European Foundation for the Improvement of Living and Working Conditions

Impact of the crisis on industrial relations

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This report explores the impact of the crisis on industrial relations in the 27 EU Member States plus Norway. Looking first at industrial relations actors, it finds evidence of restructuring of the social partners and trade union mergers, and in some cases more visibility of the social partners, particularly trade unions. In terms of industrial relations processes, it finds evidence of an accelerating trend towards decentralisation of collective bargaining, a greater use of opening clauses and an increased level of industrial action. The main impacts on industrial relations outcomes have included a drop in the overall volume of bargaining, an increase in the number of agreements not being renewed, and a trend towards shorter agreements. There is also much evidence of pay pauses, pay freezes, pay cuts and working time reductions. The social partners have diverging views on many aspects of dealing with the crisis, although there is evidence in many countries of the social partners working together well in order to find common solutions.

1. Introduction

The financial crisis, which first struck in 2008, has had a severe impact on the European economy and in turn on the fabric of its systems and institutions. The worst economic crisis in living memory (also called the ‘Great Recession’ by some), is still having a significant impact on the EU economy and labour markets. The future is far from certain as the EU as a whole and individual Member States – to a greater or lesser extent – struggle to cope with recession, reduced levels of GDP, rising unemployment and a sovereign debt crisis.

In social terms, the crisis and the resulting national austerity measures have had, arguably, a devastating impact on labour markets and welfare provision in some Member States – in Greece and Spain, for example, youth unemployment is now running at a rate of over 50% according to Eurostat figures, and shows no signs of falling.

The social partners, both at EU level and in individual Member States, have tried to meet this challenge by introducing measures to mitigate the negative impact of the crisis on workers. In terms of response, recent Eurofound research (Eurofound, 2012) has examined social dialogue in Europe in the context of the crisis, focusing on:

- the role of social dialogue in cushioning the impact and negative effects of the crisis;
- the outcomes of social dialogue;
- the effectiveness and sustainability of these outcomes.

The findings of this study point to a variety of social dialogue responses to the crisis, depending on variables such as country, sector, level of government support and strength of social dialogue traditions and industrial relations systems. By and large, the Eurofound study found that social dialogue was quite resilient, at least in the first phase of the crisis, and helped to weather the storm in a number of Member States. Nevertheless, the study also found evidence of weakening social dialogue, exacerbating trends, such as a decline in union density and union power, an increase in unilateral government decision-making and decentralisation of collective bargaining.

This comparative analytical report forms part of a wider Eurofound project on the impacts of the crisis on industrial relations and working conditions, comprising the present report based on contributions from the European Industrial Relations Observatory (EIRO), a report from the European Working Conditions Observatory (EWCO), a literature review and an overview report drawing on the two reports and the literature review. More widely, this project contributes to Eurofound’s wider focus on the social impact of the crisis.

This report concentrates on impacts rather than responses, aiming to show how the crisis has affected industrial relations at the level of the individual EU Member States by examining the reforms that have been introduced as a reaction to the crisis, and their impact. It aims to map the impact of the crisis on industrial relations at all relevant levels, including cross-sector, sector and company level.

The focus of this report is therefore to examine the impact and consequences of the global financial, economic and public debt crisis on industrial relations at national level – in EU Member States and Norway – from 2008 to mid 2012. The impacts are grouped as follows:

- impacts on actors, and social partner organisations in particular;
- impacts on processes, such as collective bargaining arrangements, wage setting mechanisms, information, consultation and participation of employees, industrial action and dispute resolution; and
- impacts in terms of outcomes of national industrial relations systems, focusing on collective agreements or other joint social partner texts.

Overall, one of the main difficulties is demonstrating direct causality between the crisis and a particular development or impact at national level, particularly if the impact has a link to an existing longer-term industrial relations trend, for example decentralisation of collective bargaining. Nevertheless, this report attempts to describe all major impacts which have taken place in the context of the crisis, or which may have been exacerbated by the crisis.

The first section of this report looks at relevant studies and the state of the debate concerning the impact of the crisis on industrial relations, with relevant studies listed in a selected bibliography. The second section reviews the drivers of impact – instruments at EU level and national level and any social partner drivers. The third section examines impacts of the crisis on industrial relations actors, industrial relations processes, and industrial relations outcomes. We also attempt to make an overall assessment of the impact of the crisis on the industrial relations of each country and map that onto industrial relations typologies to assess whether there is any correlation between the industrial relations system and the severity of the impact of the crisis. The fourth section reviews the views of the social partners. The fifth section offers a commentary on the overall impact of the crisis on industrial relations in Europe.

2. Relevant studies and debate on the impact of the crisis

Available studies

A range of academic studies have been published in the EU Member States plus Norway, dealing with a range of aspects of the crisis and industrial relations. These studies debate issues such as:

- the state of the public sector;
- the social model and how this might be changed by the crisis;
- the interaction between the government and the social partners in the context of the crisis;
- changes in collective bargaining;
- trade union density;
- the role and involvement of the social partners in aspects of social policy and industrial relations;
- a range of studies that deal with specific aspects of the crisis and their impacts at sectoral level.

There are also studies published by governments and the social partners at national level, dealing with industrial relations policy matters, the impact of legislation, aspects of collective bargaining policy and key industrial relations trends.

International organisations have also produced research on the issue of the crisis and industrial relations. These include studies by the International Labour Organization (ILO), the European Trade Union Institute (ETUI), the European Foundation for the Improvement of Living and Working Conditions (Eurofound), the European Commission (EC), the Organisation for Economic Co-operation and Development (OECD), and a range of relevant articles published in industrial relations and employment journals.

Finally, there is also some relevant grey literature, in the form of student theses on issues such as the impact of the crisis on employment relations, industrial relations, management practices and tripartite dialogue in specific countries.

Relevance of debate

The issue of the crisis and its impact on industrial relations is clearly a topic for debate among academics, politicians and the social partners in many countries. Table 1 summarises the assessment by national centres of the relevance of the debate in these three areas in their country. As might be expected, the majority of national centres felt that the debate was either relevant or very relevant among the social partners in their country – only three did not, and possibly because in these three countries (AT, DK, NL), the impact of the crisis on industrial relations and collective bargaining has been relatively low.

In the political arena, 15 national centres felt that the debate was either relevant or very relevant, although 13 felt that it was not very relevant.

In terms of the academic debate, four national centres felt that it was very relevant, 10 felt that it was relevant, 13 felt that it was not very relevant, and two (Lithuania and Sweden), felt that it was not relevant at all.

Table 1: Relevance of the debate on the crisis and industrial relations*

	Academic debate	Political debate	Debate among social partners
Very relevant	ES IT LU PT	BE CY ES FI EL IE IT LU PT	CY ES EL HU IE IT LU MT PT
Relevant	BE BG DE DK EL IE PL RO SK UK	EE FR MT PL SK UK	BE BG CZ DE EE FI FR LT LV NO PL RO SE SI SK UK
Not very relevant	AT BG CY CZ EE FI FR HU LV MT NL NO SI	AT BG CZ DE DK HU LT LV NL NO RO SE SI	AT DK NL
Not relevant at all	LT SE		

Source: EIRO 2013

** For a full list of country codes and names, see Annex.*

3. Key drivers of the impact on industrial relations

This section examines the main drivers of the impact of the crisis: EU instruments, national instruments, and social partner instruments. The EU has played a key role in this area, particularly in the case of countries that have asked for extra financial assistance. Here, the EU has set a range of economic conditions to be met, which have had a range of impacts on industrial relations. The EU also plays a role, through the Employment Strategy and the European Semester process, in which it makes recommendations to Member States on various aspects of employment, the labour market, collective bargaining and general industrial relations policy.

National instruments are also key drivers of impact on industrial relations systems. In some cases, these national measures result from direct conditions or recommendations at EU level. In others, however, the measures are a national response to the crisis, involving actions such as cuts in public spending, or changes to welfare and employment legislation.

Finally, the social partners continue to play a role in industrial relations in many countries, although this role may be changing. The past few years have seen a number of initiatives either by the social partners, or involving the social partners at bipartite and tripartite level; at national but also at sectoral level. Short-time working, which has been a key and successful response to the crisis in countries such as Germany, Austria, Italy and the Netherlands, has been a product of social partner cooperation, particularly in countries such as Germany, where the social partners were involved in amendments to the measure.

Table 2 gives an overview of the impact of instruments at EU and national level and social partner initiatives in each EU Member State as assessed by the EIRO national experts.

Table 2: Impact of instruments at EU and national level and social partner initiatives

Country	EU-level measures	National measures	Social partner initiatives
Austria	X	X	X
Belgium	✓	✓	✓
Bulgaria	✓	X	✓
Cyprus	✓	✓	X
Czech Republic	X	X	X
Denmark	X	X	X
Estonia	X	✓	✓
Finland	X	✓	✓
France	X	X	X
Germany	X	✓	✓
Greece	✓	X	X
Hungary	✓	✓	X
Ireland	✓	✓	X
Italy	X	✓	✓
Latvia	✓	✓	X

Lithuania	X	✓	✓
Luxembourg	X	✓	X
Malta	X	X	X
Netherlands	X	✓	✓
Norway	X	X	X
Portugal	✓	✓	✓
Poland	X	X	X
Romania	✓	✓	✓
Slovakia	✓	✓	✓
Slovenia	X	✓	X
Spain	✓	✓	X
Sweden	X	X	X
United Kingdom	X	✓	X

Source: EIRO 2013 ✓= impact/strong impact. X = little or no impact

EU-level instruments

The EU's new economic governance measures, which aim to stabilise the European Union's economy in the context of the economic crisis, have had a varying impact on individual EU Member States. The impact of measures such as the so-called 'six pack' of initiatives and the Euro Plus Pact depend on the extent to which individual economies are weathering the crisis. The 'six pack' entered into force in December 2011 and comprises five regulations and one directive. It covers fiscal and macroeconomic surveillance under the new Macroeconomic Imbalance Procedure and strengthens the EU's Stability and Growth Pact. The Euro Plus Pact commits signatories to stronger economic coordination for competitiveness and convergence, with concrete goals agreed and reviewed on an annual basis by heads of state or government. The pact is integrated into the European semester cycle of policy governance and the Commission monitors the implementation of commitments. In addition, the impact of the troika memoranda to those EU Member States that have requested additional financial assistance (Ireland, Greece, Spain, Portugal, Latvia, Romania and most recently Cyprus) has been more marked, due to the more stringent fiscal monitoring and debt reductions required for these countries.

The country in which the EU's new economic governance measures have had the greatest impact is Greece, which, in return for financial assistance, has had to take significant steps to reform its labour market and collective bargaining system. Measures have ranged from a reduction in public sector employment to the introduction of more flexibility in labour market regulation, changes to the hierarchy of collective agreements, pay reductions and pay freezes. More details are set out below. Ireland is another EU Member State that has had to implement major reforms as part of a financial assistance package. These include a review of binding sectoral wage mechanisms, and reforms to the national public sector pension system. The binding sectoral wage mechanisms are Registered Employment Agreements (REAs) and Employment Regulation Orders (EROs). The pay and conditions agreed by the representatives on Joint Labour Committees (JLCs) are given force of law in Employment Regulation Orders (EROs). EROs exist mainly in low-paid sectors such as Horeca (hotels restaurants and catering), cleaning and retail. Registered Employment Agreements (REAs) are minimum rates of pay and conditions agreed between employers and workers/unions in a sector or enterprise, which are then registered with the Labour Court to make them legally binding. REAs exist in sectors such as construction and electrical contracting. The Industrial

Relations (Amendment) Act 2012 reformed the Joint Labour Committees and Registered Employment Agreements (REAs) wage-setting mechanisms and came into force on 1 August 2012.

Even in those countries that have not requested additional financial assistance, the increased EU-level surveillance of Member States' economic performance has had an impact in areas such as collective bargaining and wage indexation, with the EU recommending reforms in these areas in order to increase flexibility.

Other areas in which the EU's new economic governance measures have had an impact at Member State level include welfare benefits and active labour market policy. Public sector employment has also been reduced in many Member States, either by not filling vacancies or by not replacing retiring employees (for example in Cyprus), or by means of redundancies. Member States are encouraged to target measures at vulnerable groups and boost labour market mobility, for example in Belgium. Member States are also coming under pressure to decrease benefits. In Romania, for example, unemployment and other welfare benefits have been cut by 15% since 2010. In the coming years, it is likely that the impacts of the new economic governance measures will increase due to the European Semester process.

Below, we examine in more detail the specific impacts of EU-level instruments on pay, wage indexation and collective bargaining.

Impact on collective bargaining

Collective bargaining processes have been a target for EU-level recommendations in some countries. Overall, the emphasis has been on decentralisation, in order to introduce flexibility, foster competitiveness and align wage growth with productivity.

One good example of this is Spain, where a Council recommendation, dating from July 2012, stated that the predominance of provincial and industry-level agreements leaves little room for negotiations at company level. Further, the Council criticised Spain's automatic extension clause system, and the use of ex-post inflation clauses, which are deemed to prevent wage flexibility. The Council therefore has recommended that Spain undertake comprehensive reform of its collective bargaining process, including the degree of centralisation, and its wage indexation system. Spain has since implemented collective bargaining reform (see below).

