can put pressure on politics and cause trouble but we can’t enforce our positions. We didn’t manage to do that. For me, that’s a learning experience from the first ver.di years. [...] If the old unions hadn’t merged, there would always have been some of them that had a confrontational strategy and others that concentrated more on parliamentary processes. You can be pretty successful with such a double strategy: these unions apply pressure, those unions negotiate, and in this way you can change
Chapter 7: Post-merger Integration

the political positions. Ver.di does it differently: we didn’t take two strategies simultaneously, but we opposed things with all our might. We neglected the negotiation process that was always a part of the founding unions ÖTV und DAG. We had a strong oppositional policy but a weak negotiation policy (Interview 28).

The former ÖTV National Secretary, Herbert Mai, concurred with the opinion that ver.di’s strong oppositional policy undermined its ability to influence policy outcomes (Pieper 2007). But opinions in ver.di differed on this point, with other policy officials arguing that policymakers were not listening unless ver.di’s criticisms were too loud to be overheard:

There are differing points of view within ver.di. We think that the effectiveness of lobbying is limited and think it is more important to inform and to politicize people – but not everyone sees it that way. There are arguments in the organization – others say that in some policy areas we have to prevent worsening conditions, and therefore need to be taken seriously by policymakers. If we vehemently oppose certain developments, we are not seen as being open to negotiation (Interview 30).

Ver.di launched a number of campaigns that were not limited to particular Industry Departments or Regional Districts, and were therefore instrumental in clarifying “what ver.di is” and “what ver.di stands for”. The most significant examples were the Lidl-campaign and the minimum wage campaign, discussed in Chapter 6. The Lidl-campaign was an organizing campaign at one of Europe’s largest discount supermarkets. It was broadcast as a campaign for human rights and against shameful and humiliating working conditions. Similarly, the campaign for a statutory minimum wage of €7.50 per hour pointed out that wages in certain industries, especially in the service sector, were so low that people were in poverty despite full-time employment. A lay activist and an official illustrated how such campaigns could be used to discuss with members the more fundamental underlying issues and in so doing, to develop a common mission:

In the context of the Lidl-campaign you can discuss: what is fragmentation in the retail industry, what does outsourcing mean, the EU component, globalization... When you look at the members at Lidl or Metro, the women, you have good arguments for a minimum pension, a minimum wage. Let’s determine our political positions with the aid of real developments (Interview 6).

The examples are the minimum wage campaign and the organizing approach, making a scandal of certain conduct and making an example of it, i.e. the Lidl-campaign. Then we are in the situation of leading a discussion about values in our society, because people are on our side.
when they realize people are being treated indecently and disrespectfully or that they don’t even earn enough to live off. Those are values in our society and we have to be the ones setting the discussion about values in motion and driving it further (Interview 38).

In his speech at the second National Congress in 2007, the National Secretary Frank Bsirske linked both these campaigns together with what he identified as ver.di’s core values: solidarity, dignity and justice:

We don’t oppose changes but we judge them by our values: social justice, human dignity and solidarity. Those are our values in which we recognize ourselves and want to be recognized by others. Two campaigns have made this particularly clear: our demand for a statutory minimum wage and our commitment to decent working conditions and for worker rights at Lidl have the same message: work mustn’t lead to poverty, work mustn’t be degrading. Those are our values: solidarity, dignity and justice (Ver.di 2007k).

A final point regarding organizational identity and mission concerns the major political goal ver.di articulated during the merger process: the goal of gender equity. Contrary to the stated goal, post-merger research found that gender issues were “often pushed aside in everyday routines and deemed to be of secondary importance” (Waddington et al. 2005: 211) and that they had “not emerged as a priority in ver.di from the outset” (Annesley 2006: 176). In the post-merger years, the promotion of gender equity did not emerge as a defining element of ver.di’s identity or mission, as an official explained:

This is a men’s organization. I’m not talking about numbers – how many men and how many women work here. This is a political organization and it’s about power. What are the rules of the game here, what are the expectations, how is work done – that’s what I mean when I say it’s a men’s organization. The men have shaped the views and the expectations. The aim of gender mainstreaming is to see things in a more differentiated way. […] But I’ll say it clearly: some old men are not going to change. We are constantly concerned with gender, we have tried to let it flow into all areas so that it becomes a matter of course, and I think a lot has changed. But it is like with the development of a new ver.di culture – seven years is not enough and we need a generational change (Interview 48).

Various activities were undertaken to establish gender equity as part of ver.di’s identity and mission. In 2007, for example, links between the program debate and women’s issues were strengthened when the National Women’s Conference put forward a motion at the National Congress requiring changes to the draft program (Ver.di 2007i). The ver.di women also participated in the minimum wage campaign by addressing the issues
faced by women in low-paid work in their activities for International Women’s Day in 2006 (Ver.di 2006e). It remains to be seen whether gender equity will become a more prominent element of ver.di’s identity and mission.

In summary, the development of a new ver.di identity and of a unifying organizational mission was slow. Ver.di employees and members quickly compensated for the identity loss of their old unions by forging new identities in subdivisions of the organization, particularly in the Industry Departments. The lack of a unifying vision and mission to guide ver.di’s strategy and political actions limited its capacity to act, particularly in situations where groups of members differed in their interests. Attempts were made to develop an identity and mission through a program debate and through common campaigns. By 2007, the development of a common identity and mission was still very much in progress.

### 7.3 Collective Bargaining Strategy and Coordination

Ver.di’s five constituent unions had their own cultures and traditions regarding collective bargaining and industrial conflict. As the merger negotiations focused on structural issues, a new, common collective bargaining profile did not emerge from its cocoon like “a colourful butterfly of collective bargaining policy in the service sector” once the merger was concluded (Wiedemuth 2001). Instead, the merger marked the beginning of an arduous discussion and the conversion of common experiences into a new collective bargaining profile. The difficulties associated with developing a common ver.di identity became manifest in discussions about the strategic orientation of collective bargaining: questions such as whether bargaining should be geared towards partnership with employers or autonomous interest representation, whether wage demands should consider macro-economic developments, and how the relations between industry-wide collective agreements and establishment-level opening clauses should be balanced were really questions about ver.di’s identity (Wiedemuth 2001).
As specified in the Collective Bargaining Guideline (*Tarifrichtlinie*) (DAG et al. 2000d), the Industry Departments were responsible for collective bargaining. Each Industry Department established its own bargaining committees (*Tarifkommissionen*) which were composed of members and a chief negotiator. The bargaining committees were authorized to cancel collective agreements, formulate claims, and accept or reject the bargaining outcomes that the negotiating committee elected from their midst recommended. The Industry Department Leaders or the Regional District Leaders were authorized to sign new collective agreements on behalf of the National Executive Committee. Whether the bargaining committees were set up at the national, regional or the establishment level, their size and structure, how they were elected and how the responsibilities were distributed was regulated in Industry Department statutes and was influenced by whether the collective agreements were company-specific, regional or national in nature. If several Industry Departments were involved in a particular bargaining area, they formed a common bargaining committee and the National Executive Committee decided which Industry Department had the overall control (*Federführung*). This was particularly relevant in the public sector, as several Industry Departments were involved, and agreements in several other Departments closely followed the public sector agreement. Here a common bargaining secretariat (*Tarifsekretariat*) was formed. Overall, the Industry Departments and their bargaining committees had more autonomy than was the case in the constituent unions.

In order to ensure a consistent bargaining strategy, the National Executive Committee had the authority to coordinate bargaining through several measures. The Department of Bargaining Principles (*Tarifpolitische Grundsatzabteilung*) was comprised of the National Collective Bargaining Committee (*Bundestarifausschuss*) and the Clearing House (*Clearingstelle*). The Department of Bargaining Principles provided expert advice and support for bargaining and negotiating committees, and was responsible for bargaining questions within the DGB and on European and international levels. The National Collective Bargaining Committee drew up bargaining principles that, once endorsed by the Union Council, became binding for all
bargaining committees. The Clearing House was made up of union officials from the Department of Bargaining Principles and from each Industry Department. It monitored the observance of bargaining principles. If the principles were not observed in either claims or bargaining outcomes, the National Executive Committee could veto them (DAG et al. 2000d). This combination of increased autonomy of the Industry Departments and coordination by the National Executive Committee aimed to promote a collective bargaining policy that was geared to the specific interests of members in particular Industry Departments and simultaneously followed a consistent strategic direction (Wiedemuth 2001; 2006).

While the bargaining principles and resolutions from the National Collective Bargaining Committee provided orientation for all negotiators, there was no common understanding of ver.di’s overall collective bargaining aims and strategies. And while past collective bargaining practice provided further indications of ver.di’s bargaining profile, the Department of Bargaining Principles argued that only a common collective bargaining program could review and develop the bargaining philosophies and programs of the constituent unions further, and could bridge the widening gap between theoretical principles and bargaining practice (Ver.di Tarifpolitische Grundsatzabteilung 2007). For this reason, the National Congress in 2003 passed Resolution F1 requiring that a collective bargaining program outlining ver.di’s bargaining principles, strategies and orientations be presented to the Union Council by 2004. This time frame was not manageable, but a draft program was adopted by the National Collective Bargaining Committee in March 2007 and presented to the National Executive Committee for discussion (Ver.di 2007g: 418).

One of the key components of ver.di’s collective bargaining policy was a working time initiative that was launched in 2003. Ver.di opposed any extensions of working time and advocated more employee influence on working time arrangements and an improvement of work-life balance. Ver.di had a resolution that bargaining committees were not to agree to any increase in the collectively agreed average weekly working time. All bargaining committees were bound by this resolution and if they drafted an
agreement that did not abide by this rule, it was discussed in the Clearing House and could be vetoed by the National Executive Committee.

