

THE “FALL WAGE ROUND”: COLLECTIVE BARGAINING AS TEMPORARY ORGANIZATION

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Abstract

By investigating into collective bargaining in Austria, we show that bargaining - two opposing parties negotiating a deal - may take the form of a temporal organization and further, that outcomes of bargaining may significantly be affected by this. We specifically analyze the hierarchy, structure, membership, common goal and common identity of the bargaining organization, as well as its temporal and rhythmic nature. Together this establishes a temporal organization in contrast to bargaining between clearly separated parties. We discuss this as a possible explanation for the widely acknowledged success of the Austrian “Sozialpartnerschaft”.

Key words

Temporary Organization, Collective Bargaining, Negotiation, Social Partnership

While the label temporary organization is frequently used as synonymously with project based organizing (Jacobsson, Lundin, & Söderholm, 2016; Packendorff, 1995), this paper explores temporal organization which has little resemblance with traditional projects. We argue in this paper that a bargaining process, entered by two opposing parties with diverging interests, may take the form of a temporal organization. First, this is all but trivial, because bargaining or negotiating is usually hardly seen as an organization. Still, we will show that the special case of collective bargaining as it is undertaken each fall in Austria as “Fall Wage Round” (Herbstlohnrunde), and which is considered as an essential part of its “Sozialpartnerschaft” (Social Partnership), fulfils the criteria of a temporary organization. Second, the major aim of this paper is to show further that the nature of collective bargaining as a temporary organization to a large extent shapes the process and the outcomes of bargaining. For the case in particular we will argue how this contributes to the explanation of the widely appreciated success of the Austrian “Sozialpartnerschaft”. The research of this paper is based mainly on interviews with union representatives who regularly participate in these bargaining processes, supplemented through documents describing the roles of negotiating parties, and on papers of the Austrian “Sozialpartnerschaft”. The paper proceeds as follows: In the first two sections we give a coarse description of the yearly bargaining process called “Herbstlohnrunde” (Fall Wage Round), its motivation, and its embedding within the system of Austrian “Sozialpartnerschaft”. The third and main section of the paper gives a detailed account of those aspects of this process which surface in interviews to show its nature as a temporal organization and which provide explanations for the outcomes of these bargaining processes. Finally, we discuss the wider impact of these results.

Why bargain collectively?

First, from a pure labour market perspective employers and employees should negotiate salaries and working conditions on an individual basis. An economic perspective would explain the engagement in collective bargaining based on transaction costs, which should be expected to be lower if negotiation takes place for a larger group instead between individuals. Studies so far examined the impact of different bargaining regimes on firm-level profits (Doellgast, Holtgrewe, & Deery, 2009; Lucifora & Origo, 2015; Rusinek & Rycx, 2013), the effects of unions on wages (Fitzenberger, Kohn, & Lembcke, 2013; Frandsen, 2016), flexibility (Kahn, 2012), and compared public and private sectors (Lewin, Keefe, & Kochan, 2012). Because, however, collective bargaining has been rather seen as motivated through the possibility to increase the power of employees if they act as a group instead of individuals, the resulting salaries are expected to be higher and therefore employers should avoid such a setting. This is also captured in the standard economic model of unions as monopoly suppliers of labour vis-à-vis the employer who has only the possibility to set the level of employment (the so-called Leontief-Model, Leontief, 1946). Indeed experience and frequent media reports suggest that employers often have less interest in engaging in collective bargaining than employees, especially if organized in unions. These views are surprisingly little contested, neither in research, nor in political discourse, with some exceptions. For example, a more differentiated view on unions distinguishes two possible approaches of unions in bargaining processes: rent extraction versus rent creation (Freeman & Medoff, 1979). In a mathematical representation Aidt & Sena (2005) show that unions engage more in rent creation instead of rent extraction the higher product competition and the lower labour market competition is. As a consequence employers might even have an incentive to invest into unions if their initial resource base is low. Recent empirical studies support this view: German firms with work councils show higher productivity than their counterparts (Müller, 2012) and collective bargaining seems to reduce rent extraction of US-American government employees (Lewin et al., 2012). This suggests certain conditions (e.g. product competition instead of labour market competition) under which investment into collective bargaining instead of individual bargaining might also serve the interest of employers, in addition to reducing transaction costs.