In Portugal, the May 2011 Troika Memorandum has required a move towards coordinated decentralisation of collective bargaining, involving a move to more widespread company-level bargaining in order to align pay with productivity at company level. Further, the Memorandum will require Portugal to redefine the criteria for the extension of collective agreements and reduce the length of time during which expired collective agreements will remain valid.

Impact on wage indexation

In countries where wage indexation systems exist, the EU has recommended that they be modified in order to increase competitiveness. This has led to debate in Belgium, where the European Council has recommended that steps should be taken to reform wage indexation and facilitate the use of opt-out clauses from sectoral collective agreements, in order to align wage growth and labour productivity better at local level. However, after a Belgian study was produced on the country's wage indexation system, it appears unlikely that concrete action will be taken to change the existing mechanism. The EU also recommended that Malta's automatic wage indexation system, the Cost of Living Allowance (COLA) be reformed. However, the Maltese government decided against abolition, fearing that this would destabilise industrial relations in the country. The EU has since changed its recommendation, from a reform, to a review of this instrument. Spain has also been under pressure to reform its wage indexation system. In Cyprus, a tripartite agreement was reached in February 2012 to implement wage indexation in almost the whole of the private sector (CY1202019I). However, pressure from the employers' side as well as the then upcoming consultations with the Troika led the Cyprus government to draw up a new proposal on the content and operation of the system. The proposal aims to reform the Cyprus wage indexation system in such a way as to ensure that wage growth better reflects developments in labour productivity and competitiveness (CY1303029Q, CY1301019Q). The proposal has been accepted by trade unions but rejected by employer organisations. Given that, initially, the Troika wanted to abolish the wage indexation system in Cyprus, the government working group considers it a big achievement that its retention has been agreed in principle.

Impact on pay

The EU-level instruments have also had an impact on pay in Member States, particularly in the public sector. In Member States where the economic situation is not too difficult, the main impact has been to moderate or freeze public sector pay (such as in the UK, where a public sector pay freeze has been in force since 2010). Further, in Slovakia, the main effect on public sector pay has been pay moderation rather than freezes or cuts.

However, in countries where the economic situation is more precarious, there have been cuts to public sector pay. In Latvia, one of the key impacts of EU instruments has been changes to wage-setting mechanisms in the area of bonuses, plus the freezing of any indexation mechanisms. The Latvian government has also been obliged to cut public sector pay. In Portugal also, there have been significant impacts on pay as, under the May 2011 Troika Memorandum, public sector pay has been frozen and cut, as has the minimum wage. In Romania, public sector pay has been cut by 25%, starting from 2010. In Ireland, pay cuts of between 5% and 15% were introduced for public sector workers from 1 January 2010.

National instruments

Member States have implemented a range of instruments designed to mitigate the crisis (Eurofound, 2012). These have had different impacts, depending largely on the starting point of the country concerned. Below, we highlight the main national instruments that have been implemented, in the areas of wage indexation, centralisation of collective bargaining, public sector pay and other instruments. Table 3 gives an overview of the main measures implemented in individual countries.

There was significant evidence of decentralisation of collective bargaining in many countries – in some, this was a direct response to EU-level recommendations (Spain, Greece and Portugal). This decentralisation has taken the form of movement away from sector-level bargaining to company-level bargaining, and the introduction, or increased use, of opening clauses, which allow company-level agreements to deviate from sectoral agreements. There have also been moves to shorten the period of validity of expired collective agreements in countries where this takes place.

In terms of wage setting, many countries with a national minimum wage either freeze this or increase it only marginally. In countries with wage indexation, such as Belgium, Cyprus, Luxembourg, Malta, and Spain, this was an issue for debate, with EU recommendations that these systems should at least be examined. In Malta, as has been mentioned, the government decided against abolishing this system, fearing that such a move could destabilise industrial relations. In Belgium, the national bank issued a report on this subject, although the government is thought to be unlikely to introduce any sweeping changes.

The public sector in many countries has borne the brunt of pay cuts and pay freezes. Some countries have also been reducing the size of the public sector workforce as a way of cutting costs. In Italy, the government cut pay by 5% on earnings over €90,000 and by 10% on earnings over €150,000, but had to repeal this at the end of 2012, following a ruling of the

Italian Constitutional Court on the grounds of discrimination between private and public sector employees.

Welfare and pension provision has also been reduced in many countries, in line with a need to cut public spending. Common outcomes here are cuts in unemployment benefits and other welfare payments, and pension reforms that typically increase the retirement age and change the calculation of payments.

There have also been changes to employment regulation, based on the aim of increasing labour market flexibility, reducing protection against redundancy and promoting the use of more flexible forms of employment, such as temporary work.

In some cases, these measures are a direct response to the crisis and in others a response to EU requirements and recommendations. In others, the crisis appears to have accelerated already existing trends, such as pension reform and the decentralisation of collective bargaining.

Table 3: Main national instruments aimed at combatting the crisis

Theme	Instruments
Decentralisation of collective bargaining	**ES:** Collective bargaining reforms that aim to encourage flexibility and decentralise bargaining from sectoral to company level. Company-level agreements on pay will now prevail over those agreed at sectoral level. **EL**: Company-level agreements may now establish standards below industry agreements. Reduction in the period of validity of expired collective agreements. **IT:** 2009 experimental collective bargaining reform (not signed by CGIL), which referred to the possibility of introducing opening clauses in sectoral agreements. Further, the 2011 intersectoral agreement set out rules for derogations from industry agreements, and the interconfederal agreement of November 2012 envisages derogation to second-level agreements (at company, group or territorial level) on topics such as work organisation and working time. **LI:** Legal amendment allowing collective agreements to establish standards below the Labour Code. **PT:** Decentralisation of bargaining to company level, with encouragement of works councils to conclude company-level agreements. Changes to the criteria for the extension of collective agreements. Reduction in the period of validity of expired collective agreements. **RO**: New legislation on collective bargaining means that sectoral agreements will in future only apply to signatories and not the whole

	sector. **SK:** Changes to the law on the extension of collective agreements, requiring employer consent.
Wage setting mechanisms	CZ: Government decision to freeze the minimum wage. EL: Reduction of 22% (32% for young workers) in the minimum wage. FR: No increase in the SMIC above the minimum level required by law. HU: New lower minimum wage set by the government for long-term unemployed people participating in public works. IE: Review of binding sectoral wage mechanisms. LV: Elimination of bonus payments and no increase in minimum wage in 2011. PT: No increase in the minimum wage in 2012. SI: Temporary agreement to reduce the minimum wage for companies in distress in 2010. UK: Low increase in National Minimum Wage and freezing of the rate for young workers
Wage indexation mechanisms	**BE:** EU recommendation to overhaul the wage indexation system has led to a debate on adapting the system. **CY:** Freeze to the Cost of Living Allowance in the public sector until the end of 2016. Current debate on the future of the system, in the light of discussions with the Troika. Government has put forward a proposal that has been accepted by unions but rejected by employers. **ES:** Pressure to reform ex-post inflation wage indexation clauses. **LU**: In a tripartite agreement, the government agreed in principle to the indexation of salaries for 2011. **MT:** Debate and disagreement among the social partners on the Cost of Living Allowance (COLA). Trade unions are urging the government to introduce a living wage.

Public sector pay freeze	**CY:** Public sector pay and pensions freeze during 2011-2012. **HU:** Freeze in public sector pay over the past 4-5 years, leading to a 25% decrease in purchasing power. **IE:** Public sector pay freeze from 2010 to 2014. **IT:** Public sector pay freeze from 2010 and a freeze on seniority increments for public employees not covered by collective bargaining. **PL:** Public sector pay freeze from 2011. **SK:** Public sector pay freeze for 2011-2012 and partial implementation of increases for exempted groups. **UK:** Public sector pay freeze in place since 2010.
Public sector pay cuts	**CY:** 10% pay reduction for new recruits to the public sector. **IE:** Public sector pay cuts of between 5% and 15% from 1 January 2010. **IT:** Pay cuts of 5% and 10% on earnings over an upper limit, but repealed at the end of 2012 following a Constitutional Court ruling, on grounds of discrimination between public and private sector employees. **LV:** Public sector pay cut by 26% in 2009. **LI:** Public sector pay cuts of up to 12%. **RO:** 25% cut in public sector pay from 2010. **SI:** 8% reduction in public sector pay in 2012.
Other pay measures	**LV:** Private sector pay reduced by 10% in 2009. **PT:** Abolition of four public holidays with no pay compensation, reduction in and changes to overtime payments. Further, recent data from Eurofound on wage bargaining* shows that while in nominal terms, around half of the countries where average figures are available recorded higher collectively-agreed pay increases in 2011 than in 2010, this did not hold in real terms. As inflation was high, the increases were not enough to maintain purchasing power in most cases. The highest decline in real terms was seen in the United Kingdom (-2.6%), Malta (-

	2.2%) and Portugal (-2.0%).
Labour market impacts	**CY:** Abolition of vacant posts in the public sector and overall reduction in public sector employment by 5,000 between 2011–2016. **LV:** Reduction in central government employment by 29%.
Welfare benefit cuts and changes to pensions	**CY:** Abolition of occupational pensions for new public sector employees. **DK:** Abolition of the voluntary early retirement scheme. **FR:** Pension reforms in 2010. **IE:** Changes to public pensions, including increasing the retirement age, introducing a maximum retirement age, and changes to the calculation of pensions. **LT:** Reduction in old age pensions, unemployment benefits and other social benefits. **PL:** Freeze in contributions to the Labour Fund, used to finance active labour market policy. **RO:** 15% cut in welfare benefits from 2010. **SK:** Changes to early retirement and the indexation of old age pensions.
Employment regulation	**DE:** Extension of short-time working schemes, support for companies that train their workers during periods of downtime, and reductions in employer social security contributions. **EL:** A range of employment deregulation measures, such as changes to redundancy law, shortening consultation for redundancy, changes to severance pay, and the encouragement of temporary and flexible working. **NL:** Part-time unemployment benefit (similar to short-time working) introduced in 2008, giving unions a role when companies applied for this measure. **UK:** The government is planning to increase flexibility in a range of aspects of employment law, such as reducing the consultation period for collective redundancies and changes to termination law.
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Source: EIRO 2013. [Wages: A working conditions and industrial relations perspective.]() Background Paper. Eurofound, January 2013

Social partner measures

The crisis has had a mixed impact on joint social partner bodies. On the one hand, there has been a detrimental effect. For example, in Belgium, tripartite negotiations for a new national agreement broke down following disagreements on the trade union side. In Hungary too,, tripartite consultation at national level was discontinued in 2011 by the incoming government, although this could be seen as new government policy rather than a direct response to the crisis. On the other hand, the crisis appears to have led to the creation of new or extended bipartite and tripartite bodies in some countries, which in turn have agreed measures that have had an impact on national industrial relations. In Slovakia, for example, a new anti-crisis council was created, with social partner involvement. Consultations have produced a joint memorandum of anti-crisis actions agreed between trade unions and the government.

Tripartite measures

Tripartite negotiations in Hungary produced agreement on a range of issues, such as wage subsidies for the recruitment of workers laid off during the crisis, and short-time working. In Portugal, radical new measures have been agreed by the social partners and the government, in the form of tripartite pacts providing for:

- decentralisation of collective bargaining;
- the reduction of severance pay;
- facilitation of individual dismissals;
- the reduction of unemployment benefit (although with increased coverage);
- introducing changes to annual leave.

However, although these are tripartite commitments, Portugal's largest trade union confederation, the General Confederation of Portuguese Workers (CGTP) did not sign these pacts. In Cyprus, tripartite agreement was reached on reforming the country's wage indexation system, in order to ensure that wage growth better reflects developments in labour productivity and competitiveness, centring on no wage indexation during a recession and a reduced level of pay during periods of economic recovery.

Bipartite measures

Bipartite negotiations that have had an impact on national industrial relations include the bipartite anti-crisis measures agreed in Poland in 2009 that relate to the extension of the working time reference period up to 12 months. In Ireland, where national bargaining collapsed in 2009 due to the crisis, the government and unions were successful in concluding an agreement for the public sector in 2010, aimed at tackling the public sector pay bill in the context of the crisis. This four-year agreement commits the government to make no further public sector pay cuts in return for reform, efficiency and work practice changes. Bipartite dialogue has been influential in Spain, with the social partners agreeing a bipartite accord for employment and collective bargaining during 2012 to 2014. This agreement determines criteria and guidelines for collective bargaining in terms of decentralisation to company level, limits on pay increases and opt-outs from collective agreements, thus introducing more flexibility into collective bargaining. Nevertheless, the influence of this has been decreased by a new regulation that reduces the autonomy of the social partners by stipulating the level at which they should conclude agreements.