The working time initiative illustrates the advantages and problems associated with a coordinated collective bargaining strategy. On the one hand, generally opposing an increase in working time is an unambiguous position that contributes to a clear collective bargaining profile. Members’ awareness and the willingness of bargaining committees to pursue working time-related issues increased. Furthermore, negotiators could resist any demand by employers to increase working hours by explaining that even if they were prepared to compromise, the National Executive Committee would veto such an agreement. On the other hand, collective bargaining practice made this position increasingly untenable and upholding it endangered ver.di’s credibility. Other unions agreed to increases in working time, and ver.di also had to compromise on several occasions. In the public sector in 2006, ver.di agreed to an increase in working hours in West Germany by half an hour in exchange for a decrease of half an hour in East Germany. In the paper processing industry, ver.di agreed to an opening clause that allowed an increase in working hours at establishment level in exchange for job security. Officials from ver.di’s Department of Bargaining Principles found that these concessions appeared as a failure of unions to live up to their own demands and self-concept. The concessions also show how difficult it can be to uphold strict principles in specific bargaining situations. In fact, the number of collective agreements that had to pass through the Clearing House because they contained an extension or differentiation of working hours increased in 2005 and 2006 (Wiedemuth 2006).

A further problem with the working time initiative was that some of the Industry Departments were not willing to participate. Therefore ver.di did not succeed in developing an integrated strategy on working time (Sterkel and Wiedemuth 2007; Ver.di Tarifpolitische Grundsatzabteilung 2007). Interviewees frequently complained about “departmental egoism” (Fachbereichsegoismus) concerning a range of issues. Not only were there conflicting views about bargaining priorities and favourable outcomes between the establishment and industry levels, but also between the
industry level and the level of ver.di as a whole. Implementing a common working time policy was one area where Industry Departments focused too much on their own situation and thereby not only hampered the development of a common strategy, but also forewent the opportunity to anticipate developments in their own areas by exchanging experiences with others, as an official from the Department of Bargaining Principles explained:

In working time policy, we had an attempt to establish regular meetings and said “let’s have a look what activities the Industry Departments have regarding working time and see how we can link them up and how we can go in the same direction in collective bargaining, so that we can generate mobilization for a reduction in working hours”. That was only possible with a few Industry Departments. Where it didn’t work at all in the beginning was with the Industry Departments in the public sector. They didn’t realize that increasing working hours had the political and strategic significance for the employers that it has turned out to have. They could not be won over for common activities. They said “oh, reducing working hours isn’t a concern for us and there is no increase in working hours in our area” – a few years later they had a rude awakening. By then it wasn’t possible to coordinate with other Industry Departments anymore, so they did something on their own. The Regional Districts also had their own activities. Our central campaign had been running for two years and then Nordrhein-Westfalen said “oh, we should do something”. So our idea of combining forces didn’t play a large role in practice. But our preparations in terms of content did play a role because they just took our positions and said “this is the ver.di position” (Interview 15).

Ver.di’s strong position for a statutory minimum wage of €7.50 per hour is another example of where demands and self-concept were removed from collective bargaining reality. On the one hand, ver.di publicly demanded a minimum wage of €7.50, arguing that workers receiving wages below that level were in poverty despite full-time employment. On the other, it concluded collective agreements with wages far below €7.50, for example for hairdressers, security guards, receptionists and retail workers. There was disagreement within ver.di whether it should refuse to conclude collective agreements that were in conflict with its minimum wage demand, or whether this would simply mean losing coverage to the detriment of the employees in those industries and ver.di itself. Several officers explained how this was a problem:

Ver.di discussed whether we should say “we aren’t going to conclude any more collective agreements below €7.50 because we demand a statutory minimum wage”. There was a suggestion to say “we are going to pull this through resolutely” but then it became clear that we would have to say goodbye to a whole array of bargaining areas where we can’t reach €7.50.
We can’t do that because it means telling members in the affected areas “we’re not making that collective agreement because the wages aren’t right” and complimenting them right out of the organization. That would produce more “white spots” (Interview 35).

Some people say “you mustn’t do it”. But what is the consequence if we don’t? Often it would be that we lose that collective agreement and we won’t get it back. It is a controversial debate in the organization. Of course the people are right who say “you mustn’t sign such agreements. Firstly you will lose all credibility and secondly you will generate a pressure to lower wages in other industries, because ver.di is obviously prepared to conclude agreements with worse conditions”. But I see the danger that the organization will lose one collective agreement after the other. At the moment there is no apparent solution unless we succeed in getting a statutory minimum wage (Interview 18).

We demand a statutory minimum wage. And the question is: should we conclude collective agreements below that wage? Should we say: our political demand is a statutory minimum wage of €7.50 and we remain above that level in our collective agreements? There is a conflict about this in the organization because we have collective agreements below that level. Probably a quite legitimate conflict, because when it comes to an industrial dispute, each Industry Department is on its own. I think we need to develop more solidarity and understanding and say “that this Industry Department is in this predicament is not its problem alone”. [...] Collective agreements don’t fall from the sky; they have to be fought for. As a negotiator, if no one is there to fight, I can only accept what I am presented with. And the question is: how can we support Industry Departments that are weaker? Because a weakness in Industry Department 13 is a ver.di weakness. [...] I don’t think it is due to the departmental structure. There needs to be an awareness that it isn’t Industry Department 13’s problem – it is our problem. Even a strong Industry Department will get problems if there are collective agreements like that. There has to be an awareness, there has to be a majority and then it isn’t a question of Industry Departments but a question of organizational identity (Interview 31).

As these officials indicated, discussing what ver.di is and what it stands for in the context of a collective bargaining program can help strike a balance between ver.di’s aspirations and self-concept on the one hand, and the reality of collective bargaining in its Industry Departments on the other. It can raise awareness in the organization that stronger areas do not automatically generate benefits for weaker areas, but that the existence of areas of organizational weakness can have a detrimental impact across the whole organization. The 2007 National Congress passed Resolution R159 aimed at preventing collective agreements with wages below €7.50 by allowing the Clearing House to recommend that the National Executive Committee veto such agreements. Such a rule cannot help negotiators in the affected industries achieve better results and it remains to be seen
whether the National Executive Committee uses its veto to effectively lose coverage areas.

A strong sense of unity and a consistent bargaining strategy were also a necessity for ver.di because employers were quick to exploit the opportunities the merger offered them in the bargaining sphere. Ver.di negotiators found that if they made concessions which were reasonable in one bargaining round in a particular industry, employers exerted great pressure on ver.di to make the same concessions in other industries (Wiedemuth 2006). This meant that each collective agreement, no matter how small, had repercussions for other bargaining rounds in the same industry and for bargaining in all other ver.di sectors as well. Several union officers provided examples:

Take this situation: In one Industry Department they make an agreement with an opening clause that ties the Christmas bonus and annual leave loading to economic performance: if things are going well for the company, the employees get the money, otherwise they don’t. In another Industry Department we won’t do it. As the negotiator you stand there and shrug, saying “well, we’re just not going to do it”. We try to prevent things like that in the Department of Bargaining Principles by establishing rules that apply to all of us in this organization (Interview 31).

[Coordinated bargaining] is not first and foremost about requiring abstract solidarity or discipline, but to avoid that one collective agreement in a particular industry is used by employers as a reference case for worsening working conditions in other industries. That is the central aim of bargaining coordination. It is not about the National Office enforcing some kind of abstract discipline, but the recognition that when we make concessions in one industry, they are presented to the negotiators in other industries – totally out of context and removed from the economic and political situations with the comment: “you agreed to this in the real estate industry or in the travel industry, why won’t you do it here?” It happens all the time. Every time we make a concession, it is presented to us as a demand by employers in other bargaining rounds (Interview 15).

If we make a collective agreement that falls below any national standard, then within hours it is on the bargaining table in Munich, in Düsseldorf and elsewhere. The employers say “hey have you heard, in Hamburg they agreed to this and that, why won’t you?” In this sense we are dependent on one another to follow a national collective bargaining policy and we can only establish a common standard of living and a common quality of collective agreements if we closely coordinate our policy at the national level (Interview 38).

A current example of where concessions in one industry could easily generate pressure for similar concessions in other industries is found in the 2007/2008 industrial dispute surrounding penalty rates for shift work and
weekend work in the retail industry. Since shop opening hours have been
deregulated, employers want to abolish those penalty rates. Retail is one of
ver.di’s core areas where about fifteen per cent of members are organized,
and for years, the retail industry has been in a slump due to slack demand.
Every year, negotiations are protracted for months on end, and ver.di is
unable to mobilize members for enough industrial action to force employers
to quickly resolve conflicts (Interviews 22, 26, 40, 41). But in 2007/2008,
the conflict is about penalty rates for shift and weekend work, and as
delegates discussed extensively at the 2007 National Congress, if the retail
workers fail to uphold their penalty rates, they will soon be lost in other
industries as well, and a weakness in the Retail Industry Department would
have repercussions throughout ver.di (Ver.di 2007k).