The structure of collective bargaining processes

A rough description of collective bargaining structures across Europe has been given already by Bairstow (1980) and is updated in few recent studies (Lucifora & Origo, 2015), because the diversity of structures described in the 1980s has changed surprisingly little since then, which might explain the lack of recent research into this. Also, despite a vivid scientific community concerned with Industrial Relations which also studies these bargaining structures extensively in relation to its inputs (e.g. interests, stakes) and outputs (e.g. wages, working conditions), in-depth studies into these structures and the corresponding bargaining processes from an organizational perspective seem to be lacking. This paucity of research is even more surprising given the relevance of outcomes from these bargaining structures. They significantly impact the labour costs both for individual organizations, for governments and the wealth level of a large portion of the work force. As one contribution to fill this gap and as a foundation for identifying its organizational nature we describe in the following in detail the structure of this process as it surfaces each year in Austria.

“Sozialpartnerschaft” as the Foundation for Yearly “Fall Wage Round”

We start this study by describing the larger context of the process of collective bargaining in Austria. Temporary organizations are often embedded in a wider context of recurring patterns of cooperation (Sorenson & Waguespack, 2006). As a response to experiences before World War II and to secure economic stability afterwards, Austria’s four major economic interest groups – the Trade Union Federation (ÖGB), the Federal Chamber of Commerce (WKÖ), the Federal Chamber of Labour (BAK) and the Chambers of Agriculture (LK) – agreed to establish a system of cooperation, which later became to be known as the “Sozialpartnerschaft” (social partnership). A similar system has been established for example in Germany (Haipeter, 2012). Still, this system remained informal in the sense that it is not regulated by any law. Membership in the Chamber of Labour is mandatory for all employees working in Austria whereas membership in labour unions (ÖGB) is voluntary. The Chamber of Labour and the trade union federation (ÖGB) are connected through a strong liaison (Mire, 1977). Together they represent the interests of employees in the system of Social Partnership in Austria. On the opposing side the interests of Austrian business communities are represented by the Austrian Federal Chamber of Commerce, where membership of all Austrian companies in operation is compulsory. Finally, the farming community is represented by the Chamber of Agriculture. Membership there is also compulsory.

Beside the yearly bargaining of collective agreements, the Austrian Social Partnership holds a strong influence in practically all areas of economic and social policy in consequence of the strong political pillarization (Traxler/Pernicka, 2007), thereby providing it with a role beyond mere negotiation. The heads of the chamber of commerce and of labour as well as the union leaders are “... very influential in the process of shaping new laws before they were negotiated at a parliamentary level” (Lehner/Dikany, 2003; p. 218). In administration the social partners are represented in numerous committees, commissions and advisory boards (Karlhofer, 2001). Formerly the Parity Commission (Paritätische Kommission) – consisting of top representatives of the government and the four major interest groups – dealt mainly with price controls and fighting inflation. Nowadays this institution serves as a forum for dialogue between social partners and the government in important economic and social issues.

The Social Partnership works through the Parity Commission and its four institutional sub-committees (Sozialpartnerabkommen, 1992; Die österreichische Sozialpartnerschaft, 2013):

- The *Advisory Council for Economic and Social Affairs* (Beirat für Wirtschafts- und Sozialfragen): On behalf of the four presidents of the interest groups this committee studies economic and social issues and develops consensus recommendations. It is organized in task forces with appropriate experts from all areas of academia and business.
- The *Subcommittee on Wages* is responsible for the release of collective bargaining with the aim of the temporal coordination of collective agreements.
- The *Subcommittee on Competition and Prices*: In the post-war period this committee was responsible for approving price increases for most goods and services. Today it is an instrument for monitoring competition with the aim of preventing overcharging due to dominant market positions.
- The *Subcommittee on International Issues* deals with international development in areas relevant to the policy areas of the social partners. The representatives of the four interest groups jointly evaluate international processes to facilitate participation and coordination in discussions and decisions in international institutions.