Sectoral dialogue

Sectoral dialogue has had a clear impact in some countries: in Sweden, where the manufacturing sector is very exposed to international competition, there have been several agreements signed at plant level with the aim of saving jobs by means such as working time reductions or temporary layoffs. In Germany, the social partners in the metal industry have negotiated collective agreement clauses implementing changes to short-time working.

Short-time working itself has been a popular measure, aimed at mitigating the effects of the crisis on employment effects. This has been studied in depth in other Eurofound publications, such as the 2009 Eurofound report Tackling the recession: Employment-related public initiatives in the EU Member States and Norway.

It is often targeted at sectors that have been most exposed to the crisis, such as manufacturing and construction. Short-time working schemes have been agreed in Austria, Sweden, Germany, the Netherlands, Hungary and Italy.

Table 4 lists the main social dialogue measures implemented during the crisis.

Table 4: Main national social dialogue and bipartite/tripartite measures

Country	Measure
Bulgaria	Anti-crisis agreement reached in the national council for tripartite partnership.
Cyprus	Tripartite agreement on wage indexation.
Czech Republic	Tripartite agreement on measures aimed at dealing with the crisis.
Finland	2009 agreement between the social partners on welfare and unemployment, increasing the contribution to the national pension system and widening access to unemployment benefits.
Germany	The social partners helped to implement the lengthening of entitlement periods for short-time work at sectoral level by means of sectoral agreement clauses negotiated during the crisis in the metal industry.
Hungary	A range of measures agreed in the company’s national tripartite body, relating to wage subsidies for employing, recruitment of workers laid off during the crisis, and short-time working.
Ireland	Public service agreement, 2010, between unions and government, on public sector pay.
Poland	Bipartite anti-crisis measures, agreed in 2009, and particularly the extension of the working time reference period up to 12 months.
Portugal	Tripartite agreement for competitiveness and employment, favouring bargaining

	decentralisation; Compromise on growth, competitiveness and employment, containing a range of employment deregulation measures. These changes have been incorporated into the Labour Code.
Slovakia	Joint memorandum on cooperation in lessening the impacts of the crisis on Slovak society, agreed by the government and trade unions.
Spain	Bipartite agreement for employment and collective bargaining, 2012-2014, which determines criteria and guidelines for collective bargaining in terms of decentralisation to company level, limits on pay increases and opt-outs from collective agreements.
Sweden	Short-time working, plant-level bargaining on job saving.

Source: EIRO 2013

4. Impacts on actors, processes and outcomes

This section examines the main impacts of the crisis on industrial relations, specifically the impacts on:

- industrial relations actors;
- industrial relations processes;
- industrial relations outcomes.

Impacts on industrial relations actors

This section describes the impact of the crisis on social partners at all levels; national, regional, sectoral and company level. The results are diverse, encompassing issues such as

- reorganisation of social partners;
- changes in membership levels (both up and down);
- changes in the role and visibility of the social partners.

Despite the difficulties that the crisis has brought, and the strain that it has placed on cooperation between the social partners in many ways, in some countries trade unions have become more visible on account of their protests. It should also be noted that many developments, such as reorganisation and mergers, had been planned before the crisis and so cannot directly be linked to the crisis.

Reorganisation of public industrial relations actors

In many countries there has been a reorganisation of the public industrial relations actors during the crisis. In Hungary, for example, the new government replaced the tripartite National Interest Conciliation Council (OÉT) with the multipartite National Economic and Social Council (NGSZT), which includes churches, chambers and NGOs. Further, the social partners in Hungary have lost their role in the Labour Market Fund which, since 2012, has functioned without social partner involvement. In Belgium, as mentioned above, there was a breakdown in tripartite cooperation and structure during the negotiations of the 2011/2013 national agreement.

In Ireland, where the impact of the crisis on industrial relations actors has been particularly severe, the industrial relations institutional landscape is set to change due to the creation of a new Workplace Relations Commission, which will replace five existing employment rights and industrial relations bodies in Ireland (the Labour Relations Commission, the Equality Tribunal, the National Employment Rights Authority, the Employment Appeals Tribunal, and the Labour Court). Under this new structure, one overall body for employment rights issues would handle cases in the first instance, with the Labour Court retaining its autonomy as an appellate body.

In Luxembourg, the first serious breach in the tripartite dialogue since 1982 happened in April 2010, when the Tripartite Coordination Committee announced the failure of discussions on the competitiveness of Luxembourg's economy, employment policies and public finances.

In Romania, the Economic and social Council (CES) was superseded by a new body, the National Tripartite Council for Social Dialogue (CNTDS). This new body is now the main forum for deciding on the minimum wage. Five trade union confederations stepped down from CES and from the social dialogue committees at ministry level in September 2011, motivated by the lack of efficiency of social dialogue. On the other hand, the signing of the accord between the national trade union confederations and part of the employer confederations demonstrates that bipartite social dialogue was more successful than that at tripartite level.

Reorganisation of the social partners and developments in density rates

In many countries, there have been a number of mergers and reorganisation of social partners on both sides. However, in many cases, these had been planned for some time and are difficult to attribute to the crisis. In the case of trade unions, there is a trend towards mergers to save costs and pool resources because of falling membership. For example, in Portugal, in 2011, the Federation for Metal, Chemical and Electrical Industries (FIEQUIMETAL/CGTP) concluded a major restructuring process, under which nine member unions were merged into four new regional organisations. Restructuring at the Portuguese metalworking union FIEQUIMETAL is part of a broader restructuring programme inside the General Confederation of Portuguese Workers (CGTP-IN). In Italy, the trade union confederation Cisl decided, in July 2012, to restructure at both sectoral and territorial level, in order to increase effectiveness and ensure financial sustainability. It is expected that this reorganisation process will be complete by 2015.

In Belgium the Arco group, the financial holding of the Christian workers' union ACW, went bankrupt in November 2011. The decision is a consequence of the dismantling of the Dexia Group as, in recent decades, the Arco holding became more and more involved in the banking activities of the Dexia Group. ACW is the umbrella organisation of a range of workers' organisation on the Flemish side. The Christian trade union – ACV-CSC – and its sector federations, have as a result also been financially hit.

In Italy, two new aggregations on the employer side emerged among small enterprises and craft firms on one side, and cooperatives on the other. In May 2010, R.E TE. Imprese Italia was established, a coordination system of five crafts and commerce organisations (Confcommercio and Confesercenti for commerce and services, CNA, Confartigianato and Casartgiani for SMEs and craft firms) to represent them in their relations with the government and the public authorities. In July 2012, Cisl decided to reorganise its structure at both sectoral and territorial levels. The reorganisation aims to 'enhance the effectiveness of its action in the new political, economic and social conditions, and to optimise the use of financial and human resources'. Cisl intends to reinforce its capability and competences with a view to develop second-level bargaining, at company and territorial levels, plus economic democracy and territorial social concertation

In many national cases, trade union density, already in evidence for some decades, was exacerbated by the crisis. In some countries, however, decreases in density were offset by an increase in unemployment. In Cyprus, for example, trade union density is decreasing and member turnover has increased, due to increased fluctuation in the labour market. This is also the case in BG, DK, EE, LT, LV, SE, SI, SK, and the UK.

Conversely, in Austria, the on-going decline in trade union density seems to have decelerated since the onset of the crisis, with some evidence of an increase in membership for some unions. Austrian commentators attribute this to the fact that trade unions have been more visible since the crisis, particularly in sectors where they have been staging protests, in addition to the possibility that employee trust in trade unions may have increased in times of economic and employment uncertainty. This was also the case in Lithuania, where trade union membership increased by 3.3% in 2009, in the context of prior decline, although the decline resumed in 2010 and 2011. In Germany also, a slowing of the trend of decline in trade union density was reported during the crisis. In the Czech Republic, there is reported to be an increase in interest in joining trade unions among employees in sectors threatened by the crisis, within the context of an overall decline in trade union density. In Estonia, the picture is mixed – there is an overall trend of trade union density decline, exacerbated by the crisis in sectors such as manufacturing, but membership in the transport sector has actually increased during the crisis. In the UK, trade union density is also decreasing, although the crisis does not seem to have had any particular effect on this trend: the 2011 Workplace Employment Relations Survey (WERS), published in January 2013, found that there has been no real change in the proportion of employees who belong to a trade union in the UK – there was a small decline from 32% in 2004 to 30% in 2011. The percentage of trade unions recognised for negotiating terms and conditions fell from 24% in 2004 to 21% in 2011.

On the employer side, there is a mixed picture. In some countries, such as Cyprus, there appears to have been an increase in membership of employer bodies accompanied by a decrease in revenues, due to a fall in company revenues. In Germany, the figures are quite interesting; there has been a rise in the number of companies opting for membership without a binding commitment to the sectoral agreement, but only in western Germany, while the number of eastern German companies bound by sectoral collective agreements actually rose slightly between 2007 and 2011. However, the overall figure for membership of employer organisations in Germany is on a downward trend. In Lithuania, there was a decline in employer organisation membership in 2008–2009, attributed to a high level of bankruptcies, but an increase in 2010–2011.

In Malta, in 2009, two employer associations, the Malta Chamber of Commerce and the Malta Federation of Industry merged into one association under the name of The Malta Chamber for Commerce, Enterprise and Industry. One of the aims of this merger was to achieve a stronger voice in the national forums influencing national policies.

Role and visibility of the social partners and emerging new actors

The crisis has placed a strain on bipartite and tripartite negotiations and the social partners' role within these in some countries. The most notable example of this is Ireland, where the social partnership system collapsed, due to the strain of the crisis, after 20 years of national wage bargaining. This has had a significant impact on the role and the visibility of the social partners, as they are no longer involved in national centralised bargaining. In Belgium, national negotiations were difficult and trade unions refused to accept the outcome for the 2011–2012 agreement. Further, in Latvia, the government has closed a number of consultation councils that included social partner representatives, thus decreasing their influence. In Italy, it is reported that social concertation has weakened during the crisis, particularly due to lower commitment on the part of the Italian government to pursue social pacts. Nevertheless, this could have the effect of increasing the visibility of the social partners, due to an increase in bipartite negotiations.

Conversely, in some countries, the crisis seems to have brought the social partners together. In Germany, for example, there is evidence of closer cooperation between employer and employee representatives at the height of the crisis, particularly at establishment level. Unions, in particular, scaled back their demands as a reaction to the crisis. Commentators note that this is evidence of a strong German industrial relations system. Further, in Hungary, the trade union Liga and the employers' organisation STRATOSZ signed, in 2012, an agreement of mutual trust and cooperation, designed to prevent conflict in the public sector. In Lithuania, the social partners appear to be playing a greater role in public and political life since the crisis, partly due to the expansion of the main social dialogue institution, the Tripartite Council of the Republic of Lithuania, LRTT. The economic crisis also had a rather positive impact on the relations of social partners at the central, sectoral and company level in the Czech Republic. Although social partners differ in their opinions about solutions to the economic crisis, they and Jan Fischer's government managed to formulate 38 common measures. In spite of the fact that relations between the government of Petr Nečas and social partners later deteriorated, the relations between employers and trade unions remained stable. In Poland no major conflicts between social partners emerged. The central-level social partners were first able to negotiate the anti-crisis agreement in 2009, and then address the need to amend the anti-crisis legislation in 2010.

The use of short-time working increased the role of the social partners in those countries where they played a role in this. This was the case, for example, in the Netherlands and Germany. In other countries, such as the UK, there has been a discussion about potentially expanding the role of employee representatives in setting executive pay. The UK government is currently consulting on this issue.

One interesting development in some countries, and particularly those in the most difficult financial circumstances, has been the emergence of new social movements. In Spain, for example, the so-called 15-Movement or Indignados movement was created, protesting in support of radical political changes in Spain and the rejection of cuts to welfare.

In Greece, many business-level agreements are now being drawn up by informal associations of workers established under the provisions of the new rules on collective bargaining.

In Slovenia also, there has been a rise since 2011 in the creation of new social movements, partly supported by NGOs. These movements aim to support workers who have been hit by the crisis, but who are not represented, or who are under-represented, by trade unions, principally migrant workers, young workers and precarious workers.

In many countries, the social partners – for the most part the trade unions – have been visible in mounting protests against government spending cuts and austerity measures, adopted as a result of the crisis. This has been particularly the case in Greece, where trade unions have been protesting vigorously against government anti-crisis and austerity measures adopted in 2010. There have been changes to representativeness criteria of the social partners in recent years in some countries, such as France and Romania. However, it is difficult to establish a direct link between this development and the crisis.

Involvement in the PES

In countries where the social partners are involved in any way in the public employment services (PES), the crisis did have an impact. In some, the social partners, usually the trade unions, opposed government plans for cuts in pension and benefit systems, leading to unilateral imposition of measures by national governments. This was the case in Bulgaria, for example.

In Hungary, since 2011 the social partners have been excluded from involvement in the functioning of the country's Labour Market Fund, due to changes brought in by the

Hungarian government. This has decreased the visibility of the social partners in this area. In the Netherlands, the process of reducing the influence of the social partners in the PES had begun before the onset of the crisis. In Germany, by contrast, the crisis does not seem to have had any substantial effect on the involvement of the social partners in the country's PES. In Denmark, there was a transfer of PES responsibilities from the social partners to municipalities in 2007.