A second opportunity that the merger gave employers was that they could
easily switch between ver.di agreements. For example, the department
store Karstadt moved its warehousing facilities from the retail agreement to
the more favourable transport agreement. Before the merger, union
jurisdictions precluded such actions, but after the merger they were legal
and ver.di could only have prevented this from happening if all affected
Industry Departments worked together. But because such strategies
negatively impacted on one Industry Department but positively impacted on
another, it was difficult for the union leadership to convince both affected
Industry Departments to work together to forestall them. A union officer
explained:

There is only one ver.di membership and employers can threaten to
change from one ver.di bargaining area to the next and we don’t have any
means to prevent that from happening because the new collective
agreement covers members immediately. For example, if an employer in
retail transfers his warehousing facilities to the logistics collective
agreement, we don’t have any legal means of taking action against that,
because there is a logistics collective agreement that has been signed by
ver.di. Even if we were able to mobilize employees to resist the change,
we would be violating the obligation to keep industrial peace [during the
term of an agreement]. [...] It is a question of coordination between
Industry Departments. It doesn’t work well between all Industry
Departments and it often doesn’t work when they are losing members.
Then they have opposing interests – one Industry Department wants to
keep its members, but the other sees an opportunity to get more
members. It has no interest in preventing the change (Interview 15).
The merger could theoretically have increased ver.di’s bargaining power if ver.di coordinated bargaining and industrial action across industries. But not only did Industry Departments resist coordination, employers also successfully combated ver.di’s attempt to coordinate bargaining and industrial action in the first two years after the merger by varying the term of collective agreements. This was possible as individual bargaining committees focused more on what terms were most beneficial for their domain rather than being mindful of the outcome for the whole union, as an official explained:

In the first two years after the merger, we tried to run common bargaining campaigns by synchronizing them and by coordinating industrial action. We still do, but in the first two years the Industry Departments made a much greater effort to be part of such coordination including formulating common claims and bargaining outcomes. It worked quite well in the first two years and then increasingly diverged. It has to do with the employers, who insisted on varying the length of agreements. We communicated openly that we want to use ver.di’s strength to carry smaller bargaining areas along like in a convoy, so that they profit from the industrial strength of the larger ones. Of course employers had an interest in varying the terms of agreements from one year to 24 or eighteen or sixteen months. The bargaining committees were pragmatic and said “if it means we get 0.2 per cent more pay, then we’re not wedded to the twelve month term”. If the bargaining rounds don’t coincide, you can coordinate all you like – there is no basis for it. Another reason is that the Industry Departments said “we don’t want a central coordination that makes our bargaining strategy and our work transparent and open to criticism”. Our philosophy when we merged was “as much independence as necessary and as much coordination as possible”. Today you sometimes get the impression that it is the other way round: as much decentralism as is at all possible and as much coordination as we are obliged to. The different bargaining structures are a problem in ver.di, and the greater the economic pressure, the greater the incentive to operate in one’s own area and to prevent other areas from interfering (Interview 15).

In the public sector, collective agreements became increasingly differentiated due to restructuring, outsourcing and privatization. This required increased coordination between the public sector Industry Departments. Rather than one uniform public sector agreement, separate collective agreements for the core public sector areas (the collective agreement is called Tarifvertrag öffentlicher Dienst – TVöD), for workers in public transport (Tarifvertrag Nahverkehr – TV-N) and in public utilities (Tarifvertrag Versorgungsbetriebe – TV-V) were introduced. This differentiation raised the question whether bargaining should also be conducted separately for each collective agreement. Bargaining separately
could have been beneficial for the Transport and the Utilities Industry Departments, because their members were willing to strike and had strike experience, but it could have been detrimental for the core areas of the public sector, because the members in those Industry Departments were not easy to mobilize. As an officer from the Utilities Industry Department explained, the Industry Department had to weigh up the interests of its members and those of members in other Industry Departments:

The TVöD is negotiated centrally. The question is whether that negotiation includes the TV-V or not. At the moment, our Industry Department is discussing what is more sensible – we, with our members in companies that are still pretty sound financially, could say “we don’t want to be dependent on the public sector which is weak and not prepared to strike” but the public sector Industry Departments say “we don’t want to lose the battle-tried units”. There is an argument about that. In our Industry Department the prevailing view is that we could negotiate the TV-V ourselves, but very carefully – there will always have to be a connection with the TVöD and the negotiations will have to take place at the same time (Interview 25).

In summary, the merger provided the opportunity for coordinating bargaining across industries and transferring bargaining wins from stronger to weaker bargaining areas. However, in the absence of a common understanding of collective bargaining aims and strategies within ver.di, those advantages could not be realized. Instead, the merger had several negative effects for collective bargaining, as it led to a greater interdependence of bargaining rounds and a greater transferability of worsening conditions across industries. The recognition that integration was a prerequisite for augmenting bargaining power grew over the post-merger years, and a collective bargaining program detailing ver.di’s bargaining principles, strategies and orientations was developed. At the 2007 National Congress, delegates also expressed their wish to coordinate the terms of collective agreements (Ver.di 2007k).

### 7.4 A Culture of Innovation and Creativity

Innovations, the introduction of new procedures, processes, systems, structures or products, are contingent on the creativity of employees. It has been found that employee creativity and the overall innovativeness of organizations are influenced by organizational factors, in particular by
organizational culture, which can either support or inhibit creativity and innovation. Organizational leaders can influence the innovativeness of organizations through leadership practices that support the development of a culture that is conducive to innovation. They can do this by emphasizing an organizational mission that is focused on the future and by implementing an organizational structure that is flexible, gives employees autonomy and promotes cooperative teamwork. They can also allocate resources to innovative practices, and encourage and reward innovative behaviour, for example by supporting the development of ideas, continuous learning, risk taking, competitiveness and learning from mistakes. The intrinsic motivation of employees is also an important factor for creativity, and this suggests that keeping employees satisfied and motivated is a prerequisite for organizational innovativeness (Jaskyte 2004; Jaskyte and Kisieliene 2006; Martins and Terblanche 2003).

The establishment of ver.di was seen as the opportunity to develop a new type of employee representation in the services sector, and ver.di’s leaders hoped that the experiences ver.di’s constituent unions had, for example in organizing in the new economy, organizing self-employed workers and developing new kinds of campaigns together with social movements, could be generalized and applied across ver.di (Bsirske 2001). However, despite the intention to innovate, the analysis so far has indicated that several contributors to an innovation-friendly culture were missing in ver.di: a future-oriented mission, a flexible organizational structure and employment conditions that contribute to employee motivation and satisfaction. The way in which ver.di sought to promote innovativeness was by allocating resources to innovative practices.

In the first post-merger years, two percent of the yearly budget was dedicated to an innovation fund (Innovationsfonds) to finance projects that addressed workers in occupations and industries that were poorly unionized and that used new approaches to recruiting, servicing and activating members (Ver.di 2003b). In 2004, this percentage was reduced to 1.25 per cent and a campaign fund (Aktions- und Kampagnenfonds) was established where three per cent of the material expenses budgets were set aside to finance campaigns at short notice. More than 50 projects were financed
through the innovation fund. Examples of projects that received funding are *Netzwerk Weiterbildung*, *connexx.av*, *sports-union*, *designers union*, and *Ambulante Pflege* which aimed to establish works councils and recruit members in vocational education establishments, the new media, radio and television industries, sport, graphic design, and outpatient care, respectively. *Dju-campus* aimed to recruit aspiring journalists at universities, and *ver.di@school* aimed to increase awareness of ver.di among students at vocational schools. *Fidi-direct* aimed to recruit call centre workers in the finance industry through an American-style organizing campaign, the establishment of networks and close cooperation with works councils, and *Filialisierte Handelskonzerne* aimed to establish works councils and union representatives in retail outlets. *Be-online* aimed to develop online discussion platforms for use in union education and in member servicing and advice, *Qualitätsmanagement in ver.di* aimed to develop a strategic approach to quality management in union work, to implement benchmarking and to manage complaints, and *Praxisprojekte zur Zeitpolitik* aimed to develop practical models for arranging working time. Together with a host of other projects, these examples show that the innovation fund supported projects that addressed workers according to their occupation, industry, employment status or personal characteristics. It also sponsored projects that were concerned with work organization within ver.di. However, the union leadership found the recipients of the funds often integrated the projects – and the project funds – into their daily work. Many did not establish how their project could be generalized and how the results of the project could benefit other parts of ver.di. Therefore the leadership decided to stop considering project proposals brought forward by particular Industry Departments, Regional Districts, Districts or self-organized groups, and to determine particular project themes centrally that could be tendered for. It also requested project reports detailing how results could be generalized across the organization (Interview 12).

While the union leadership was concerned that the project funds were not used to develop truly innovative approaches to union work, many of the officials involved in such projects complained that too little time and money was directed towards the projects, and that projects that could have been
successful in the medium term came to an end before they could take effect. Projects to establish the union in expanding industries were discontinued when they failed to recruit members and establish works council structures after a certain period of time, but they were not followed by an evaluation and the formulation of a new strategy. Two examples are a project initiated by Industry Department 13 to recruit members and establish works councils in the labour hire industry in Hessen and Nordrhein-Westfalen (Aufbau betriebsrätlicher Strukturen in der Zeitarbeitsbranche) and a project in Industry Department 1 to recruit call centre workers in the finance industry (fidi-direct).

After the labour hire project was approved in 2002, it could not start for some time because the position that was to lead the project remained vacant for several months (Ver.di 2003e). Around 500 new members joined during the course of the project, but due to employer resistance, new works council structures could not be established. The project ended in 2005 and was not extended, although employment in the labour hire industry increased sharply from approximately 178,000 employees in 1996 to about 631,000 in 2006. Works council structures remained virtually non-existent, and IG Metall contested ver.di’s claim to coverage by organizing labour hire employees in the metal industry (Ver.di 2007g; Wölfle 2008). The following quotes demonstrate ver.di officials’ frustration with the level and time frame of the project’s funding:

The project wasn’t very successful. I think it would have needed longer to be implemented properly and to be successful. The project was carried out by a single person, who hardly had any support from the Districts and Regional Districts. One person against I don’t know how many labour hire companies, one person against massive competition with IG Metall – it was clear that it couldn’t work. Because it didn’t work it wasn’t continued. There was no proper evaluation why it wasn’t successful – it was just discontinued (Interview 5).

There was a project that aimed to install works councils in the labour hire industry but it was over after a fixed period and was not extended – even though it is highly necessary to invest in that industry. Industry Department 13 is responsible for labour hire, but it is really overtaxed with the task (Interview 15).