The Trade Union Federation (ÖGB) is subdivided into seven smaller affiliated trade unions. The membership in the trade unions is voluntary. In 2010 about 37 percent of the 3,26 million wage earners are union members (Arbeiterkammer, 2011) and is slightly decreasing since then. Although the Austrian trade unions have been facing massive declines in members since the 1970s the union remains a powerful institution in the Austrian socio-political system. They have institutional power resources, such as collective bargaining and institutional incentives from the Government and employers (Pernicka/Stern, 2011).

Once a year, collective bargaining between trade unions and entrepreneurial associations takes place where minimum wages, working time, and working conditions are negotiated (Ragacs, 2008), which is called “Herbstlohnrunde” (Fall Wage Round). On the side of labour the negotiations are conducted by the respective trade union and on the part of the employer by the respective branch subunits (Traxler/Brandl/Glassner, 2008). In Austria these yearly collective bargaining processes enjoy a lot of attention. In autumn this process is always started by the metal industry. As pattern setter this branch specifies the direction for all further negotiations. Depending on the differences in the demands of the trade union and employers’ willingness to meet these demands, the negotiations can take several laps and can thus take different lengths. The results of the negotiations have to be submitted to the Subcommittee on Wages and further to the Parity Commission. The agreements are valid for all employees of the specific industry, even if they are not union members. Overall, although its importance decreased in recent decades in many areas, its influence in the economic and social policy is still strong (Karlhofer, 2007).

The Organization: Membership, Hierarchy, and Bargaining Rounds

In the following we describe the organization of the yearly “Fall Wage Round” in Austria based on four interviews we conducted with representatives regularly participating in collective bargaining. By this we aim to show that collective bargaining indeed fulfils the criteria of a temporary organization, despite being different from other forms of organizations which are usually considered under this label, such as project organizations. The most general definition of temporal organizations is “a set of organizational actors working together on a complex task over a limited period of time” (Bakker, 2010; p. 468). In the following we structure the description along the most central aspects which are usually seen as defining organizations: Membership, coordination, hierarchy, and goals.

Structure and Hierarchy of the “Fall Wage Round”

Generally, collective bargaining in Austria is organized around rather broad industries, such as metal, finance, or public services. Although these industries differ in some details of their bargaining organizations, the general principles are the same. As in any bargaining processes there are essentially two negotiating parties involved: the workers’ representatives and the businesses’ representatives. The general way these representatives are chosen has been described above. We will discuss significant variations in the sub-section on membership. In any case, this leads to the two most basic parts of the bargaining organization, which represent the two negotiating parties. Overlapping these parts, there is a clear hierarchy (Figure 1). On the basic-level there is a group of 15 persons for each party (in the case of Interview 1) or about 100 persons (in the case of Interview 3). This group discusses on a coarse level to exchange the

general position of each party and its information base (e.g. calculated inflation rate, productivity increase during last years, and economic forecasts for the next year).