Table 5 shows the main impacts of the crisis on industrial relations actors.

Table 5: Main impacts of the crisis on industrial relations actors

Impact	Countries
Reorganisation of public actors and bodies	HU, IE, LU, RO
Decline in trade union density	CY, BG, DK, EE, LT, LV, SE, SI, SK, UK
Halt in trade union density decline/increase in trade union density	AT, CZ, DE, EE (for transport), LT
Changes to membership of employer bodies	CY (increase in membership, DE (increase in members not bound by collective agreement), LT (decline, followed by recent increase in membership)
Decreasing influence and visibility	BE, DK, HU, IE, LV, NL
Increased cooperation between the social partners	DE, HU, LT, NL
Emergence of new social movements	ES, GR, SI

Source: EIRO 2013

Table 6 summarises the national centres' assessment of the impact of the crisis on industrial relations actors. It is judged to have been very severe or severe in nine countries, and not very severe in 16 countries. Three national centres (in Finland, Italy and Spain) felt that the impact had not been severe at all on industrial relations actors in their country–. The Spanish case is interesting, as the crisis has clearly had a significant impact on industrial relations overall in this country, but this has not had a great effect on the industrial relations actors themselves.

Table 6: Levels of impact of the crisis

Level of impact	Countries
Very severe	EL IR LV PT
Severe	CZ EE RO SK
Not very severe	AT BE BG CY DE DK FR HU LT LU MT NL NO PL SE SI UK
Not severe at all	ES FI IT

Source: EIRO 2013

Impacts on industrial relations processes

This section describes the impact of the crisis on a range of industrial relations processes, such as collective bargaining arrangements, including centralisation or decentralisation trends and opening clauses, and the extension of collective agreements. It also examines wage-setting mechanisms, including:

Indexation;

- information, consultation and participation arrangements;
- the organisation of industrial action;
- procedures for dispute resolution;
- any changes in the relationship between the social partners.

Collective bargaining arrangements/pattern setting

In many countries, collective bargaining usually follows a set pattern, with one sector acting as the trendsetter. The crisis has had an impact on these arrangements in some countries. In Sweden, for example, the metalworking sector is normally the lead sector, but in 2010 some of the social partners did not sign the agreement, arguing that the wage level was too low. Some were also dissatisfied with the role of this industry as the pattern-setter for Swedish collective bargaining.

In the UK, where collective bargaining is carried out within the framework of recognition agreements with the employer, there has recently been an increase in applications for recognition. While there is no direct causal link to the crisis, it may be that employees are feeling under threat due to economic uncertainty and are therefore turning to trade unions for protection and support. There has also been a limited number of high-profile derecognition cases in the UK recently, although there is no overall derecognition trend in the UK. The WERS 2011 survey confirms the overall low coverage of collective bargaining in UK workplaces, and particularly in the private sector. In 2011, the percentage of private sector workplaces with any collective bargaining was just 6% (down from 8% in 2004). The percentage of employees in the UK private sector that are covered by collective bargaining was 16% in 2011, down slightly from 17% in 2004. Public sector coverage figures are higher – 58% of workplaces covered by collective bargaining in 2011 (down from 70% in 2004, largely due to collective bargaining changes in the health service). A total of 44% of public sector employees were covered by collective bargaining in 2011, down from 69% in 2004. Overall, taking both the public and private sector into account, 13% of workplaces and 23% of employees were covered by some type of collective bargaining in 2011.

In France, however, according to data from the French Ministry of Labour, sectoral bargaining has remained strong during the crisis. In 2011, 1,195 sectoral agreements were concluded, 489 of which were on pay. Thus, activity at branch level has been stable at a high level, with between 1,000 and 1,200 sectoral agreements concluded per year since 2004.

Centralisation and decentralisation trends

The impact of the crisis on levels of bargaining is of particular interest to researchers of industrial relations. From this study, it would seem that, as may be expected, the main impact of the crisis in terms of bargaining level appears to have been towards decentralisation. In many countries, this is a process that has been in train for some time, but it would seem that the crisis has strengthened the trend, driven by the need for more flexibility, particularly at company level; more tailoring of arrangements to individual company circumstances; and overall cost-cutting. It is clear that most countries have experienced some decentralisation, either from national level towards industry-level and company bargaining, or from industry-level to company bargaining. In Greece, the shift is particularly marked, as new legislation, prompted by the crisis, provides for company-level agreements to take precedence over sectoral accords, even if the provisions of the company-level agreements are less advantageous.

Centralisation trends

Very few countries have experienced a trend towards centralisation – the main exception is Finland, where national-level centralised bargaining was reintroduced following a period of sectoral bargaining since 2007. The reason for this is given as a wish to provide stability and predictability for employees and companies during times of economic uncertainty. Trade unions in Finland have long advocated a return to centralised national bargaining, but the employers were finally won over due to the uncertain economic environment and the fact that the previous sectoral round was expensive for them. However, employers have stressed that the central agreement is a framework, within which employers and unions can determine pay increases at a lower level.

Most recently, the Finnish Confederation of Finnish Industries (EK) announced that it is willing to start negotiations for a centralised national accord. The condition of the agreement is a pay freeze over the coming two-year period. The trade unions have welcomed the willingness of EK to engage in centralised bargaining , but have widely rejected the offered pay freeze. In sum, the employers want a national centralised agreement without wage rises, but unions say no accord will be possible without them. After a first round of exploratory talks, the boards of the three main trade union confederations have expressed their willingness to continue negotiations (FI1303011I). Belgium is another country in which it is reported that the central level of bargaining is taking on renewed importance. The most recent central agreement, which relates to 2011–2012, was not signed by all social partners (two employer organisations did not sign), but has been given legislative force by the government. It does not allow deviation from the pay provisions at sectoral level.

In Sweden, unions and employers are currently negotiating for a new pattern-setting industry agreement on pay. If a new agreement is concluded, this will confirm the continuing coordination of the Swedish collective bargaining model. However, the social partners are at odds over the effect of a surge of redundancies in Sweden, particularly in the manufacturing sector. Trade unions affiliated to the Swedish Trade Union Confederation have demanded wage increases of 2.8%. Employer groups dismissed the demands as too high before the negotiations had even started (SE1301019I). Since the beginning of the financial crisis in 2008 there have been an increasing number of calls from employer organisations in Sweden to decentralise negotiations and to increase the number of agreements.

Decentralisation trends

By contrast, there have been notable decentralisation trends in a wide range of countries. In some cases, this has taken the form of the use, or greater use, of opening clauses to provide more flexibility in the implementation of collective agreements. This is the case, for example, in Bulgaria and in Germany, where there is now much more flexibility at company level in the implementation of sectoral agreements, through the medium of these opening clauses in areas such as pay and working time.

In some countries, decentralisation has been actively encouraged as a means of increasing flexibility. This is the case in Spain, where there have been two reforms of the collective bargaining system since the beginning of the crisis in 2008, aimed at encouraging internal flexibility and fostering the conclusion of collective agreements at company level, rather than sectoral level. Further, companies are permitted to opt out of collective bargaining if they record a drop in revenues or sales during six consecutive months. These developments have fuelled a trend towards decentralisation of bargaining in Spain. In Lithuania too, in order to liberalise labour relations and to encourage social dialogue, short-term measures were introduced to enable collective agreements to contain less favourable provisions than those in the labour code.

Greece is another country which has experienced considerable change in terms of the regulation of collective bargaining since the crisis. Commentators note that the legislative changes around collective bargaining in Greece have basically amounted to a vast dismantling of the collective bargaining process, as they include allowing companies to negotiate agreements with less favourable content than sectoral agreements, an increasing role for company-level collective agreements, and the suspension of the extension of sectoral agreements. This has led to significant decentralisation of collective bargaining from industry to company level.

Another country that is experiencing significant decentralisation is Ireland, where national bargaining, in place since 1987, fell apart as a result of the crisis. This has led to a re-emergence of company-level bargaining in the private sector. In Romania also, the national level of collective bargaining has been abolished, and the focus of new collective bargaining legislation is the company level (as at November 2012, only one sectoral-level collective agreement had been registered).

A shift from sectoral to company-level bargaining has also been seen in Italy where, in 2011, an intersectoral agreement on representativeness and derogations from industry-wide bargaining was signed in June 2011 by Confindustria, Cgil, Cisl and Uil. Further, the motor manufacturer Fiat left Confindustria in 2011, to conclude a group-wide collective agreement, which represents a significant breakaway from sectoral bargaining in Italy. Decentralisation to company level was further fostered in Italy by a law, passed in August 2011 allowing for greater scope for derogations from industry agreements by means of decentralised collective agreements, which are deemed to be generally binding if signed by the most representative trade unions.

In Slovenia, while collective bargaining in the public sector remains highly centralised, bargaining in the private sector has become more decentralised due to the use of opening clauses and more company-level bargaining.

In other countries, there has been a less dramatic, yet nevertheless discernible, trend towards decentralisation of bargaining, which may have been exacerbated by the crisis. In Sweden, for example, there is a continuing trend towards decentralisation from industry to company level, although sectoral-level bargaining remains most prominent. Nevertheless, the social partners in the industrial sector have concluded agreements at plant level on temporary layoffs, reduced working time, pay and labour costs in order to save jobs. Further, while there are no opening clauses in use, the social partners in the industrial sector presented proposals for working time flexibility in 2012, allowing the use of short-time working in order to save jobs.

Further, the volume of bargaining has decreased in many countries. For example, in Portugal, the number of sectoral agreements has fallen significantly over the past four years, particularly in 2012. The total number of agreements fell from 139 in 2009 to just 42 in 2012, covering 245,136 workers, compared with 1,039,291 workers in 2009. In the Czech Republic also, there have been problems in the conclusion of company-level agreements, with many being concluded without wage provisions.

Table 7 below sets out the main centralisation and decentralisation trends by country

Table 7: Centralisation and decentralisation trends

Centralisation	Decentralisation	No significant change
BE: Some evidence of the increasing importance of the central level, with the conclusion of new central agreements. **FI:** Shift away from industry to national	**AT:** Some decentralisation in the engineering sector, where six agreements replace the previous uniform accord in the sector **BG:** Shift from industry to company level. Use of opening clauses **CY:** Decentralisation from industry to company level	**CZ**: Company level **HU:** Company level **LV:** Company level (centralisation trends to industry level that were apparent before the crisis have stopped)

bargaining	**DE:** Some decentralisation from sector to company level due to increased use of opening clauses in sector-level agreements **EL:** New legislation provides for company-level agreements to take precedence over sectoral-level accords, even if the provisions of the company agreements are less advantageous **ES:** Decentralisation from sectoral to company level encouraged under new collective bargaining rules **IE:** Shift away from national bargaining to company-level bargaining as a direct result of the crisis and the collapse in national social partnership that this caused. Sectoral bargaining now takes place in the public sector. **IT:** Conclusion of company agreement at Fiat after the company's exit from sectoral bargaining. New social partners' agreement on representativeness and new legislation on derogations from industry agreements. **LT:** Collective agreements may contain less favourable terms than those set out in the labour code. **PT:** Decentralisation of bargaining to company level, with encouragement of works councils to conclude company-level agreements. Changes to the criteria for the extension of collective agreements. Reduction in the period of validity of expired collective agreements. **RO:** Shift from national and industry to company level **SI:** Shift from national agreement and sectoral agreements in the private sector, plus opening clauses **SK:** Shift from sectoral to company level	**MT:** Company level **NL:** Industry level **NO:** Industry level **PL:** Industry and company level **SE:** Industry and company level (although some moves towards more local bargaining) **UK:** Company level

For an overview of industrial relations centralisation and decentralisation trends, see Figure 1.