The fidi-direct project was terminated in 2004 after membership gains were modest (Waddington et al. 2005: 191). Since then, ver.di did not follow any particular strategy to recruit call centre workers in the finance industry.
(Aust and Holst 2006). Similar to labour hire, the call centre industry was an emergent industry in which employment grew from 225,000 in 2000 to 360,000 in 2007 (Aust and Holst 2006; Ver.di 2007g). It cut across several of ver.di’s Industry Departments: call centre workers in banks and insurance companies were allocated to Industry Department 1, those in utilities companies were in Industry Department 2, those in health insurance companies were in Industry Department 4, those in Telekom’s subsidiary companies were in Industry Department 9, and those in contract call centres were in Industry Department 13. Historically, this allocation corresponded to collective bargaining structures, but over time, outsourced and spun-off call centres were increasingly removed from the parent companies’ collective agreements. By 2007, efforts to establish a call centre network within ver.di that facilitated the development of a common identity of call centre workers and provided tailored services and advice had not succeeded. At the National Congress in October 2007, Industry Department 13 put forward a motion (Motion H96) that it would take responsibility for all call centres and would receive funds from other Industry Departments for this role. After controversial discussions among the delegates, many of whom did not want to be removed from the established structures in their Industry Departments, the motion was voted down and it was suggested that a working party could be established (Ver.di 2007k).

Besides the labour hire and call centre industries, ver.di was also responsible for a third area of expanding employment: it had coverage of self-employed workers, including freelancers and contractors. The number of self-employed workers in Germany increased from 3.04 million in 1991 to 4.08 million in 2005, and during this time, the proportion of self-employed workers in the labour force increased from 8.1 to 11.2 per cent (Institut für Mittelstandsforschung n.d.). Ver.di was the only DGB union with representative structures for self-employed workers. As a self-organized interest group, self-employed ver.di members were represented in their own committee (Bundeskommission Selbständige – BKS) and were serviced by a small department of union officials at the National Office. In addition, self-employed members received advice through the information centre mediafon. Originally a telephone hotline aimed to recruit and provide advice
to self-employed workers in the media and culture industries, it was expanded to include an internet site and a newsletter, and to provide advice to all self-employed members irrespective of their line of work. An innovative feature of mediafon was its availability to non-members. By offering free advice to non-members, mediafon raised their awareness that ver.di could represent their interests, for example by building networks, by giving advice on social security matters, by running education programs, and by providing guidelines for devising contracts and for determining fees.

In 2005, ver.di decided to charge non-members for advice unless they joined the union. As around twelve per cent of non-members joined ver.di when they called mediafon, it proved to be a useful recruitment device. Overall, between 2001 and 2007, the number of self-employed ver.di members increased by four per cent to around 30,500 (Ver.di Referat und Bundeskommission Selbständige 2007). This development was favourable especially compared to the decline in ver.di’s overall membership during this time. However, most of the self-employed members and activists in ver.di continued to come from the media industry and were affiliated to Industry Department 8 (Pernicka et al. 2007). It remained a challenge for ver.di to organize self-employed workers in other industries.

While the existence of a fund dedicated to innovative approaches to union work was a novelty and a sign of the union leadership’s support for innovation, it appears that the way the funds were allocated and the way they were put to use was not conducive to innovation. Furthermore, the way the bulk of ver.di’s funds were distributed through the budgeting guideline meant that areas with high membership density were well-resourced and those with high membership potential were under-resourced. The limited funds dedicated to innovative practices could not compensate for this essentially backward-thinking resource allocation according to formal rules rather than political will.

Overall, it does not appear that a particularly innovation-friendly culture developed after the merger. The willingness to learn from other parts of the organization remained limited, as a ver.di official commented:

What doesn’t work well [...] is exchanging experiences across Regional Districts and Industry Departments. We need to get away from this “we’re the good guys and the other Industry Departments do their thing, who
cares?” and say “we all have the problem that we’re losing members, let’s see what each of us is doing well and develop something together”. The culture of learning from one another is still very underdeveloped (Interview 33).

However, one area where innovation and learning took place across ver.di concerned the organizing approach. The Lidl campaign was ver.di’s first large-scale organizing campaign at a discount supermarket chain, Lidl. It was the first campaign that strongly focused on how its approach could be useful in other sections of ver.di, as one of the campaign leaders explained:

Ver.di aims to promote innovative projects and we think the Lidl campaign is a new approach to union work and that we can achieve a lot within ver.di with such an approach. That’s why we said from the start: we don’t want this to be a campaign in the Commerce Industry Department – we want it to be a ver.di campaign. There are several initiatives in ver.di that cut across several Industry Departments but I think that many, especially ones that aim to organize a particular company, work within their Industry Department. [...] I think the special thing about the Lidl project is that within a short period of time, we succeeded in positioning a project in ver.di that is more than a Commerce Industry project, that is recognized to be an important project in terms of its aims and approach by colleagues in the entire organization who see that we can draw strength for other companies and industries with such an exemplary conflict (Interview 2).

The organizing approach as it was practiced in the Lidl campaign generated a lot of interest within ver.di (Matrai and Wohland 2008). Several ideas that were developed in the Commerce Industry Department during the Lidl campaign, including using an approach of “naming and shaming” particular employers, directly involving union members and generating media publicity were observed with great interest in other Industry Departments. A similar project to the Lidl campaign was launched in the security industry in Hamburg (Dribbusch 2008), and then in a number of retail and health organizations (Ver.di 2007k).10

Summarizing, the organizational structure, the employment conditions and the lack of a future-oriented mission hampered the development of an innovation-friendly culture in ver.di. Nevertheless, the union leadership facilitated the development of an innovation-friendly culture by dedicating resources to innovative practices through an innovation fund. Many projects were carried out, but their contribution to innovation within ver.di remained

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10 For more details on organizing in ver.di, see Chapter 6.
limited. This was partly due to the time and resource constraints placed on such projects. It was also due to the failure of the project leaders to implement their projects in a way that made the results accessible and useful to other parts of ver.di. In addition, there was little enthusiasm among ver.di employees and activists for learning from each other. The implementation of the organizing approach in a range of industries was the first example of different parts of ver.di studying and learning from each other’s experiences.

7.5 Conclusion

The research presented in Chapter 6 showed that seven years after the merger, ver.di had not – or not yet – been “revitalized”: it had not achieved greater political influence, bargaining power, institutional vitality or membership density. The purpose of this chapter was to discover why not, and to this end, it examined ver.di’s post-merger integration process. It focused on the cultural integration of the five merging unions in three key areas: the development of a common organizational identity and mission, the development of a common collective bargaining strategy and the coordination of collective bargaining across industries, and finally, the development of a culture that promoted creativity and innovation. Cultural integration in these areas is essential for realizing the revitalizing potential of mergers.

The research presented in this chapter revealed that a common organizational identity and mission, a common collective bargaining strategy and the coordination of collective bargaining were not the focus of union leaders’ attention in the initial post-merger years. Over time, though, the significance of these issues and their implications for political and bargaining power became more and more apparent. Subsequently, efforts were increased to develop a common organizational identity and mission through a political program and through campaigns, to develop a collective bargaining program and to coordinate bargaining across industries. At the time of writing in 2008, these processes were far from completed.
A culture that promotes creativity and innovation is a prerequisite for institutional vitality, as without it, union employees are unlikely to be motivated and capable of developing innovative strategies and approaches to union work. While ver.di’s leadership dedicated some resources specifically to innovative strategies, it did not encourage innovative behaviour in other ways, and consequently, a culture that supported innovation was slow to develop. Again, in the later post-merger years, interest in innovative strategies, particularly in the organizing approach, grew, but at the time of writing, there was no indication that a particularly innovation-friendly culture had developed. Overall, cultural integration of the five constituent unions within ver.di remained limited. In combination with the inadequate structural integration examined in Chapter 5, this made the realization of the merger goals and the ultimate goal of increasing membership density all but unattainable.
8 Conclusion: Union Mergers as a Revitalization Strategy and the Role of Post-merger Integration

8.1 Introduction

This thesis has examined whether and how union mergers contribute to union revitalization and has analysed what role post-merger integration plays in that process. A case study approach was adopted in order to gain an in-depth understanding of union merger and post-merger integration processes. Ver.di emerged as a very insightful case to study. It is an exemplary case of union organization in post-industrial times because the merger between five unions to form the largest union in the world was an ambitious project, and because ver.di’s coverage area spanned the entire public and private services sector. It broke down the barriers between public and private sector union organization and brought together workers in well-paid, secure jobs and those in low-paid precarious employment.

This concluding chapter explains how this thesis contributes both conceptually and empirically to the existing body of knowledge on union mergers, union revitalization and post-merger integration. It reviews the frameworks developed for analysing union merger outcomes and post-merger integration, and it summarizes the key findings of the case study. It then considers the limitations of this research, and finally, makes recommendations for further research and practice.

8.2 Key Contributions

This thesis has documented ver.di’s post-merger phase. In doing so, it has provided a new perspective on union mergers – firstly by focusing on post-merger integration, and secondly by examining a German union. The key conceptual contribution of the thesis has been to link the union merger, union revitalization and post-merger integration literatures. By doing so, a framework for analysing the outcomes of union mergers, and a framework
for examining post-merger integration in unions was developed. These frameworks can be used to analyse merger outcomes and post-merger integration in other cases and in other countries.

8.2.1 A Different Perspective on Union Mergers

Industrial relations research is dominated by Anglo-Saxon scholarship and remains embedded in national contexts, despite global economic forces and their various effects on industrial relations (Frege 2005). Accordingly, most English-language case studies on union mergers are concerned with unions in the United Kingdom, the United States and Australia (for example Campling and Michelson 1997; Carter 1991; 1997; Clark and Gray 2000; Morris et al. 2001; Palmer et al. 2005; Undy 1999). However, knowledge of union merger processes in other national contexts is of theoretical and practical significance. This thesis forms part of a small body of research written in English on union mergers in countries other than the English-speaking ones.