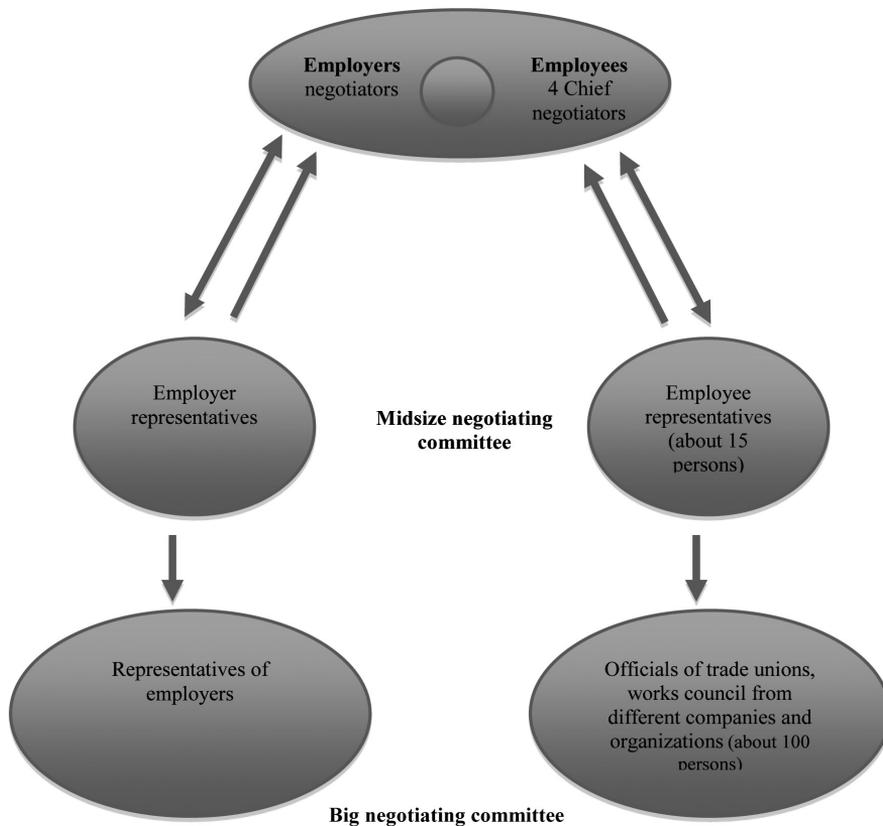


Figure 1: Structure of the Bargaining Organization (Example: Metal Industry)

From this larger group smaller groups are formed (located in a different building) to discuss more details. When finishing a certain agenda, these groups report back to the larger group (“.. well, our judgment is, we are now there and we could come to ...”, Interview 3). This comprises the first level of hierarchy. In the case of Interview 3 there are three levels of groups (top, middle, bottom level with small working groups, with 8 members). The results are collected “... like a cascade from these negotiating teams” (Interview 3). The top of the hierarchy is formed through the two teams of the leaders of negotiating parties. While the structure of this hierarchy differs slightly between different industries, it remains rather constant from one year to the next within specific industry rounds.

Although the structure of the bargaining process is designed as a three-level hierarchy, the bottom level plays a very powerful role in the whole process. “No decision is made in the middle or top level without the consent of the bottom level ...” (Interview 4). The large negotiating committee at the bottom of this bargaining hierarchy is “... the decision-making body that

can actually agree for the entire union ...” (Interview 3). The main negotiators report continuously to the bottom team, because “...they are the ones who will ultimately have to give the “Sanctus”[“ok”] at the end ...” (Interview 1).

The importance of the annual bargaining process for both the employers and the employees in Austria is shown even more clearly when the existing hierarchy has to be supplemented through an additional top level. The 2012 bargaining of the Finance industry was unsuccessful after 6 rounds. As interviewee 1 outlined this situation “... there was no positive outcome after 6 rounds of negotiating and the situation was quite serious ... then it was the chief negotiator of the employer side who said ‘let’s try it again’,...” There was no further negotiation round, but a summit meeting of the top leaders of both sides, because to leave the negotiating table without a common result is considered as a “no go”.

Membership

Members are delegated by the two negotiating parties. “This is always coordinated and elicited, every year again” (Interview 3). However, fluctuation is rather low, especially in the case of employees’ representatives. Therefore many members have several years of experience in participating in these bargaining processes, are well informed about the traditions of the processes and secure some stability in regard to these processes. The most significant threats to these traditions are changes at the top of the hierarchy, especially when a leader of one party is replaced through somebody who did not participate before. Otherwise, the usual fluctuation in membership does hardly impact the processes.

Although negotiations do not take place at the bottom level, the committees at this level are called ‘negotiating committees’. In the large negotiation committee of the employees there are representatives of the works council of big and also smaller companies who are nominated by their trade unions. This is the decision making body for the entire union. “You need this committee that can in fact say “Yes” or “No” to the outcomes of the bargaining process or say “No, go on bargaining.” (Interview 3)

The most severe impact on the process and its outcomes seems to be caused through the selection of members by employers. The employers’ associations delegates usually either are managers of large corporations (instead of owners) or, even more frequently, owners of small and medium sized enterprises (SMEs). On the one hand, this reflects the nature of the Austrian economy as being dominated through SMEs, but, on the other hand, does not represent the fact that the few large corporation employ the majority of workers in Austria. Also, as the following shows, much power is exercised by managers of large corporations.