Figure 1: Centralisation and decentralisation trends in industrial relations during the crisis

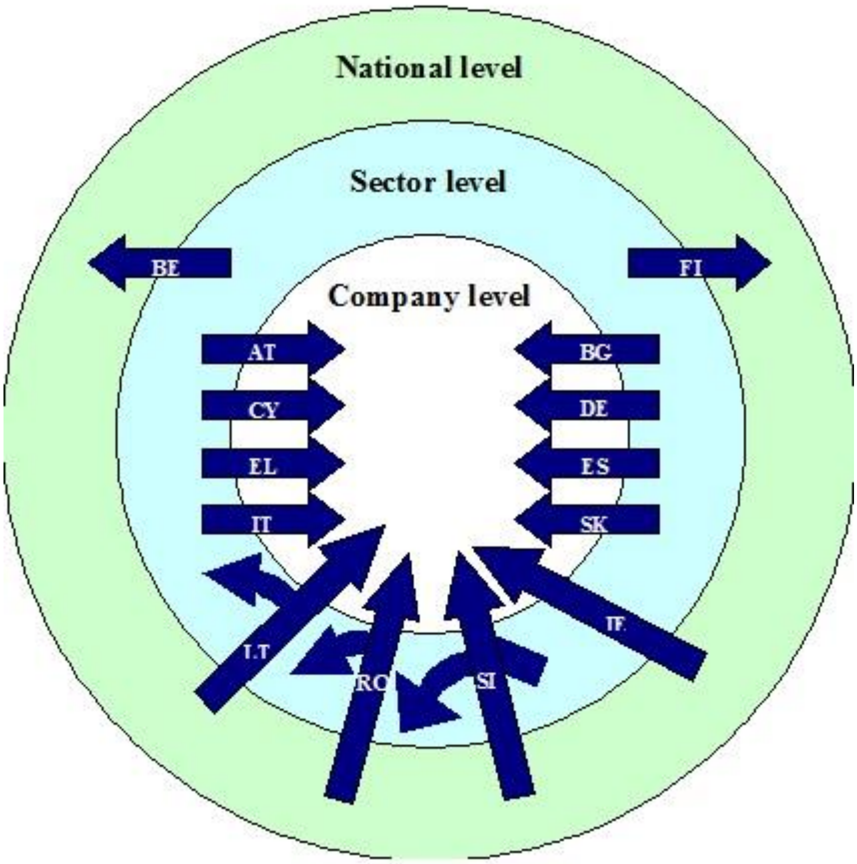
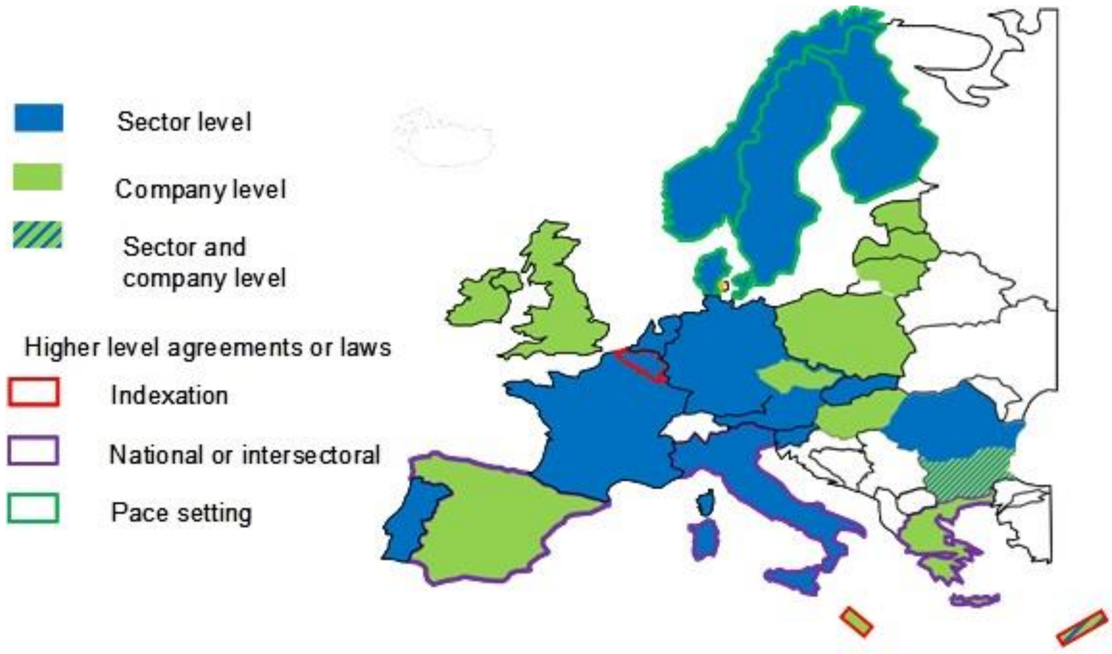


Figure 1: Centralisation and decentralisation trends in industrial relations during the crisis

Figure 2 shows the dominant level of wage bargaining in the EU by country. Sector-level bargaining remains the main level of bargaining in many countries, including the Nordic countries (where sectoral agreements act as pace-setters for bargaining), and Portugal, France, Germany and Italy; while company-level bargaining dominates in the Anglo-Saxon countries and a range of other countries, such as Poland, the Baltic States, and Greece. Bulgaria exhibits a mixture of sector and company-level bargaining. Indexation arrangements are in place in Belgium, Malta and Cyprus. National or intersectoral agreements are in place in countries such as Spain, Italy and Greece.

Figure 2: Dominant levels of wage bargaining in the EU in 2011-2012



Source: Eiro 2013

Figure 2: Dominant levels of wage bargaining in the EU in 2011-2012

Wage-setting mechanisms

Minimum rates of pay are an important feature of wage-setting. Many countries have a statutory national minimum wage, set either by the government, or in conjunction with the social partners. In countries that do not have a statutory national minimum, some form of minimum wage-setting is usually present, most often by means of agreed minimum rates in sectoral collective agreements. For an overview, see Table 7.

Recent years have seen a range of discussions around the setting of minimum rates, prompted,, in many cases, by the crisis. For example, in those countries with a statutory national minimum wage, the crisis appears to have had some impact on the setting of its level. In the UK, the National Minimum Wage was increased by the government only slightly in 2012 and the youth rate was frozen. In Poland, the government has been increasing the national minimum wage by unilateral decision rather than consultation for the past three years. In Malta, the minimum wage has not been increased, despite calls for this from trade unions and left-wing movements. In Hungary, the government has unilaterally decided on minimum wage increases since 2011, although it consults with the social partners. In Romania, the rate minimum wage is now set by a new National Tripartite Council for Social Dialogue (CNTDS) and has been frozen due to the crisis. In Greece, the minimum wage has been reduced by 22% (by 32% for people under 25 years) by law, and wage increases have been suspended until the unemployment rate drops below 10%.

In Denmark, the crisis has had an impact on the so-called pay adjustment mechanism, which regulates wage increases between the private and public sectors. This ensures that public sector pay does not exceed wage levels in the private sector, but also that the private sector wage margin is not too large. The relationship between public and private sector pay has changed recently, due to a favourable agreement in the public sector in early 2008 and the downward pressure on private sector pay as a result of the crisis. This meant that the public sector was ahead of the private sector in terms of pay and the adjustment mechanism had to redress the balance, resulting in wage decreases in the public sector. Debate on the role of this mechanism followed, with public sector unions claiming that it was outdated and stifled the flexibility of collective bargaining. It is expected that the adjustment mechanism will be discussed further during the 2013 bargaining round.

Ireland has a system under which minimum rates of pay and conditions are agreed for certain industries, which has come under reform pressure due to the crisis. Accordingly, under the country's National Recovery Plan 2011–2014 (1.03Mb PDF) as part of the EU/IMF Programme of Financial Support for Ireland (438.95Kb PDF) the Irish government undertook to review Registered Employment Agreements (REAs); and Employment Regulation Orders (EROs).

Pay and conditions determined in certain sectors by Joint Labour Committees (JLCs) are given force of law by EROs. These exist mainly in low-paid sectors such as Horeca, cleaning and retail. Registered Employment Agreements (REAs) are minimum rates of pay and conditions agreed between employers and workers/unions in a sector or enterprise, which are then registered with the Labour Court to make them legally binding. REAs exist in sectors such as construction and electrical contracting. Following the independent review and a legal challenge in July 7 2011 to one JLC taken by an employer group representing fast-food operators (the Quick Service Food Alliance) the Government legislated in the Industrial Relations (Amendment) Act 2012 to introduce changes to REAs and JLCs in 2012.

As has been already mentioned, wage indexation mechanisms exist in relatively few countries, (notably Belgium, Cyprus, Luxembourg, Malta and Spain), and these countries have come under pressure to revise them. Although there have been high-profile debates in Belgium and Malta, it is thought unlikely that significant reforms to these countries' indexation systems will take place. In Cyprus there has also been substantial debate on a reform of the indexation mechanism, and government proposals stipulate that when the economy is in recession, wage indexation will not take place. During a period of economic recovery, indexation will be applied once a year, but reduced by 50%. At the same time the price of a series of products (such as electricity) will be removed from the calculations for the increase, representing a reduction of around 30%. In Luxembourg also, indexation mechanisms were changed on a temporary basis.

Table 8: Overview of the minimum wage in EU Member States and Norway

Country	Statutory national minimum wage in place	Other minimum wage provisions/comments
Austria	No	Set at sectoral level by collective agreement.
Belgium	Yes	The national minimum wage is set by collective agreement, and given binding legal force
Bulgaria	Yes	
Cyprus	No	National legal minima apply to nine occupations: sales staff, clerical workers, auxiliary healthcare staff, and auxiliary staff in nursery schools, in crèches and in schools, security guards, caretakers and cleaners.
Czech Republic	Yes	Set by government following social partner negotiations.

Denmark	No	Collective agreements set out minima at industry level.
Estonia	Yes	Set by tripartite agreement and given legal effect by government decree.
Finland	No	Minimum rates of pay contained in collective agreements
France	Yes	Collective agreements also set minimum rates at industry level (where these are below the statutory minimum, the statutory minimum will apply).
Germany	No	Minimum rates are set by industry collective agreement.
Greece	Yes	Minimum monthly and daily rates are set by national agreement that is given legal force. From April 2013 however, the government decides unilaterally on the level of the minimum wage.
Hungary	Yes	Until 2010 this was set by tripartite mechanisms. The government now decides unilaterally.
Ireland	Yes	In force since 2000.
Italy	No	Minimum rates set by industry collective agreements.
Latvia	Yes	Minimum wage set by tripartite national council.
Lithuania	Yes	Set by tripartite national council.
Luxembourg		
Malta	Yes	
Netherlands	Yes	
Norway	No	Minimum rates set by industry collective agreements.
Poland	Yes	Set by tripartite national council.
Portugal	Yes	
Romania	Yes	After tripartite consultations.
Slovakia	Yes	
Slovenia	Yes	
Spain	Yes	
Sweden	No	Minimum rates set by industry

		collective agreements.
United Kingdom	Yes	

Extension of collective agreements

The majority of EU Member States have some sort of mechanism in place that provide for the extension of collective agreements (only six Member States have no legal procedure for extending agreements – Cyprus, Denmark, Italy, Malta, Sweden and the UK.

Extension can be an important means of ensuring coverage of agreement across a whole sector. There have been some changes to extension mechanisms in some countries, although not all directly linked to the crisis. In Slovakia, for example, a legal change required the consent of the employer concerned by the extension, reversing the previous position – this meant that there were no extensions of collective agreements in 2010–2011. Further, in Portugal, the number of extensions has fallen from 48 in 2010 to just 12 in 2012. More information about extension mechanisms and procedures in EU Member States can be found in the Eurofound background paper Extension of collective agreements in the EU (131.75Kb PDF).

Opening clauses

The introduction or increased use of opening clauses can be seen as an element of decentralisation, in that it adds a certain level of flexibility to the application of a collective agreement, specifically providing for deviation at a lower level (typically company-level agreements deviating from sectorally agreed provisions). A number of countries have made increased use of opening clauses in order to provide for more flexibility during the crisis. In Slovenia, for example, the agreements in the metalworking and banking sectors contain derogation clauses allowing deviation from minimum standards.

Opening clauses have always been an important feature of collective bargaining in Spain, and are set to increase in prominence. The most recent national agreement for employment and collective bargaining has recommended the introduction of opt-out clauses in collective agreements in order to permit companies to waive the provisions of collective agreements on a temporary basis if, for example, they are undergoing financial difficulties.

Opening clauses are now also a regular feature of German industrial relations, as they provide significant flexibility for the social partners at company level to deviate from sector-level agreements, particularly in the area of working time and pay. The sectoral agreements in the chemicals and engineering industries are good examples of this.

In Austria, although opening clauses are relatively rare, there have recently been some cases in which unions have agreed to temporary exemptions for companies encountering financial difficulties – for example, in the electronics industry, companies that could prove a drop in turnover by at least 15% in the first quarter of 2009 had the option of applying only a part of the sectorally agreed wage increase.

In Bulgaria, opening clauses have been agreed in some sectoral collective agreements, for example, in machine-building, in the wood and furniture sector, and in light industry. In Sweden, as mentioned above, although there is no systematic use of opening clauses, some local plant-level clauses on working time and temporary layoffs have been agreed during the crisis in the industry sector. In Italy, decentralised bargaining at company and local level can now derogate from industry-level agreements.

In a related development, changes to the Hungarian labour code in 2012 stipulated that unions in state-owned companies may not negotiate conditions for employees that are above the minimum standards provided by law.

Organisation of industrial action

As might be expected in difficult economic times, there has been a considerable amount of protest by trade unions against the outcomes of budget cuts and austerity measures in many EU Member States.

In the UK, trade unions voted to support coordinated strike action over a public sector pay freeze, even though the UK government has indicated that it will not alter its policy. In Slovenia, strikes have taken place in protest against low and unpaid wages, and non-payment of overtime. The incidence of strike action is also reported to have increased in Estonia, and Cyprus.