Knowledge of German union merger processes is of interest to researchers and practitioners in other developed market economies for two main reasons. First, the German union movement is internationally recognized as a particularly strong movement with an important role in the German political economy. How German unions respond to environmental challenges and to a decline in membership and political and economic influence is informative for other national union movements. Moreover, as ver.di is one of the largest unions in the world, its answer to the external and internal challenges many unions face can provide them with valuable lessons and insights. Second, prior to the merger wave in the 1990s, the German union movement was seen as the prime example of industrial unionism. Several other national union movements have sought to emulate the German model. For example, the Australian peak federation ACTU attempted to restructure its affiliates along industrial lines in the 1980s, and more recently, the American federation of unions Change to Win called for a similar change (ACTU 1987; Change To Win Coalition 2005). However, while engaging in mergers in order to establish industry unions remains the goal of various unions around the world, many industry unions, in Germany and
elsewhere, have used mergers to become multi-industry or general unions. Rather than augmenting their political and economic power by representing all workers in a given industry, unions like ver.di aim to increase strength by uniting workers across several industries. Researchers and practitioners can compare and contrast the German experience of union mergers to that of unions in their own countries.

Previous research on ver.di’s merger process was conducted either before the merger in 2001 or in the initial post-merger years (Annesley 2006; Kahmann 2005; Keller 1999; 2001a; b; 2002; 2004b; c; 2005a; b; Müller 2001; Müller et al. 2002; Müller and Wilke 2003; Waddington et al. 2003; 2005). The data underpinning this study was collected between 2005 and 2007. Because sufficient time passed between the merger and the data collection, the effects of the merger became manifest and it was possible to analyse ver.di’s merger outcomes and the management of post-merger integration in this thesis. By focusing on the post-merger phase, this study has extended and expanded the previous research on ver.di’s merger process. In conjunction with such research, this thesis has documented and thoroughly analysed ver.di’s development in the pre- and post-merger phases. In doing so, it has contributed to the body of empirical knowledge of the ver.di merger and of union mergers in general.

8.2.2 A Framework for Analysing Merger Outcomes

The first objective of this research was to assess whether and how union mergers contribute to union revitalization. In order to pursue this objective, a framework for analysing the outcomes of union mergers was developed on the basis of Behrens et al.’s (2004a) model of union revitalization. Applied to union mergers, the model was adapted in two ways.

First, this framework took into account the manner in which unions expect merging to lead to revitalization. Many unions anticipate that merging will lead to a decrease in inter-union competition, will result in synergies, and will allow them to improve and expand their services to members. These factors are seen as prerequisites for attaining greater economic and political influence and institutional vitality, and for attracting and retaining more members. As such, these factors constitute a fifth dimension of
revitalization. Second, the framework included criteria for measuring each dimension of the model. While it was unclear in the original model of revitalization how the development of membership, economic and political influence, and institutional vitality after a merger could be assessed, the framework outlined a series of measures that can be used to determine whether a merger has led to improvements along the dimensions of revitalization. The five dimensions of the framework are considered next.

The first dimension of the framework is concerned with membership developments. It examines the development of membership in the merged union and its constituent unions over time. It compares the merged union’s membership development with that of the constituent unions before the merger. It also compares the merged union’s membership development with that of the other unions in the peak federation over time. An analysis of membership developments also distinguishes between members gained and members lost, examines developments in each occupational or industry department and region, and addresses the financial significance of membership development by distinguishing between working and non-working members. Finally, it differentiates between developments in male and female membership.

### Membership dimension

- Compare post-merger membership developments in the merged union to the pre-merger membership developments in the predecessor unions
- Compare pre- and post-merger membership developments to membership developments in other unions in the same peak federation
- Trace members gained and members lost over time
- Trace membership developments across occupations, industries and regions over time
- Trace membership developments among working and non-working members
- Trace membership developments among male and female members

The second dimension of the framework is concerned with post-merger developments in economic influence. For unions, economic influence equates to bargaining power. However, because bargaining power may not
be truly reflected in bargaining outcomes, several measures are required. First, pay increases are compared as a quantifiable and comparable measure of bargaining outcomes. The framework compares pay increases in the merged union to those in all unions in the peak federation. It also compares pay increases in the merged union to those in its predecessor unions over time. Pay increases across the merged union’s industries in a given year are examined in order to assess whether they have become more similar after the merger. In addition, pay increases in industries where the constituent unions had overlapping coverage are compared over time in order to assess whether the elimination of inter-union competition in those industries led to better bargaining outcomes. Second, the framework examines whether industrial action has increased after the merger and what its outcomes were. It considers whether the action was taken to enforce demands for improved working conditions, or whether it was defensive and aimed at averting a deterioration of working conditions. Third, the framework considers union officials’ expert opinion on the post-merger development of bargaining power. In combination, these measures reduce the danger of making a false assessment of bargaining power in cases where external factors prevent increased bargaining power from manifesting itself in bargaining outcomes.

**Economic dimension**

- Compare pay increases as a measure of bargaining outcomes in the merged union to those in the predecessor unions
- Compare pay increases in the merged union to those in all unions in the same peak federation
- Examine whether pay increases in the merged union’s industries in a given year have become more similar
- Examine whether pay increases have improved in industries where the merger eliminated inter-union competition
- Examine whether industrial action increased, whether it was offensive or defensive, and what the outcomes of the industrial action were

The third dimension of the framework considers the post-merger development of a merged union’s political influence in the national policy-making process and in the peak federation. It examines whether the
merged union has more political ideas, is able to promote them to its membership and the wider public, to introduce them to the political process, and to exert pressure to ensure the ideas are reflected in legislation. Such an analysis also considers where the merged union’s political position precedes and influences peak federation policy.

**Political dimension**

- Examine whether the merged union has greater capacity and specialization regarding public policy
- Examine whether the merged union is skilled at promoting its political ideas to its membership and the wider public
- Examine whether the merged union is able to introduce its ideas into the political process
- Examine whether the merged union is able to exert pressure to ensure the ideas are reflected in legislation
- Examine whether the merged union’s political position precedes and influences peak federation policy

The fourth dimension of the framework focuses on institutional vitality. It includes recruitment and retention activities and the realization of gender equity. When assessing the development of recruitment and retention, the number of new members and the number of union leavers and what efforts the merged union made to organize in union-free zones are examined. In addition, union officials’ accounts of how recruitment and retention is organized in the merged union are considered. When exploring whether gender equity has been achieved, the examination includes the extent of proportional representation by women in the mainstream structures, and the representation of women as a social group in specific women’s structures. It also considers the existence of women-only trade union education. The implementation of gender mainstreaming and the way in which women’s issues and priorities are reflected in bargaining and policy are also assessed. Finally, post-merger developments in female membership and the proportion of new members and leavers who are women show whether gender equity measures have encouraged women to join.


**Institutional vitality dimension**

**Recruitment and retention:**
- Examine the development of new members and of membership turnover
- Examine what efforts the merged union made to organize in union-free zones
- Examine how recruitment and retention is organized in the merged union

**Gender equity:**
- Examine the extent of proportional representation by women in the mainstream structures
- Examine the representation of women in specific women’s structures
- Examine whether women-only trade union education exists, or has improved and expanded
- Examine how women’s issues and priorities are reflected in bargaining and policy
- Examine whether gender equity measures have led to an increase in female membership

The fifth dimension of the framework is concerned with the prerequisites for achieving revitalization along the first four dimensions. It includes the development of inter-union competition, the achievement of synergies, and the provision of services to members. The development of inter-union competition can be examined by tracing jurisdictional disputes within the peak federation and with other organizations, and by identifying whether professional organizations that had cooperation agreements with any of the constituent unions maintained that agreement or began bargaining on their own. When examining whether synergies have been realized, the framework compares the number and size of organizational divisions and committees and the number of employees before and after the merger, and compares that data with other unions of similar size. In regard to the provision of services, the analysis includes whether legal advice and representation, non-industrial services and education have improved and expanded after the merger.
Taken together, these five dimensions of the framework for analysing the outcomes of union mergers can be used to assess whether and how union mergers contribute to revitalization. In this research, this was done by applying the framework to the case study union ver.di. Ver.di’s merger outcomes are considered next.

8.2.3  Ver.di’s Merger Outcomes

As a review of the merger goals of ver.di’s constituent unions found that they indeed anticipated that the merger would result in revitalization, the merger outcomes were analysed along the five dimensions of the framework.

8.2.3.1 Membership Dimension

In a first step, it was found that membership decline had continued after the conclusion of the merger. Averaged over the first seven years after the merger, ver.di’s membership decline continued at the same rate as it had
done in the constituent unions in the ten years before the merger. The number of new members per year remained relatively stable. In contrast, the number of members lost inclined steadily until 2004 and then fell again. This meant that ver.di’s yearly membership decline increased from the conclusion of the merger until 2004 and then eased. Overall, the number of members leaving ver.di between 2001 and 2007 was about double the number of those joining.

Averaged over the first seven years after the merger, ver.di lost members at a faster rate than the other unions in the DGB. In contrast, in the ten years before the merger, ver.di’s constituent unions lost members at a slower rate than the other unions in the DGB. Within ver.di, the extent of membership decline varied widely across Industry Departments and Regional Districts. The percentage of working members increased slightly, but the distribution between male and female members remained the same.

8.2.3.2 Economic Dimension

An analysis of ver.di’s economic influence showed that if ver.di’s bargaining power increased after the merger, it was not reflected in bargaining outcomes. In the first seven years after the merger, the pay increases in ver.di did not improve compared to those in the constituent unions in eleven years before the merger. In addition, the pay increases in ver.di did not improve compared to those in all unions in the DGB. Between 2005 and 2007, the pay increases in ver.di’s largest industries, the public sector and retail, were significantly lower than pay increases across all industries.