Especially at the midsize negotiating level (see Figure 1), the composition of the two teams differs in a significant way: the employee side is composed of representatives of larger companies with unionisation. In the midsize employer’s team there are often representatives of small and medium-sized enterprises which have no or only weak union representation within their companies. This results in bargaining between union-representatives from big companies and employer representatives of small and medium-sized companies who have very different needs, compared to large organizations.

“The difficulty is actually that in the negotiating bodies of the employers there are persons who do not belong there. Large companies are not represented by its directors or board members. Either they send someone from the 2nd or 3rd hierarchy level or, as it was in recent years, the chief negotiators for the employers come from small and medium-sized businesses.” (Interview 4).

According to this interviewee the main reason for selecting owners of SMEs is of tactical nature: “.. the result which those [SMEs] achieve will not harm us [the larger firms] neither, this we can easily take. If it fits them [SMEs] then it will surely fit us also [larger corporation] (Interview 4). Thus, in bargaining terms, the selection of delegated members to the bargaining organization is implicitly setting a reservation point which needs not to be expressed explicitly and, more important, needs not to be enforced otherwise during the bargaining process.

Common goal and identity

When narrating on these bargaining rounds, all interviewees (except interview 4 for which this interpretation was not that clear) often used the first person plural, thereby referring not only to one party but to all participants: “... there are these negotiating teams ...”; and “... we go reporting ...”. When talking about the negotiation rounds and the way bottom, middle, and top layer teams are interacting interviewees always are talking about the teams as a whole and no longer about negotiating parties (employees versus business owners). For example when explaining how the result of a discussion is communicated to the top level one interviewee indicated that they report the result as: “... our judgment is ...”(Interview 3) or if there is a deadlock they would say “... today we get to nowhere anyway” (Interview 3). Negotiating within these teams is often described with the metaphor of a “game”, because, for example, “... in fact we all know how high the inflation rate is” (Interview 1). Sometimes important outsiders are involved in the negotiations which is also interpreted as such: “... that are such rituals, one knows already and also the other party knows, that we know. That are these games” (Interview 2), or “... the usual games” (Interview 3). On the other hand, there is a common goal and there is a common agreement that “... one should not start this game of winning versus losing” (Interview 2). However, these “games” involve also a lot of tactics such as a kind of chicken game: “There is always the question, who starts with actually stating a concrete percentage figure” (Interview 3). Of course, goals of the two parties are different in the sense that representatives of employees aim at high increases of salaries versus rather low increases as the goal for business representatives. However, when one interviewee (3) said: “The goal is “wage increases”, well the big goal, always”, then she does not even mention this divergence but only refers to wage increases. While interviewee 4 used “we” more for union than for the bargaining organization, the reference to the common goal of the latter was also dominant for interviewee 4.

Temporal Nature

All of the bargaining organizations are temporal and restricted to a certain time during each year’s fall. Usually they live no longer than one month, surfacing in four to six rounds of negotiations. It follows a rather traditional staging, with the first round of negotiations only “... to talk not about numbers, but only about the framing law” (Interview 3) and to exchange the views about the developments of the economy. After this initial discussion at least two rounds of negotiations follow. Also, within these rounds, there is a staging of smaller discussion rounds within different levels of the hierarchy and of breaks in between which allow for more informal information, coordination, and negotiation: “... all of this has a little tradition” (Interview 3). The organization, however, always has an end, even if it fails to come up with an agreement. In this rather infrequent case, the bargaining organization is replaced through two organizations on each side, managing strikes and negotiations to end the strike. This case is indeed seen as a failure

for the temporal organization and it is a central goal of this organization to avoid this. Therefore, the very last round of negotiations often lasts long hours, extending much into the morning of the next day: "... it was in the year 2011, there we had a deal at 5 in the morning" (Interview 1). Here, the pressure of the deadline is working, a phenomenon which is regularly observed in project organizations and which is often seen as a central motivational force in projects in general (Hughes, 1998) and in theatre staging projects especially (Lehner, 2009).