Some countries have experienced national general strikes, in protest against austerity measures. These have generally been the countries that have been experiencing the most severe financial difficulties and which have requested additional external financial help, in return for which they have had to implement austerity and budget reform measures. For example, Portugal experienced four general strikes between 2010 and 2012, as workers and trade unions protested against the government's austerity measures. In Greece, trade unions have been very visible in mobilising workers and the public in protest against the employment changes that the government has put into place.. In Lithuania, there was organised industrial action and national protests about government budget cuts. This was also the case in the Czech Republic. In Austria, the first strike in 25 years in the metalworking sector took place, due to bargaining difficulties in that sector, in the context of decentralisation.

Interestingly, industrial action in Denmark is reported to have declined because of the crisis – trade unions are reported to have refrained from taking industrial action as a response to restructuring, and have instead chosen an approach based on partnership. As a result, since 2009 the number of working days lost due to industrial action has dropped considerably.

Procedures for dispute resolution

There have been some moves to reform legislation in the area of employment rights and dispute resolution in some countries. In the UK, the government announced in June 2012 legislative plans to encourage the use of 'settlement agreements' to terminate employment relationships without recourse to an employment tribunal. However, this is more likely to be linked to efforts to reduce the number of employment tribunal claims than directly to the crisis. Further, in Ireland, the government is aiming to create an integrated two-tier structure to replace existing employment rights bodies in order to make it simpler and more cost-effective for workplace disputes to be resolved. It will abolish the five existing employment rights and industrial relations bodies in Ireland (the Labour Relations Commission, the Equality Tribunal, the National Employment Rights Authority, the Employment Appeals Tribunal, and the Labour Court) and set up an overall body for employment rights issues, with the Labour Court retaining its autonomy as a court of appeal.

Greece has experienced the most radical reform of labour law during the crisis. In the area of dispute resolution, unilateral recourse to arbitration if mediation fails has been abolished. Further, the role of arbitration in providing a final resolution to collective disputes is restricted to disputes over the minimum wage.

In Slovenia, although there have been no changes to procedures for dispute resolution, the number of breaches of collective agreements has risen, from 462 a year in 2007 to 2,596 in 2010.

In Spain, new legislation gives the National Consultative Commission on Collective Agreements new powers to intervene to solve disputes if collective agreement conditions are not met.

Information and consultation

The crisis has led to many restructuring exercises as companies struggle to cope with falling order and revenues. This has meant that information and consultation exercises have become widespread. In some countries, trade unions have complained that they have not been consulted sufficiently on restructuring plans. This is the case in Malta, in connection with the restructuring exercise at Air Malta. In Bulgaria, the trade union confederation CITUB committed itself to organising campaigns for making information and consultation practices more popular and promoting the establishment of information and consultation bodies in enterprises where they do not exist.

In the UK, the Workplace Employment Relations Survey(WERS) 2011 finds that there has been no change between 2004 and 2011 in the incidence of Joint Consultative Committees (JCCs) in UK workplaces (defined as any committee of managers and employees that is primarily concerned with consultation rather than negotiation). The survey found that 7% of UK workplaces had a JCC in 2011, unchanged from 2004. In multi-site organisations, there was a decrease in the proportion of workplaces where a consultative committee operated at a higher level in the organisation, from 36% in 2004 to 25% in 2011.

Other developments include the abolition of non-statutory worker director posts in state-run or state-owned companies in Malta.

Changes in the relationship between the social partners

As reported above, the crisis has, in many cases, actually served to improve the relationship between the social partners, as they try to work together to mitigate the negative effects of the crisis. There are many examples of this. In Lithuania, for example, the tripartite social dialogue was widened in 2009. The social partners have also been cooperating at national level in newly-set-up tripartite bodies in Hungary, and also in Finland. The crisis is also reported to have brought the social partners in Estonia together to some extent, in terms of their joint opposition to government unemployment insurance policy. In the Czech Republic also, the crisis is reported to have had a predominantly positive impact on the cooperation between the social partners at all levels, with the conclusion of 38 joint measures with the government. The common aim of the Czech social partners is the maintenance of employment, which means that the trade union side will not oppose temporary wage freezes or reductions at company level if this is justified on economic grounds.

In Germany, the crisis has led to increased cooperation at establishment level between management and employee representatives, mainly around implementation of opening clauses. This has also been the case in Austria, where works councils in particular have been involved in the implementation of short-time work arrangements. Further, the social partners in other countries (such as Germany, Italy, the Netherlands and Norway) have been cooperating in the area of short-time working and temporary lay-offs.

In many countries, trade unions have been cooperating more closely in order to coordinate strike action (for example in the UK and Slovenia). Trade unions in Lithuania have also been cooperating on joint objectives.

Table 9 shows the main impacts of the crisis on industrial relations processes.

Table 9: Main impacts of the crisis on industrial relations processes

Impact	Countries
Collective bargaining arrangements/patterns	SE, UK
Changes to minimum wages (e.g. cuts, freezes, unilateral government decisions)	CZ, DK, EL, FR, HU, IE, LT, LV, RO, PL, PT, SI, UK
Debate on/changes to wage indexation	BE, CY, ES, LU, MT
Changes to extension mechanisms	PT, SK
Introduction of/increase in opening clauses	AT, BG, DE, ES, IT, SE, SI,
Organisation of protests and strike action	AT, CY, CZ, EE, EL, LT, PT, SI, UK
Changes or planned changes to dispute resolution	EL, ES, IE, SI, UK,
Improved relationship between the social partners	AT, CZ, DE, EE, FI, HU, IT, LT, NL, NO SI, UK

Source: EIRO 2013

Table 10 shows national centre estimates of the level of the impact of the crisis on industrial relations processes in their countries. As expected, the crisis is judged to have had a very severe impact in Spain, Greece, Ireland and Portugal. However, it is also judged to have had a severe impact in 10 other countries, including many CEE countries, but also Belgium, Germany and Cyprus. The impact is judged to have been not very severe in 10 countries and not severe at all in Denmark and Finland.

Table 10: Levels of impact of the crisis on industrial relations processes

Level of impact	Countries
Very severe	ES, EL, IE, PT
Severe	BE, CY, CZ, DE, EE, HU, NL, RO, SI SK
Not very severe	AT, BG, IT, LT, MT, NL, NO, PL, SE, UK
Not severe at all	DK, FI

Source: EIRO 2013

Impacts on industrial relations outcomes

This section examines the impact of the crisis on industrial relations outcomes, focusing on collective agreements at all levels. The main impacts include a shorter or longer duration of agreements, non-renewal of agreements, reduced levels of pay, pay pauses and freezes, and the implementation of only parts of collective agreements. It should be noted, however, that impacts vary not only according to country, but according to sector. Whereas some trends cannot necessarily be attributed to the crisis, it would appear that the trends recorded in this section can mostly be seen as a result of the crisis.

Length of agreements

One trend apparent in some countries has been the conclusion of agreements of a shorter length than was previously the case, largely in response to an uncertain economic climate. Trade unions have generally been keen to allow for some scope to revisit issues soon, such as wage increases, in the hope that they can benefit from any improvement in the economic situation This is the case in Bulgaria, where many sectoral agreements have been concluded for one year rather than two. In Denmark also, the duration of collective agreements in the public and private sectors has changed from three to two years, on the basis that some of the conditions introduced by the crisis might have eased in two years' time. In Sweden, shorter collective agreements have also been concluded, (less than the usual three-years) because of difficulties in forecasting wage increases. In Latvia, it would seem that the number of shorter collective agreements has increased, although precise statistical data is not yet available.

In Cyprus, there is a debate about the length of agreements. Employers want them to cover a longer period of time, believing this will give them some stability, while unions advocate a shorter duration, believing that many collectively-agreed provisions are temporary, due to the crisis.

Conversely, in Germany, the average duration of collective agreements is increasing, from 22.2 months in 2007 to 24.3 months in 2010.

Pay provisions

As is to be expected, the level of pay increases negotiated by collective agreement has fallen in many countries, as a result of the crisis. In some countries, below-inflation increases have been negotiated (if increases have been agreed at all), with the emphasis centring on training and the maintenance of employment.

Pay pauses and freezes have been agreed in many countries, particularly (although not exclusively) in the public sector, as a way of cutting costs. This was the case in Austria, where a pay pause for federal employees was agreed for 2013 and moderate wage increases are foreseen for 2014, and the UK, where there has been a pay freeze for public sector workers earning more than £25,000 a year in place for over two years. In Germany, there have been many examples of pay freezes and the award of lump-sum non-consolidated payments in lieu of consolidated pay increases. A public sector pay freeze has also been introduced in Slovenia and in Denmark, where changes to the adjustment system have effectively resulted in public sector pay cuts. A pay freeze for workers in public administration in Poland was put into place in 2011.

There is evidence that pay cuts have been introduced in many countries, in both the public and private sectors. One of the most striking examples of this is Greece, where significant pay cuts have been made over the past year: legislation gives companies the right to reduce wages by 22%, and statistics show that since that law came into force, there has been an average reduction in pay of around 22%. In Ireland, there have been public sector pay cuts of between 5% and 15% and a public sector pension levy of 7% on taxed pay. In Lithuania also, there have been public sector pay cuts of between 4% and 12%, whereas in Latvia, public sector pay was cut by 26% and private sector salaries by 10% in 2009. Other countries experiencing public sector pay cuts include Romania (25% in 2010) and Slovenia (8% in 2012).

In Estonia, the minimum wage has not been increased for four years. In Slovenia, non-payment of collectively-agreed wages increased considerably between 2007 and 2010.

In Spain, the agreed wage increase is below levels of inflation. In Germany, also, although the crisis has arguably much less severe than in other EU Member States, trade unions have been exercising wage restraint, resulting in slow earnings growth. Further, bonus payments have been cut in many countries. For example, in Bulgaria, seniority payments have been cut or frozen in some sectors.

By contrast, actual pay growth in the UK seems to be relatively stable, according to figures relating to 2012. Figures from UK-based Incomes Data Services show that pay settlements are actually quite stable, despite the continuing economic uncertainty. The median pay settlement in the three months to August 2012, as well as the upper and lower quartile figures, were unchanged compared with the figures for the three months to July 2012. IDS states:

> *Despite continued economic uncertainty, pay settlement levels overall have been relatively stable since the beginning of 2012, though the proportion of higher-end awards has been falling since January. The gap between inflation and pay settlement levels has narrowed compared to 2011.*

Nevertheless, it is also reported that around one in five pay settlements in the UK is a pay freeze, mostly in the public sector – pay freezes in the private sector have been relatively rare in the UK. Further, WERS 2011 found that 33% of employees in the UK reported a cut or freeze in pay as a result of the recession, with 19% reporting restrictions on access to paid overtime, and 6% a reduction in non-wage benefits.

In Portugal, in 2011 it was reported that collectively-agreed nominal pay increases in the private sector resulted in a growth in real wage of 0.3%.

Inconclusive outcomes of bargaining

Another trend has been the increasing difficulty of negotiations, leading to inconclusive outcomes, as the bargaining parties remain too far apart in their demands. This has been the case in Bulgaria in the electronics sector. In Cyprus, collective bargaining has declined at both sectoral and company level, due to wide differences between the bargaining parties. In the Czech Republic also, the volume of agreements shrank considerably in those sectors most affected by the crisis. In Malta, there have also been delays in the renewal of collective agreements.

In the Netherlands, many agreements have not been renegotiated. However, the impact of this on employees has been relatively minor, as by law, collective agreements continue to apply after they have expired, except in the case of employers and employees that are solely covered by extended agreements. This provision, of collective agreements remaining in force, also applied in Spain until recently when legislation was introduced stipulating that collective agreements will cease to be in force one year after they have expired. This is likely to affect bargaining and the coverage of collective agreements significantly, as the trade union UGT estimates that, in September 2012, there were 257 multi-employer sectoral agreements which were pending renewal, but over which negotiations were at an impasse. In Greece also, new legislation shortens the period of continuation of collective agreements after the expiry date, from six months to three months. In France, there has been a reduction in quality of the agreements in terms of:

- the outcomes of collective bargaining;
- the incidence of rates agreed that are below the minimum wage;
- the low incidence of trade union backing.

In Slovenia, bargaining on new collective agreements has slowed down or been put on hold due to the fact that the social partners are waiting for new labour legislation reform. Bargaining volumes have also dropped in Lithuania, Latvia and Portugal, where in 2011, the Ministry of Labour published 200 collective agreements, covering 1.2 million workers, which is the lowest number since 2008. Overall, the number of sectoral and multi-employer collective agreements is reported to have fallen significantly in Portugal over the past four years, and particularly during 2012, leading to a sharp decline in collective bargaining coverage.

Working time and work organisation

Changes to working time have been agreed in some countries, in an attempt to increase productivity. In Cyprus, for example, employers are pushing for an increase in the working week from 38 to 40 hours, in addition to a cut in the number of holiday days and a reduction in the cost of overtime working.

In Germany, collective bargaining has recently been characterised by a degree of innovation as the social partners have attempted to find their own ways of mitigating the effects of the crisis. Provisions related to working time include the introduction of staffing pools, providing for the temporary transfer of employees between signatory firms, and extended short-time working schemes.