The pay increases in ver.di’s industries in a given year did not become more similar after the merger. On the contrary, 2006 marked the greatest variation in pay increases across ver.di’s main industries at any time after 1990. Furthermore, the pay increases improved in the banking industry but declined in the retail industry. Therefore, there was no uniform effect of the merger on pay increases in areas of pre-merger inter-union competition.

Ver.di’s industrial action increased substantially in 2006 and 2007 due to long strikes in the public sector and at Deutsche Telekom AG. The bargaining rounds in the retail industry were also accompanied by strike
action. While the strikes demonstrated the merged union’s capacity to strike for a long time, they were not an expression of increased bargaining power. This is because the strikes were mainly defensive and aimed at minimizing the deterioration of working conditions rather than gaining improvements. Furthermore, the length of the strikes showed that ver.di was unable to put enough pressure on employers to quickly resolve the conflicts.

8.2.3.3 Political Dimension

The analysis of ver.di’s political influence produced mixed results. In the first seven years after the merger, ver.di developed greater capacity and specialization regarding public policy. The union became very skilled at promoting its political ideas to its membership and the wider public. Ver.di was highly visible in the media and succeeded in publicizing and campaigning on industrial relations issues as social and political issues. In particular, ver.di was successful in generating a public debate about the necessity and desirability of a statutory minimum wage. It also significantly raised public awareness about employment conditions at discount supermarkets.

But although ver.di’s activity and visibility in the political sphere increased, the merger did not give it greater access to the political process or greater success in seeing its positions reflected in legislation. Like other German unions, ver.di experienced difficulties in these areas. Instead, ver.di was at the forefront of protests against various national and EU reforms.

Ver.di’s influence within the DGB increased and it significantly influenced DGB policy. This was especially the case when ver.di’s interests were aligned with those of IG Metall. Both unions pursued their own agenda within the DGB to the detriment of the smaller unions. Some of those smaller unions felt that their concerns were not heard. In addition, ver.di frequently represented the interests of its members in the political sphere directly and did not refer this task to the DGB.
8.2.3.4 Institutional Vitality Dimension

An analysis of ver.di’s institutional vitality comprised two areas. It examined whether recruitment and retention was improved, and whether gender equity was realized.

There were no positive developments in recruitment in the post-merger years and the number of new members was stable at about 100,000 per year. In the first seven years after the merger, ver.di was slow to develop a focus on recruitment and did not have an integrated recruitment strategy that involved works councillors. Furthermore, ver.di made little effort to recruit in union-free zones and in growing industries such as call centres and labour hire. In the later post-merger years, the importance of recruitment became more and more apparent, and ver.di responded to this by creating a central membership department at the National Office. It also launched several organizing campaigns and experimented how American organizing strategies could be adapted to the German context.

Initially, little attention was paid to membership retention. However, the level of turnover was unsustainably high and steadily increased after the merger. Several factors contributed to this development, including dissatisfaction and disappointment with the merger among members. When ver.di began to systematically improve its membership retention strategies in 2004, membership retention improved.

Great efforts were made to implement gender equity in ver.di’s internal structures and external policies. In the first seven years after the merger, proportional representation by women in ver.di’s mainstream structures was successively implemented. Women were also represented in specific women’s structures at all levels of ver.di’s organization. In addition, ver.di ran an extensive women-only trade union education program.

Ver.di applied gender mainstreaming as an innovative approach to achieving gender equity. Gender mainstreaming implies that mainstream union officials implement gender policy during their daily tasks of collective bargaining, servicing, policy-making and so forth. Although ver.di made considerable progress, gender equity did not become an established part of
daily union work and gender policy was not well integrated in collective bargaining and policy-making.

Although the gender equity measures led to improvements, they had no perceptible effect on the development of female membership. Between 2001 and 2007, the proportion of female membership only increased by half a percentage point.

**8.2.3.5 Prerequisites for Revitalization**

The three prerequisites for achieving revitalization along the membership, economic, political and institutional vitality dimensions are a decrease in inter-union competition, the achievement of synergies, and the improvement and expansion of service provision.

For ver.di, inter-union competition increased in the first seven years after the merger. Jurisdictional disputes increased within the DGB, as ver.di competed with the other affiliated unions for members particularly in areas of “industrial services”. The DGB found it increasingly difficult to settle disputes between its large affiliates. Jurisdictional disputes also intensified between ver.di and unions affiliated to the DBB and the CGB. Furthermore, professional organizations that had cooperation agreements with ver.di’s constituent unions began bargaining on their own.

It was not possible to determine whether synergies were achieved at the local level, but it was revealed that at the aggregate level, some synergies were reached but not all potential synergies were realized. In the first seven years after the merger, the number and size of organizational divisions and committees in ver.di decreased substantially compared to those of the predecessor unions. The number of employees in ver.di was also reduced considerably compared to those of the predecessor unions. Nevertheless, the number and size of organizational divisions and committees and the number of employees in ver.di remained far greater than in IG Metall.

The range of services available to members was expanded and their quality was reviewed. In the first seven years after the merger, the quality of ver.di’s legal and educational services was reviewed and the range of issues for which legal advice and representation was available expanded. In
contrast, the number of educational services decreased. The range of nonindustrial services was expanded. Some entirely new services were introduced and other services that were previously available in only one of the constituent unions were provided to all members.

Overall, these findings led to the conclusion that the ver.di merger did not lead to revitalization along any of the five dimensions. In some instances, the opposite of the desired effect occurred: Membership continued to decline and even accelerated in the initial post-merger years instead of stabilizing or increasing. Bargaining power did not increase across ver.di’s industries. Moreover, inter-union competition did not decrease as expected. In other instances, the results were mixed. As intended, influence within the DGB and political activity and visibility increased, but access to the political process and favourable legislation did not. Gender equity improved, but did not result in more women among the membership. Recruitment and retention did not improve as a result of the merger, and only picked up after other strategies were implemented. Some but not all potential synergies were realized, and most services were improved and expanded but some were not.

8.2.4 A Framework for Analysing Post-merger Integration in Unions

The second objective of this research was to examine the role of post-merger integration in determining whether a union merger leads to revitalization. A framework for analysing post-merger integration in unions was developed by applying the outcomes of research on post-merger integration in for-profit and non-profit organizations to the union context. The framework considers both the structural and cultural integration of merging unions.

An assessment of the structural integration of merged unions begins with an examination of the structures put into place at the time of the merger. It identifies where those structures have hampered the achievement of the merger goals, and how the union leadership has gone about removing those structural impediments to integration. The analysis includes the division of
the union into industrial or occupational departments, geographical regions and self-organized interest groups. It also considers quotas and committee structures, the allocation of funds within the merged union, and the working conditions of union employees.

Structural integration

- Examine the structures put into place at the time of the merger, including
  - industrial or occupational departments
  - geographical regions
  - self-organized interest groups
  - quotas
  - committee structures
  - allocation of funds within the merged union
  - working conditions of union employees
- Examine where those structures were found to hamper the achievement of the merger goals
- Examine how the union leadership removed such structural impediments to integration

The framework for assessing the cultural integration of merged unions covers three issues. First, it examines the development of a new organizational identity and mission in the merged union. It does so by considering the loss of the constituent unions’ identity, the development of new identities in subdivisions of the organization, and the union leadership’s efforts to foster the development of a new organizational identity and mission through a political program and through campaigns. A common organizational identity and mission is a prerequisite for a union aiming to increase its political influence by merging. Second, it analyses the development of a common collective bargaining strategy and the coordination of bargaining across industries within the merged union. Following a consistent bargaining strategy and coordinating bargaining across workplaces and industries is necessary if a union is to increase its economic influence by merging. Third, it examines the development of an innovation-friendly culture in the merged union. The union leadership can foster the development of such a culture through a future-oriented organizational mission and a flexible organizational structure. It can also take steps to increase employee motivation and satisfaction, and reward and encourage innovative behaviour. Finally, the leadership can allocate
resources to innovative practices. Developing an innovation-friendly culture is necessary for a union aiming to increase its institutional vitality by merging.

### Cultural integration

- **Organizational identity and mission**
  - Examine the loss of the constituent unions’ identity
  - Examine the development of new identities in subdivisions of the merged union
  - Examine how the union leadership fosters the development of a new organizational identity and mission through a political program and through campaigns

- **Collective bargaining strategy and coordination**
  - Examine how a common collective bargaining strategy is developed
  - Examine how collective bargaining is coordinated across industries

- **Innovation and creativity**
  - Examine how the union leadership fosters the development of an innovation-friendly culture
    - through a future-oriented organizational mission and a flexible organizational structure
    - by promoting employee motivation and satisfaction
    - by encouraging innovative behaviour and
    - by allocating resources to innovative practices

The examination of the structural and cultural integration of merging unions in this framework can be applied to gauge the role of post-merger integration in determining whether a union merger leads to revitalization. In this thesis, the framework was used to analyse post-merger integration in the case study union ver.di. Ver.di’s post-merger integration process is considered next.

### 8.2.5 Ver.di’s Post-merger Integration Process

In order to assess the role of post-merger integration in the ver.di case study, the thesis examined how the union leadership furthered structural and cultural integration in the post-merger phase, and what problems it encountered when doing so. It explored how the union leadership went about removing structural impediments to integration, and how it promoted cultural integration by developing an organizational identity and mission,
developing a collective bargaining strategy, coordinating bargaining across industries, and developing an innovation-friendly culture.

### 8.2.5.1 Structural Integration

The process of post-merger structural integration was analysed in conjunction with an examination of the structures originally put into place when the merger was concluded. It was found that the original structures were the result of a compromise among the constituent unions and that in some ways, they were not useful and actually hindered the achievement of the merger goals.