Rhythmic iteration

In addition to its temporal nature the fact that it is done in a rather clear yearly rhythm also seems to explain some aspects of the bargaining process, which is in accordance to some results on improvising organizations (Brown & Eisenhardt, 1998; Lehner, 2004), especially in regard to rhythm as a coordinating mechanism. First, because all involved parties know that, for example, the first round of negotiations will start in early September for the metal industry, the bargaining organizations can start in a rather smooth fashion without much additional coordination need. Second, the above described staging also follows the same ritual every year, only to be broken if some additional drama is required. Third, the sequence of subsequent negotiations for other industries is also prescribed and follows the same rhythm every year, again substituting any other form of coordination. Also, the media following these negotiations know in advance where to focus their attention to and whom to approach for background information, thereby contributing to the staging of the whole process. The latter will be shown additionally in the next subsection.

Identity versus Image of the Organization: Media Coverage

As it has been suggested already above and through some interview cites, the bargaining process has similarities to the staging of a theatre drama, where the acting of the members of the bargaining organization often is motivated through the presence of the general public via media coverage. This is represented in the interviews only indirectly (e.g. through references to "games" and "plays"), but is well documented in media archives. For example, before the start of the 2012 collective bargaining (starting in September) process, already in July the Austrian media reported about the threat of the industry representatives to split up the general bargaining into smaller bargaining processes, likely motivated through above cited economic considerations. Then, right before the start of the actual bargaining process and before the temporal organization is started, the opposing parties communicate their initial position in the media (August). During this pre-bargaining phase, in the media the differences between negotiating parties are emphasized (e.g. "Der Standard", 26 September 2012: "Battle-lines after second round of negotiations stuck", termination of negotiations by end of October in 2016), presenting an image of a strong conflict, which does not appear in interviews, and which is interpreted by commentators frequently as staged drama (e.g. "... this yearly theatre play", Schuh in "Der Standard, 27 Oct 2016), which in most cases results in a "happy ending" one month later (e.g. in 2016 all rounds were successfully concluded in the beginning of November). This suggests that to some extent media facilitate the externalization of conflict as a drama for the outside world and that this helps to maintain the organization within. Finally, however, the "happy end" after "a 17-hour bargaining-marathon" is also reported (17 October 2013, "Der Standard": "... with this both sides saving their faces came out of a stuck situation").

This can be interpreted as a certain interaction between outside image of the organization (media coverage of bargaining process) and internal identity of the temporal organization as it is theorized by Hatch and Schultz (2002). They propose that a perceived misrepresentation of the organization in the outside image may either lead to mirroring of the outside image or by the urge to impress the outside world. The fact that in the very most cases of collective bargaining conflicts have been resolved at the end of the bargaining process suggests clearly the latter. It seems that the more media report on "stuck negotiations" and "severe conflicts" between the negotiating parties the more the common identity is fostered to finally deliver an agreement.

Discussion

The organization vis-a-vis other arrangements

To summarize, the collective bargaining process in Austria, surfacing as "Fall Wage Rounds" clearly fulfils all criteria of a temporary organization, outlined by Packendorff (1995) and in more recent reviews (Bakker, 2010; Burke & Morley, 2016): a non-routine process to deliver a non-routine product; finite life-span; clear goal on which performance can be measured; and consciously organized. This, however, requires some qualification.