In other countries, working time reduction has been implemented in order to reduce costs in the face of falling demand. In Lithuania, for example, some companies have reduced the working week, with a proportionate pay reduction, in response to reduced production demand, in addition to encouraging workers to take unpaid holiday. In the UK, WERS 2011 respondents cited, as a result of the crisis:

- an increase in workload (29%);
- work reorganisation (19%);
- restrictions on access to training (12%).

Other outcomes

It should be stressed that not all impacts on industrial relations outcomes have been negative. For example, in Finland, the national framework agreement of 2011 gives employees the opportunity to participate in paid training for three days a year. Nevertheless, this provision was rejected by the employers' organisation EK, and the situation remains unresolved (FI1210011I).

Table 11 summarises the main impacts of the crisis on industrial relations outcomes.

Table 11: Main impacts of the crisis on industrial relations outcomes

Impact	Countries
Inconclusive outcomes	BG, CY, CZ ES, MT, NL
Decrease in number of agreements	CY, CZ, EE, LV, MT, PT, RO, SI
Increase in duration of agreements	DE
Decrease in duration of agreements	BG, DK, SE
Decrease in the level of pay increases	AT, ES, FI, NL
Pay pauses or freezes	AT, DE, HU, IT, LT, SI, UK
Pay cuts	EL, HU, IE, IT, LT
Cuts to bonuses	BG, HU
Non-renewal of agreements	BG, CY, EE, ES
Working time reduction/short-time working	AT, DE, HU, LT, NL

Source: EIRO 2013

Table 12 shows the results of estimates from the national centres concerning the severity of the impact of the crisis on industrial relations outcomes in their country. The impact is judged to have been very severe or severe in the majority of countries – 20 in total. It is judged to have been very severe in Greece, Ireland and Portugal, and severe in 16 other countries (Bulgaria judged the impact to have been severe for some sectors). In Germany, although the impact is judged to have been severe, this has taken the form of the social partners working together to find new and creative solutions to the problems posed by the crisis. In Luxembourg, the impact is judged to have been severe due to a move from tripartite to bipartite bargaining and debates on indexation and pension reform. The impact of the crisis is judged to have been not very severe in 10 countries. No national centres estimated that the impact of the crisis had not been severe at all.

Table 12: Levels of impact of the crisis on industrial relations outcomes

Level of impact	Countries
Very severe	EL, IE, PT
Severe	BE, CY, CZ, DE, DK, EE, FI, HU, IT, LT, LU, LV, RO, SI, SK, UK
Not very severe	AT, BG (although severe for some sectors), ES, FR, MT, NL, NO, PL, SE, UK
Not severe at all	None

Source: EIRO 2013

Overall impact of the crisis on industrial relations

National centres were asked to estimate the overall severity of the crisis on industrial relations in their country. The results are contained in Table 13 and Figure 3. As is to be expected, the impact of the crisis on industrial relations is judged to be most severe in those countries that have had to implement the most severe austerity measures – Spain, Greece, Ireland and Portugal. Nevertheless, there is also a significant grouping of countries in which the impact of the crisis on industrial relations is judged to have been severe. In a smaller group of countries, the impact is judged to have been not very severe (although this depends on sector in Bulgaria). No national centre thought that the impact of the crisis on industrial relations had not been severe at all.

Table 13: Overall impact of the crisis on industrial relations

Level of impact	Countries
Very severe	ES, EL, IE, PT
Severe	BE, CY, CZ, EE, FI, FR, HU, IT LT, LU, LV, RO, SI, SK, UK
Not very severe	AT, BG (although severe for some sectors), DE, DK, MT, NL, NO, PL, SE
Not severe at all	-

Source: EIRO 2013 (as assessed by the EIRO national experts)

Figure 3: Impact of the crisis on industrial relations: overall assessment

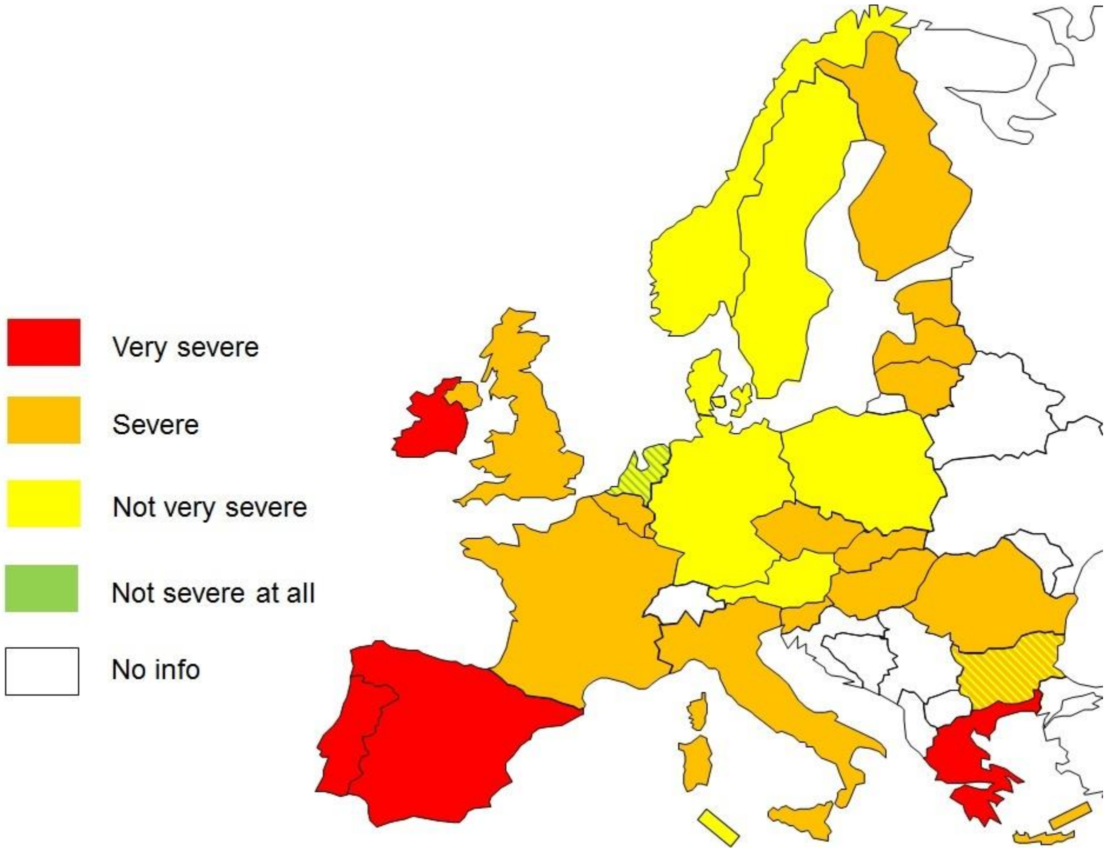


Figure 3: Impact of the crisis on industrial relations: overall assessment

Source: Eiro 2013 (as assessed by the EIRO national experts)

Impact according to type of industrial relations system

When looking at the impact of the crisis on individual Member States according to their type of industrial relations system (see Table 14), some interesting findings emerge. (See also Guardiancich, 2013; and Svalund et al., 2013).

Table 14: Industrial relations typologies

Industrial relations country group	Type of IR system	Principal level of bargaining	Bargaining style	Role of the state in IR	Countries
Nordic	Organised corporatism	Sector	Integrating	Limited (mediator)	FI, DK, NO, SE
Anglo-Saxon, Western	Liberal pluralism	Company	Conflict-oriented	Non-intervention	CY, IE, MT, UK
Mediterranean/ South	Polarised/state -centred	Variable/ unstable	Conflict-oriented	Frequent intervention	EL, ES, FR, IT, PT
Centre West	Social partnership	Sector	Integrating	'Shadow of hierarchy'	AT, BE, DE, LU NL, SI

Centre East/ transformative	Fragmented/ state centred	Company	Acquiescent	Organiser of transition	BG, CZ, EE, HU, LT, LV, PL, RO, SK

Source: European Commission Industrial Relations in Europe 2008; author's own calculations.

Three of the four countries that have been the worst hit in terms of the severity of the impact of the crisis on industrial relations (ES, EL and PT) are in the Mediterranean/Southern grouping of industrial relations typologies.

At the other end of the scale, of the group of nine countries in which the impact of the crisis on industrial relations is judged not to be very severe, three are from the Nordic grouping (DK, NO, SE), three from the Germanic/Centre West grouping (AT, DE and NL), two from the Transformative/Centre East grouping (BG, PL), and one from the Anglo-Saxon/Western grouping (MT). None of this group comes from the Mediterranean/South grouping of countries.

This would suggest that the countries that have endured the most severe impact on their industrial relations systems have been those from the Mediterranean grouping, characterised by:

- variable levels of bargaining;
- state-centred industrial relations;
- conflict-orientated bargaining style;
- relatively frequent intervention of the state in industrial relations.

In many of these countries, of course, the economic shock has been more severe than in other countries. Nevertheless, it may be that industrial relations in these countries, being more conflict-oriented and state-centred, have been less able to adapt to change than, for example, countries under the Nordic or the Germanic model, which are characterised by greater levels of social partnership and are therefore potentially more flexible and adaptable to change. See also Figure 4.

Figure 4: Severity of impact of the crisis and industrial relations typology

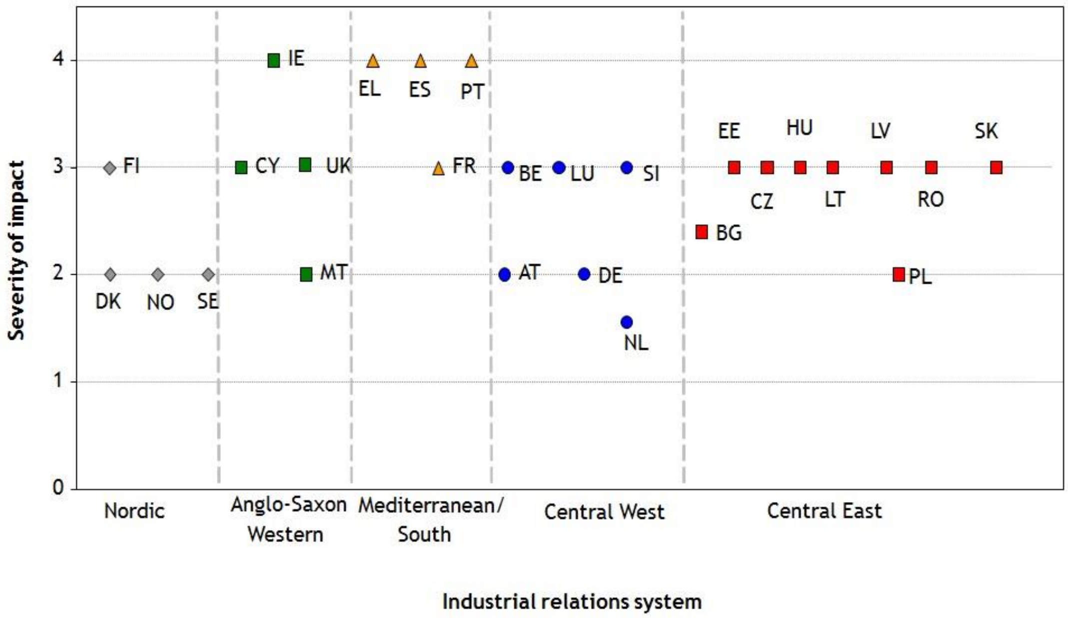


Figure 4: Severity of impact of the crisis and industrial relations typology

Looking at the link between severity of impact of the crisis and membership of the Eurozone, Figure 5 below shows that there tends to be a large number of Eurozone member countries in which the impact of the crisis has been severe or very severe. In fact, out of the 17 Eurozone members, only four say that the impact of the crisis has not been very severe (Austria, Germany, Malta and the Netherlands). For those countries that are not Eurozone members, there are five that state that the crisis has not been severe (BG, DK, NO, PL and SE). For the rest, the crisis has been severe, but in no cases has it been very severe. These countries have extra flexibility and leeway to deal with economic crises, as they maintain control over their own currency.