There were problems with each of the horizontal and vertical elements of the matrix structure. First, thirteen Industry Departments proved to be too many. Some Departments had financial difficulties or were not represented in all Districts. Opportunities for cooperation between Industry Departments were not seized and they had a tendency to act rather autonomously. Consequently, there was a danger that ver.di could become a cartel of thirteen industry unions. Second, thirteen Regional Districts also proved to be too many, and several Regional Districts were not financially viable. Third, it quickly became clear that the 107 Districts would have to be reduced as well. Many Districts were not financially viable and could not provide the full range of services or employ full-time staff to represent members from all thirteen Industry Departments as well as staff with responsibility for cross-sectional tasks. Fourth, the Local structures were not well-developed outside of the Industry Departments 8, 9 and 10. This made it difficult to establish close ties to members at the local and workplace level.

Responsibilities within the matrix structure and relations between structural units in the matrix were unclear. This led to conflicts, low efficiency, and a loss of accountability. Managing within the matrix structure also proved difficult because managers from Industry Departments and horizontal levels of the organization accessed the same staff. This required them to coordinate the tasks, deadlines and appointments of such staff.
Aspects of the quotas and committee structures were also problematic. Firstly, the quotas for the proportional representation of women and of the founding unions in all institutions and committees made elections complex and comprised their democratic nature. Secondly, the matrix structure necessitated a large number of committees, and this was expensive and unmanageable. In addition, each committee was rather large to accommodate all groups and fulfil all quotas. Therefore, many lay activists held posts in several committees. As attendance at committee meetings was low, some committees found it difficult to constitute a quorum.

The budgeting system resulted in some richer and poorer Industry Departments. It did not take into account industry-specific employment relations structures and the resulting costs of collective bargaining and representing members in each industry. Nor did it consider variations in the potential for recruitment of new members. Instead, it restricted financial flexibility and the power of the union leadership to make strategic decisions regarding the allocation of funds.

Pay and working conditions for union employees were not standardized until 2008. This led to frustration and annoyance among those concerned and hampered restructuring. At the same time, an employment guarantee made it difficult for the union leadership to reduce staff costs.

Despite these problems, adjusting the structures post-merger was very difficult, as it required a consensus among all involved parties. Difficulties arose both where the merger agreement had specified a change trajectory and where the direction of change was undecided: Where no agreement had been reached prior to the merger, particularly regarding the working conditions of ver.di employees, but also regarding mergers or cooperation among Industry Departments and among Districts, finding a solution post-merger proved extremely difficult. Where start-and-finish models had been agreed upon in order to postpone conflicts until after the merger, particularly regarding the restructuring of Regional Districts and Districts, the previously agreed change trajectories were called into question.

Overall, the union leadership was highly constrained in the management of post-merger structural integration, and it established a Structure Committee to facilitate the achievement of structural changes that were
supported by all involved parties. The Structure Committee was not part of ver.di’s formal structure as stipulated in its rulebook and its members were not democratically elected. Instead, they were appointed from all parts of the organization. When they reached a consensus for a particular structural change, it was likely that all interests had been taken into consideration, and that the proposed change would be endorsed by the Union Council or National Congress. Through this process, all post-merger structural changes were subject to intra-organizational bargaining and compromise. Such a structural change that was supported by all parts of the organization was more feasible than an unpopular change that may have led to greater efficiency or effectiveness.

8.2.5.2 Cultural Integration

The process of post-merger cultural integration was also considered. It was found that a common organizational identity and mission, a common collective bargaining strategy, the coordination of collective bargaining, and the promotion of an innovation-friendly culture were not the focus of union leaders’ attention in the initial post-merger years.

Regarding ver.di’s organizational identity and mission, the analysis revealed that many ver.di employees and activists found the transition to a new organizational identity difficult. Therefore, the identities of the constituent unions lived on within ver.di. New identities were formed in particular groups, especially in the Industry Departments and self-organized interest groups. These identities became stronger and more salient than any unifying ver.di identity.

Both before and after the merger, discussion within ver.di about its mission and goals remained minimal. Ideological differences between the constituent unions and controversial issues were not openly addressed. The initial plan to adopt a political program that outlined ver.di’s identity and mission at the founding Congress in 2001 was dropped. Subsequently, the adoption of a program was postponed until 2003, then until 2007 and finally until 2011. Very few members, activists and officials participated in the discussion about the contents of such a program. Several campaigns,
particularly the Lidl-campaign and the campaign for a statutory minimum wage, contributed to the development of a common identity and mission. Uncertainty regarding ver.di’s organizational identity and mission led to disagreement about post-merger practice in political campaigning. Some groups advocated a strongly oppositional policy, while others stressed the value of negotiation strategies. Overall, the development of a common identity and mission was still in progress in 2007.

Regarding collective bargaining strategy and coordination, it was found that each of the constituent unions had its own traditions and cultures regarding collective bargaining and industrial conflict. These persisted within ver.di, especially as the merger agreement gave Industry Departments considerable autonomy in collective bargaining. Bargaining was coordinated across industries through a set of bargaining principles that were binding for all bargaining committees.

But despite the bargaining principles, there was no common understanding of ver.di’s overall bargaining aims and strategies. The Industry Departments were reluctant to commit to a common bargaining strategy and to coordinate bargaining across industries. Due to such “departmental egoism”, they forewent opportunities to transfer bargaining wins from stronger to weaker areas and to anticipate developments in their own areas by exchanging experiences with others. The development of a collective bargaining program that clarified the bargaining aims and strategies and helped align actual bargaining practice with the bargaining principles was slow. A draft program was adopted in 2007.

Employers were quick to exploit the opportunities the ver.di merger offered them. If ver.di made concessions in a certain bargaining round, employers pressured ver.di to make the same concessions in other industries. Furthermore, the merger made it possible for employers to switch between ver.di agreements, so they were able to choose which agreement was more favourable for them. Employers also resisted ver.di’s attempts to coordinate bargaining by varying the terms of collective agreements.

Overall, the merger led to a greater interdependence of bargaining rounds and a greater transferability of worsening conditions across industries. Due
to the absence of common bargaining aims and strategies and the unwillingness of Industry Departments to coordinate bargaining, the opportunities the merger provided to increase bargaining power could not be realized.

Regarding the development of an innovation-friendly culture, the analysis showed that several contributors to an innovation-friendly culture were missing in ver.di, specifically a future-oriented mission, a flexible organizational structure and employment conditions that contributed to employee motivation and satisfaction.

Ver.di sought to promote innovativeness by allocating resources to innovative practices. The establishment of an innovation fund and a campaign fund were signs of the leadership’s support for innovation. However, the limited funds dedicated to innovative practices could not compensate for the backward-thinking allocation of the bulk of ver.di’s funds through the budgeting guideline. In addition, the recipients of funds for innovative projects rarely established how the outcomes of their work could be applied to other areas in ver.di. Consequently, the outcomes of such projects could not benefit the rest of the organization. Furthermore, the amount of time and resources allocated to innovative projects was strictly limited. As a result, some projects were terminated before their benefits could be realized. In general, projects were not followed by an evaluation and the formulation of a new strategy.

Within ver.di, the willingness to learn from other parts of the organization was not well developed. One of the first areas where innovation and learning took place throughout the organization was the implementation of the organizing approach. In the later post-merger years, ver.di launched several organizing projects with a limited scope.

Overall, there was no indication that a particularly innovation-friendly culture had developed in ver.di. In effect, the organizational structure, the employment conditions and the lack of a future-oriented mission served to hamper the development of an innovation-friendly culture. Accordingly, ver.di did not appear to have a greater propensity to embrace new strategies.
Over time, the significance of cultural integration and the implications for political and economic influence and institutional vitality became more and more apparent. In the later post-merger years, efforts were increased to develop a common organizational identity and mission, to formulate a common collective bargaining strategy, to coordinate bargaining across industries, and to foster the development of an innovation-friendly culture. At the time of writing in 2008, these processes were far from completed. Overall, both structural and cultural integration of the five constituent unions within ver.di remained insufficient. This made the realization of the merger goals and the ultimate goal of revitalization virtually unattainable.

8.3 Limitations

As a case study of a single union in a single country, it is difficult to identify whether the findings of this research are comparable with other cases and are applicable in other contexts. A specific circumstance of the ver.di case was that it involved five unions which were all treated as equal merger partners despite differences in size and financial standing. The problems associated with post-merger integration may be less complex in mergers with fewer merger partners. Another feature of the ver.di merger was the intent to integrate the constituent unions into an essentially new organization. The process of structural and cultural integration of the merging unions may not have as strong an impact on the entire organization if one or more small unions are simply absorbed into an existent larger one. Furthermore, post-merger structural changes may be less problematic if they are not made under the financial duress that was the driver of structural change in ver.di.

The German national context is a further defining feature of the ver.di merger. It is difficult to establish which findings of this research are specific to union mergers in Germany and which findings would be similar in union mergers in other countries. For example, the development of a common collective bargaining strategy and the coordination of collective bargaining across industries may be less important in countries where bargaining is decentralized to the plant level. Also, the development of a political program may be less important in countries where unions concentrate more
on “bread and butter” issues and are less active in the political sphere. The timing of the merger and the prevailing economic and political conditions in Germany are further elements of the context within which the ver.di merger took place. Possibly, developing a culture of innovation and creativity is less of a pressing issue if membership density is stable or if a merger is concluded between unions that organize in industries with less precarious forms of employment than the German service sector. These points suggest that there may be variations in merger outcomes and post-merger integration processes in different countries depending on the nature of their political economies and the role unions play within them.

Nevertheless, several “contingent generalizations” (George and Bennett 2004) can be drawn from this research. First, the structural and cultural integration of the constituent unions have a significant impact on the merger outcomes. Second, the problems and processes of structural and cultural integration identified in this thesis basically apply in all union mergers, although their complexity may be lower. Further research that compares the ver.di merger with union mergers in other countries can address the limitations of this study.