First, as it is the case for many projects, the bargaining process represents also a form of routine, because, as the paper shows, it occurs every year in a rhythmic fashion and therefore to some extent in a routine manner. The latter fact acts like an anchor for enabling both coordination and improvisation around a structure which can also be interpreted as a semi-structure (Brown & Eisenhardt, 1998). Second, the common goal of reaching an agreement overshadows the diverging goals of negotiating parties. Again, this is not unique to this kind of bargaining organizations but a frequently observed phenomenon in any organization, especially if they are characterized as political arenas (Mintzberg, 1985). Third, it is consciously organized in the sense that there is a strong expectation each year for negotiating parties to gather in a certain way, with a defined hierarchy, structure and coordination. However, members would hardly describe it as an organization (or associated expressions such as "association", "firm"). The organization is expressed only indirectly through referring to a "we" (in most interviews), which is usually not there, but only within its temporal existences. Thus, collective bargaining is a temporally limited process embedded in more permanent and enduring contexts with institutionalised structures (Sydow et al., 2004). From an economic perspective the organization is considered as an alternative governance mechanism to the market. Once market participants, however, have decided to engage in bargaining the market forces are already suspended, at least for some time. From this perspective, bargaining is always an intermediary state between market and organization. Still, according to a classical economic perspective, the outcomes of the bargaining process will be largely determined through market forces, essentially through supply and demand. Bargaining in this sense is restricted to exchanges of information about the relative market power of bargaining partners. Collective bargaining can be considered to represent the next level of suspending the market, because in essence collective bargaining is a form of (legal) collusion. This means that market forces are not only suspended temporarily but are restricted to limited areas, such as variations of salaries only above a minimum level. In the following we shall describe the consequences of this by discussing different possibilities to fill the void, with a special focus of the temporary organization as one of these possibilities.

Consequences

In traditional bargaining, with purely opposing negotiating parties, both parties cognitively have to refer to their market power which they deliberately gave up. This implies an inherent contradiction. Parties negotiate "as if" they had market power. To show their power they will likely refer to strikes which is, of course, only an emulation of market forces and, essentially, hurts both parties to some extent. In contrast, when bargaining is exercised within a temporary organization, the prime frame of reference is the common goal of both parties, which is, for example, to come to an end as quickly and as smoothly as possible.

Because members of this temporal organization represent different organizations (employer association, unions etc.) this could also be viewed as a temporal meta-organization (Ahrne & Brunsson, 2008). However, the interviews of this research suggest a different perspective. Although all members keep their identities as representatives of either employees or employers, this identity moves into the background throughout the existence of the temporal organization. This resembles the departmental identities (production, marketing etc.) which are always present in any organization.

The impact of this organization and the fact that it is indeed a temporary organization as opposed to just a negotiation dyad is best represented through the threat of dismissing it, which was indeed issued in 2012 by the representatives of the business side. Business representatives posed this threat because they saw a chance to have lower increases of wages possible if these negotiations were done on a business level and more in terms of market negotiations. However, even for them it was clear that the chances for strikes and the variances of outcomes of negotiations would be higher without the traditional bargaining organization. Therefore, the following conclusion seems straightforward. To organize collective bargaining as a temporary organization, as it has been described in this paper, stabilizes and reduces the variance of bargaining outcomes. In other words, as any organization, the collective bargaining in the form of a temporary organization reduces uncertainty. This is favourable for agents who do not have the possibility for coping with uncertainty by diversification, as it is the case, of course, more for workers than for business owners. Also, the more business owners enact possibilities for diversifying risk, such as producing in different countries, thereby diversifying between different institutional arrangements, the less incentive they will see in participating in the temporary organization.

As such, the temporary organization is competing against other institutional arrangements, also within the country. In fact, during the last decade, a more or less explicit political discussion has been going on in Austria, questioning the overall "Sozialpartnerschaft" and the corresponding "Fall Wage Round". As it has been shown in this paper, the organization also provides the possibilities for its members to pursue the individual goals of its members. At the same time, this poses incentives for outsiders to combat the organization and to question its legitimacy.

Organizational research so far has mainly compared temporary organization to permanent organization and has focussed on the impact of its temporariness (Bakker, 2010). Here we contrast the temporary organization against mere negotiating on the market place. Therefore, this line of research could be augmented also through more general comparisons between organizational and market arrangements of exchange, such as transaction cost reasoning (Williamson, 1981), and the view of organizations as ambiguity and uncertainty reducing tools

(Daft & Weick, 1984). Especially the latter is supported by the present research, because collective bargaining as temporary organization clearly seems to reduce the uncertainty about the outcomes of bargaining processes.

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