Figure 5: Severity of impact of the crisis on industrial relations and membership of the Eurozone

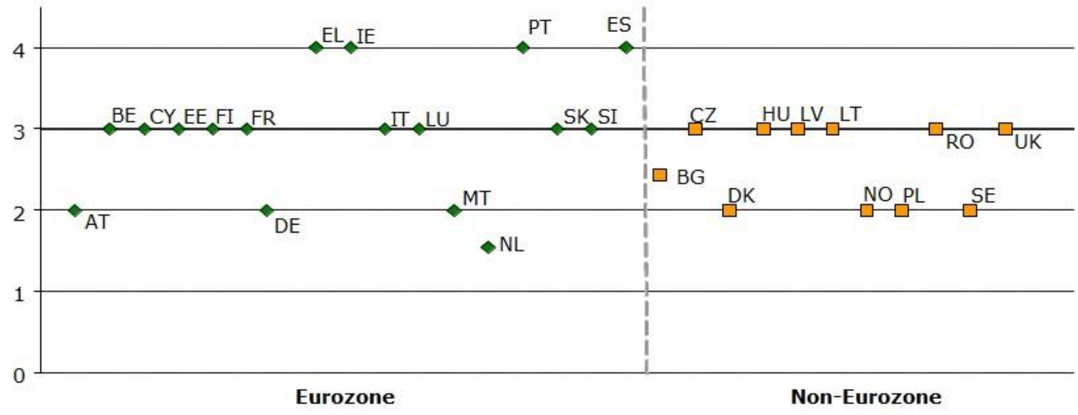


Figure 5: Severity of impact of the crisis on IR and membership of the Eurozone

Views of the social partners

The social partners in the EU Member States agree that the crisis has created difficulties for industrial relations, although to varying degrees depending on the country. Overall, employers are focusing on issues such as advocating wage restraint and lobbying governments to stimulate growth by means such as fostering entrepreneurship.

By contrast, trade unions have broadly opposed austerity measures, arguing that the best way to stimulate growth is to try to boost consumer demand. They are also concerned to ensure that employees do not bear all of the pain of adjustment to a post-crisis economy.

Employer views

Many employers' organisations are concerned to ensure the best possible operating conditions for their members. In the UK, for example, the CBI is focusing on trying to ensure that the labour market is as flexible as possible and that there is pay moderation. Barriers to labour market and collective bargaining flexibility are also a concern of employers in Slovakia and Slovenia, with Slovenian employers calling for more flexibility for companies in general. Employers in Poland are keen to move ahead with the processes of deregulation and simplifying the bureaucracy of the business environment, and have expressed frustration that the process is not proceeding more quickly. In France, employer concerns focus on pushing for more flexibility in company-level bargaining, giving companies more scope to deviate from higher-level agreements and legal frameworks. This push for flexibility and deregulation in collective bargaining is shared by employers in Spain, who also believe that it should be possible to temporarily modify collective agreements without the approval of workers representatives. In Italy also, Confindustria is keen to see autonomy in collective bargaining in a range of areas, such as:

- the definition of tasks;
- the use of new technologies at work;
- temporary agency work;
- dismissals;
- apprenticeships.

Employers' organisations are key stakeholders in the social dialogue process and many are therefore keen to ensure that their collective bargaining role is preserved throughout the crisis. In Latvia, for example, the main employers' organisation is concerned to strengthen the legitimacy and capacity of employers' organisations in terms of sectoral-level bargaining.

Other areas of focus for employer organisations include ensuring that vocational training is upheld during the crisis and beyond, in order to avoid skills mismatches. This is one of the policy priorities of employers in Luxembourg, alongside work organisation flexibility, working hours reduction and abolition of the country's wage indexation system.

Trade union views

Trade unions have, on the whole, been more vociferous than their employer representative counterparts, possibly as they appear to have more to protest against, as national governments cut budget spending, something which directly affects their members in terms of jobs, pay and access to welfare.

In the UK, for example, the TUC has organised rallies and protests arguing that the government's programme of spending cuts is causing hardship. Some trade unions in the UK are also concerned that the crisis may be having an effect on employees' health and wellbeing, by increasing stress, bullying and harassment at work, as a result of overwork. Trade unions in Romania have also held protests against pay cuts and pension reductions, and trade unions in Poland are actively opposing what they see as the introduction of 'junk jobs', which are not obeying prevailing labour legislation.

In Sweden, there is a debate about the role of the state in industrial relations, with the EU suggesting a strengthening of the state's role in wage formation. However, trade unions argue that this would be unacceptable interference in collective bargaining in Sweden, and would damage the role of trade unions.

Trade unions in Italy have focused on the impact of the crisis on labour. Cgil is demanding more investment in education, a reversal of cuts in welfare provision, and an improvement in the quality of work.

Many trade unions are also concerned to ensure that they retain their relevance in a difficult period for industrial relations, which in many countries is resulting in decentralisation of bargaining (see above). The debate in Spain, for example, focuses very much on bargaining decentralisation, opt-out clauses and modification of collective agreements by actors other than trade union representatives. While trade unions in Spain are not opposed to the concept of more flexibility, they are concerned to ensure that decision-making bodies are joint and that unions continue to play an important role in collective bargaining.

Convergence of views

Despite these differences in ideology and reaction, there have nevertheless been many areas in which the social partners are in general agreement. In Greece, where the economic situation is extremely difficult and the crisis has had a massive impact on industrial relations, trade unions believe that the government's austerity programme has destroyed the Greek economy, labour market and industrial relations system. Employers in Greece share this opposition to the government's measures, although from the point of view that this is depleting liquidity and not allowing businesses to function properly.

In Hungary also, both trade unions and employers have criticised the changes to the country's tripartite consultation system, and are particularly annoyed that the social partners were not consulted about the reorganisation plans before a decision was made. Further, in Estonia, both trade unions and employers have criticised the government's actions during the crisis, particularly in the area of tripartite social dialogue. The economic crisis also had a rather positive impact on the relations of social partners at the central, sectoral and company level in the Czech Republic. In Poland no major conflicts between social partners emerged. The central level social partners were first able to negotiate the anti-crisis agreement in 2009, and then address the need to amend the anti-crisis legislation in 2010.

There has also been close cooperation between employers and unions during the crisis in Germany, with no particularly difficult issues between the two sides. Both sides have welcomed the increased use of short-time working, although unions have stressed that employees should not be expected to bear the costs of the crisis.

EU-level social partner views

The social partners at EU-level have been involved in the debate about the crisis and industrial relations recently, following a Commission discussion note on a tripartite exchange of views on wage developments, issued on 20 December 2012 (267,84Kb PDF)

In this, it proposed

> *an exploratory tripartite exchange of views through [the EC's Employment Committee] EMCO on wage developments with national and European social partners [in order to] generate a reflection on the economic, employment and social implications of wage developments across Europe, contribute to enhancing social partners' input in European economic governance and provide an opportunity for the EU institutions to benefit from the national social partners' expertise.*

The meeting was scheduled for 1 February 2013.The European trade union IndustriAll responded to this note on 13 January 2013 in a press release (134.56Kb PDF), stating that, while it is not opposed to the gathering of information on wage developments in Europe and welcomes the Commission's acknowledgement of the role of the social partners, it nevertheless states its concern that

> *it seems to be the overall intention of the Commission to interfere with national wage policies and wage determination*

IndustriAll states that this is not acceptable and that

> *social partners – trade unions and employers associations – must negotiate wage increases autonomously without the interference of a governmental institution- any governmental institution - at any level whatsoever*

IndustriAll also believes that creating an extra tripartite forum for an exchange of views on wage developments is unnecessary, noting that a suitable forum already exists that, with some adaptation, can discuss wage policy in Europe: the Macro-Economic Social Dialogue with the participation of the European Central Bank.

Further to the above ECEG, EURATEX, CEEMET, and industriALL Europe jointly voiced their concern about possible EU level interference in wage-setting mechanisms in a multi-sectoral joint opinion (EU Social Dialogue Newsletter, No. 3, May 2013, p.13).

In effect, the tripartite meeting was held on 1 February 2013 as planned, and while there were criticisms regarding the format and purpose of the meeting from both sides of industry, and a view that this should not be a regular meeting in this format, EMCO felt that it was a useful exchange of views.

Commentary

It is clear that there have been many significant and far-reaching impacts of the crisis on a range of aspects of industrial relations in the EU's 27 Member States and Norway, although it should also be stressed that, in many cases, it is difficult to disentangle the impact of the crisis from other factors and developments, such as longer-standing national industrial relations trends (megatrends). Table 15 attempts to classify the main developments as either crisis-induced, or megatrends accelerated by the crisis.

While there has been increased merger and reorganisation activity by several different actors during the crisis, and trade union membership in most cases has declined, these are two pre-existing industrial relations megatrends that are likely to continue beyond the crisis.

One clear result has been a trend towards decentralisation in collective bargaining in many countries. It could be argued that this is a trend that has been in train for some decades now, and that the crisis has merely served to exacerbate and accelerate the process, due to the need for more flexibility and more tailoring of agreements to the individual circumstances of companies. The only countries where there was a trend towards centralisation have been Finland and, to a limited extent, Belgium. In many cases, the EU has advised national governments to work towards decentralisation of bargaining.

Other impacts on collective bargaining have included:

- a drop in the overall volume of bargaining;
- the conclusion of agreements of shorter duration;
- curbs on provisions allowing collective agreements to remain in force for a period once they have expired.

Government austerity measures and budget cuts have had the expected results in most countries, notably a marked downward pressure on pay, the result of pay cuts and pay freezes, particularly – although not solely – in the public sector. In countries where wage indexation systems operate, there has been pressure to reform these systems – both from the EU and from national employers.

Employment levels have also suffered, somewhat predictably, as spending cuts in the public sector translate into job losses, and private sector firms struggle to survive in a hostile economic climate.

Table 15: Crisis-induced trend or megatrend?

Trend	Origin
Restructuring of actors	Megatrend
Decline in trade union density	Megatrend
Decentralisation of collective bargaining	Megatrend (crisis-induced in some countries)
Public sector reform	Megatrend (crisis-induced in some countries)
Reforms in wage-setting mechanisms	Crisis-induced trend
Increase in opt-out clauses	Crisis-induced trend
Increase in opening clauses	Crisis-induced trend
Decrease of extensions	Crisis-induced trend
Shorter duration of collective agreements	Crisis-induced trend
Drop in volume of bargaining	Crisis-induced trend
Drop in quality of bargaining	Crisis-induced trend
Shorter continuation of collective agreements on expiry	Crisis-induced trend
More adversarial industrial relations	Crisis-induced trend

Source: EIRO 2013

It should also be noted that the impact of the crisis has not been even across all sectors or groups. Even in countries that have emerged relatively unscathed from the crisis, such as Austria, it is reported that the impact has been most severe on young and older workers. In terms of sectors, there has also been an uneven impact, even within countries. In Bulgaria, the crisis has been most keenly felt in construction, metalworking, mining and railways, all of which are arguably in need of some restructuring. Export industries in some countries, such as Finland, Norway, Sweden and Malta, have been hardest hit by the crisis. In the Netherlands, the crisis has primarily hit the banking, construction and transport sectors. The public sector has – across most of the Member States - recently been more exposed to the effects of the crisis, as budget cuts begin to bite in many countries.

This has had the effect of increasing industrial relations tension in many countries, with trade unions staging protest actions, demonstrations and strikes, largely against government budget cuts. This is particularly prevalent in those countries that have had to ask for external financial help, such as Greece, Spain, Portugal and Ireland. Some countries have also seen the emergence of new social protest movements.

However, one interesting finding is that, while the crisis has undoubtedly placed industrial relations under great strain in many countries, it has also had some positive effects as the social partners try to work together through the crisis. For both employers and trade unions, the maintenance of employment has emerged as a joint priority, which means that each side has modified its stance – the unions in relation to pay and employers in relation to deregulation. In Germany, for example, there is evidence of increased cooperation between the social partners, which has been attributed to the strength of the German industrial relations system as a whole. In many other countries, the social partners have been united in their criticism of government austerity plans, but have also tried to find compromises in bargaining, rather than adhering to their usual policy positions. In addition, trade unions, while under great pressure in many cases, in some countries have found that their visibility and importance has increased as a result of the crisis. In some cases, this has led to increased membership, thus halting the overall downward trend in union density, as employees turn to unions for support.

Finally, on the question of whether the severity of the impact of the crisis on industrial relations can, in any way, be linked to industrial relations typologies, a case could be made for stating that those countries in the Mediterranean grouping appear to have suffered much more than those in the Nordic or Central groupings. It is, of course, difficult to disentangle the different threads here – the countries in which the impact of the crisis has been most severe in terms of industrial relations are also those countries in which the crisis has had the most severe economic impact. In Portugal, Spain and Greece, for example, there has been relatively little room for manoeuvre on the part of the social partners, given the scale of the economic adjustments these countries have to make.

Nevertheless, it could be argued that the industrial relations systems of Nordic and Central countries contain more potential flexibility in terms of the actors and the processes (for example opening clauses in collective agreements), enabling them to adapt more readily to changes in the economic environment. Further, these countries have more solid linkages between levels and, overall, a less adversarial industrial relations climate and culture; all of which may well have contributed to their resilience.

In countries where the tripartite systems in place are well-established and function strongly, there is more scope for a joint response to the crisis. Certainly, the Spanish national report notes that international institutions see Spain's highly coordinated and centralised system of collective bargaining as one of its main problems. Further research into this question could yield some interesting results. Another interesting question to research would be the extent to which social partner institutions and social dialogue processes will be able to reconstitute themselves after the crisis in those countries that have suffered the greatest change to these institutions and processes. It could be that in some countries, the crisis will have an effect on industrial relations systems, processes and outcomes that will far outlast this current period of economic turbulence.

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Annex 1: Country codes

Country codes

Country code	Country name
AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

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