8.4 Recommendations for Further Research

This thesis has considered union mergers from two perspectives. First, it has analysed how union mergers can contribute to union revitalization. Second, it has explored how the structural and cultural integration of merging unions influence merger outcomes. In examining union mergers in these ways, several avenues for further research were revealed, and they are considered next.

8.4.1 Cross-national Comparisons of Post-merger Integration in Unions

Cross-national comparisons of structural and cultural integration in unions can establish how national contexts influence union merger processes and merger outcomes. Such comparisons can elucidate complex patterns of similarities and differences between cases (Ragin 1994). For example, a
comparison of post-merger integration in ver.di and UNISON in the United Kingdom would extend the research undertaken by Waddington et al. (2005), who compared the pre-merger, merger and post-merger phases in two German and two British cases, including ver.di and UNISON. It would also link the research undertaken in this thesis to the research on UNISON published in Terry’s edited book (2000), that discusses various aspects of the management of the UNISON merger process five years after the merger took place. For example, Fryer (2000) discusses the focus on the form of the new union in the merger negotiations and the relative neglect of issues of union character, Dempsey (2000) discusses issues of human resource management and the cultural integration of union staff, and Wheeler (2000) discusses UNISON’s approach to organizational development and its aim to become a learning organization. In addition, several chapters discuss UNISON’s agenda in collective bargaining and in policy.

Further cross-national comparisons could be made with other unions that organize in the services sector. Possible cases are FNV-Bondgenoten in the Netherlands, which was established through a merger of four unions in 1998, vida in Austria, which was founded by three unions in 2006, or Unia in Switzerland, which resulted from a merger of three unions in 2004. Such comparisons can identify what aspects of post-merger integration are influenced by specific national contexts. They can also help identify what impact the timing and circumstances of the merger and the terms of the merger agreement have on merger outcomes and post-merger integration processes. In doing so, such cross-case analyses contribute to theory development. Furthermore, a quantitative analysis of merger outcomes across several cases using the framework developed in this thesis is an effective way of testing and refining the theoretical propositions about union mergers as a revitalization strategy.

8.4.2 Institutional Vitality Through Union Mergers

It has been argued that union mergers lead to revitalization if they facilitate the adoption of other strategies and that mergers may be a prerequisite for further change (Fletcher and Hurd 2001; Turner 2005). This assumes that one result of mergers is institutional vitality, that is an increased capacity to
adjust to changed contexts and a greater enthusiasm to take up new strategies (Behrens et al. 2004a). However, the revitalization literature has been unclear about how mergers result in greater institutional vitality.

This research has established that the ver.di merger did not lead to revitalization as it did not significantly increase membership, economic or political influence, or institutional vitality. Nevertheless, it did reveal that some preconditions for achieving revitalization are in place: a coverage area with expanding employment, attractive services for members, the potential to achieve further synergies, the means to coordinate bargaining across industries, a high degree of public awareness of ver.di, progressive gender equity structures and policies, and the resources to develop new approaches to union work. Further observation of ver.di’s membership, bargaining power, political influence and institutional vitality will determine whether or not the merger ultimately leads to a rather late revitalization in the future.

It is possible that the merger did not lead to revitalization in the first seven years because integrating five unions was such an enormous task. Possibly, the merger also initially prevented the implementation of other revitalization strategies by focusing organizational resources and officials’ attention on post-merger integration. Nevertheless, the merger may also have had the effect of “unfreezing” the organizational culture (Lewin 1951), and thereby it may enable ver.di to embrace new strategies and approaches, albeit with a time lag. However, as time passes, the link between the merger and revitalization becomes rather tenuous.

Changes to governance systems of merged unions in order to more effectively represent an increasingly heterogeneous membership are another aspect of institutional vitality. Such changes have been identified as a potentially transformative aspect of union mergers (Behrens et al. 2004b; Heery et al. 2003), and in particular, increased gender equity as a result of mergers has been recognized as a potentially revitalizing outcome of merger processes. Further research on the relationship between union mergers and gender equity, as suggested by McBride and Waddington (2007), can reveal whether and how improving gender equity contributes to greater bargaining power and political influence and an increase in female membership. Ver.di’s experiences with the representation of women in
specific women’s structures and in the mainstream structures of the union as well as its efforts to implement gender mainstreaming throughout its organization can be compared with McBride’s (2000) research on the representation of women in UNISON.

8.4.3 The Role of Leadership in Union Mergers

Keller’s (2005a) research on the ver.di merger focused on the organizational consequences of the decision to adopt a matrix structure, and found that that while the matrix provided a system of checks and balances by decentralizing decision-making and allowing organizational subdivisions a high degree of independence, it was also an inefficient structure that generated high transaction, control and coordination costs. Through the analysis of the interviews conducted for this research and of Resolution A5 from ver.di’s 2003 National Congress, it became apparent that leadership in the matrix was a major issue. There was disagreement regarding the responsibility and decision-making authority of Industry Department Leaders, District Leaders and Regional District Leaders. Lack of clarity about this and about how the various positions had to communicate and work together hampered post-merger integration. The lack of a shared leadership culture and management style was also perceived to hamper integration and saw leaders concentrating on their specific area rather than taking responsibility for ver.di as a whole. Ver.di addressed this problem by clarifying the leadership structures in written descriptions and by facilitating the development of a shared leadership culture through a leadership development program and the testing of instruments such as management by objectives and performance reviews. Research on mergers and acquisitions in for-profit organizations has found that leadership plays an important but often neglected role in post-merger integration and can make a positive difference to post-merger performance (Sitkin and Pablo 2005). Further research on leadership in ver.di can explore the role of leadership in union mergers and in mergers among non-profit organizations more generally.
8.4.4 Mergers Among Non-profit Organizations

Comparisons with merger processes in other types of organization are another possibility for further research. As set out in the literature review, there is a large body of research on mergers and post-merger integration in various types of non-profit organizations, including religious, cultural, social and community organizations. Such organizations are often subject to the same constraints in the merger process as are unions – they must consider the interests of their members, whose social identity is linked to membership in the merging organizations; decisions are made democratically and are fixed in statute-like documents that are hard to amend; and the key resources they use for providing services to their members are the knowledge of their staff and the relationships of their staff with members, so that the organizational leaders are constrained in the management of the post-merger integration process. Despite such obvious parallels between the merger processes in unions and in non-profit organizations, the literature on union mergers has not drawn on nor contributed to the literature on mergers among non-profit organizations. Doing so can reveal how mergers in both unions and non-profit organizations differ from mergers in for-profit organizations, how the success of such mergers can be measured, and under what conditions such mergers succeed.

8.5 Recommendations for Practice

Several recommendations for practice can be deduced from the findings of this research. They apply both to unions seeking revitalization through merger and to unions adopting other revitalization strategies.

The revitalization goals of mergers concern a merged union’s external relations: its interaction with the state, with employers, with members and with potential members. However, for a union to become more powerful and successful in these interactions, internal changes are required. Specifically, a merged union needs to become structurally and culturally integrated. Thus, while the focus of union leaders after a merger is on external relations, managing the internal relations is a prerequisite for
improvements in the external sphere. This research has shown that union leaders considering mergers as a revitalization strategy need to be conscious of the amount of structural and cultural integration required to achieve revitalizing outcomes. It is important that they maintain a balanced perspective on internal and external relations.

This research has also shown that union leaders’ control over the post-merger integration process is limited. This has significant implications for the pre-merger planning phase. Instead of focusing entirely on the structure of the merged union and particularly on how each constituent union will be represented in the new structure, union leaders need develop strategies for structural integration before the merger is concluded. They also need to be aware that structural change after the merger will be difficult. An elaborate structure that makes the endorsement of the merger proposal by various membership groups more likely can turn into a burden that generates high costs and a high level of conflict, and that prevents people from working together.

Similarly regarding cultural integration, union leaders need to devise a strategy before the merger is concluded. This research has shown that such a strategy should encompass three issues. First, it has highlighted the importance of a common organizational identity and mission. Clarity regarding who the union is and what it stands for ensures the commitment, motivation and satisfaction of a merged union’s employees, activists and members, reconciles conflicting interests within the organization and provides direction and guides the union to the achievement of its goals. Union leaders need to set a strategic direction for the merged union at the outset. Second, this study has shown that a lack of integration in collective bargaining has negative consequences for a merged union. Rather than transferring bargaining wins from stronger to weaker bargaining areas, the opposite effect occurs: The weakest areas negatively impact on the areas of bargaining strength. Because the merger leads to a greater interdependence between bargaining rounds and a greater transferability of working conditions across industries, coordinating bargaining becomes a necessity. In the pre-merger planning phase, union leaders can make arrangements to ensure that after the merger, bargaining is actually
coordinated and follows a consistent strategy. Third, this research has emphasized the significance of an innovation-friendly culture. If the merged union’s employees are to develop innovative approaches to union work, they need encouragement and support. There also need to be processes in place to ensure that innovative practices are diffused throughout the union. Before a merger, union leaders can decide how they will promote innovativeness in the merged organization.

More generally, union leaders contemplating any revitalization strategy, be it merging, organizing or otherwise, should recognize that not only external factors, but also factors internal to their own organizations can impede its successful implementation. Employer and state strategies, and economic and political developments, may create a very challenging environment that prevents a strategy from resulting in revitalization. However, by closely watching the inner workings of their organization, union leaders can identify where and how the structure and culture of the union impede the achievement of revitalization goals. Union leaders can then remove such impediments.

**8.6 Conclusion**

This concluding chapter has explained how the research objectives were achieved. It reviewed the frameworks that were developed for analysing union merger outcomes and post-merger integration in unions, and it summarized the key findings of the case study. Furthermore, it addressed the limitations of this study, suggested several avenues for further research and outlined the implications of this research for future practice.
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