



# Impact of the crisis on Industrial Relations

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Improvement of Living and Working  
Conditions*

[www.eurofound.europa.eu](http://www.eurofound.europa.eu)

# Impact on Industrial Relations: Overview

ACTORS	PROCESSES	OUTCOMES
<ul style="list-style-type: none"><li>• Reorganisation of public IR actors</li><li>• Reorganisation of social partners</li><li>• Developments in density rates</li><li>• New actors</li></ul>	<ul style="list-style-type: none"><li>• Changes in wage setting mechanisms</li><li>• Changes in CB level</li><li>• Industrial action</li><li>• Dispute resolution</li></ul>	<ul style="list-style-type: none"><li>• Length of agreements</li><li>• Pay provisions</li><li>• Working time</li></ul>



## Impact of instruments at EU and national level on industrial relations during the period of crisis (2008-2012)



Strong impact of EU level measures



Little or no impact of EU level measures

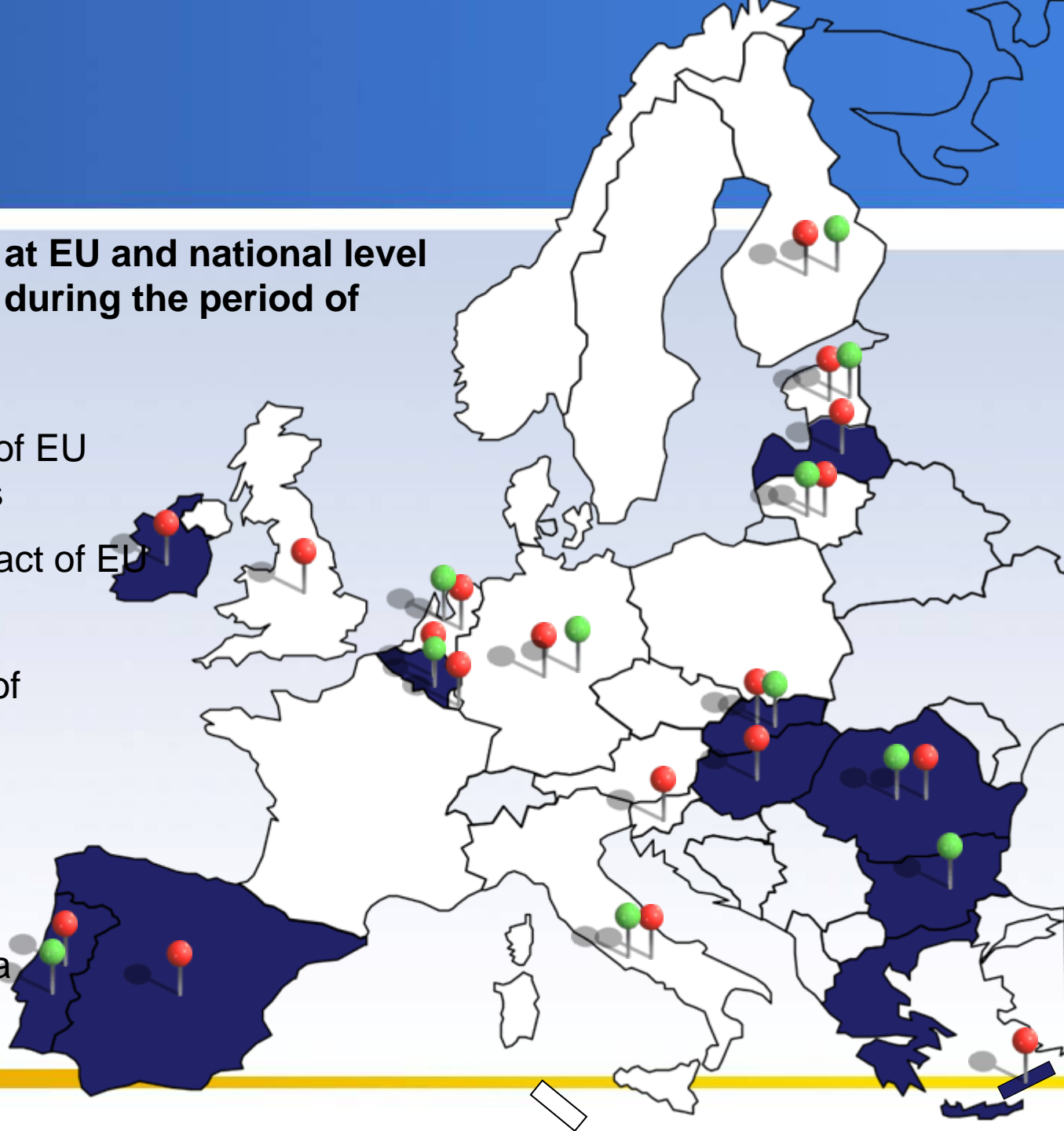


Strong impact of national level measures



Social partner initiatives

Source: Eurofound 2013a



# Impact on Industrial relations: actors – reorganisation of public IR actors

- **BE : breakdown of IPA 2011/12 tripartite structure**
  - **HU: abolition** of National Interest Conciliation Council (tripartite) and replacement by National Economic and Social Council (multipartite)
  - **IE: Workplace Relations Commission to replace 5 existing employment rights and IR bodies in Ireland**
    - Labour Relations Commission; Equality Tribunal; National Employment Rights Authority; Employment Appeals Tribunal Labour Court
- ACTORS** by an overall body for employment rights issues handling cases on a first instance basis; Labour Court as an appellate body

# Impact on IR: actors reorganisation of social partners

- **RO:** new Labour Code and Social Dialogue Act (2011)
  - ▶ puts in place new representativeness criteria for SP
- **UK:** debate on **de-recognition** of TU

# Impact on IR: actors: developments in density rates

- **decline of trade union density (TUs)**
  - ▶ BG, CY, DK, *EE*, LT, LV, SE, SK, UK
- **decline of employers organisations density**
  - ▶ LT first decrease than ....
- **rise of employers organisations density**
  - ▶ DE (of EOs not bound by CAs), CY, *EE*, *LT*



# Impact on IR: actors new actors




- **ES:** crisis has favoured the emergence of **new social movements**  
e.g. “15-M Movement” or “Indignados movement”
- **EL**
  - ▶ many business-level agreements are drawn up by **informal associations of workers** established under the provisions of the new rules on collective bargaining.
- **SI**
  - ▶ rise in **new social movements**

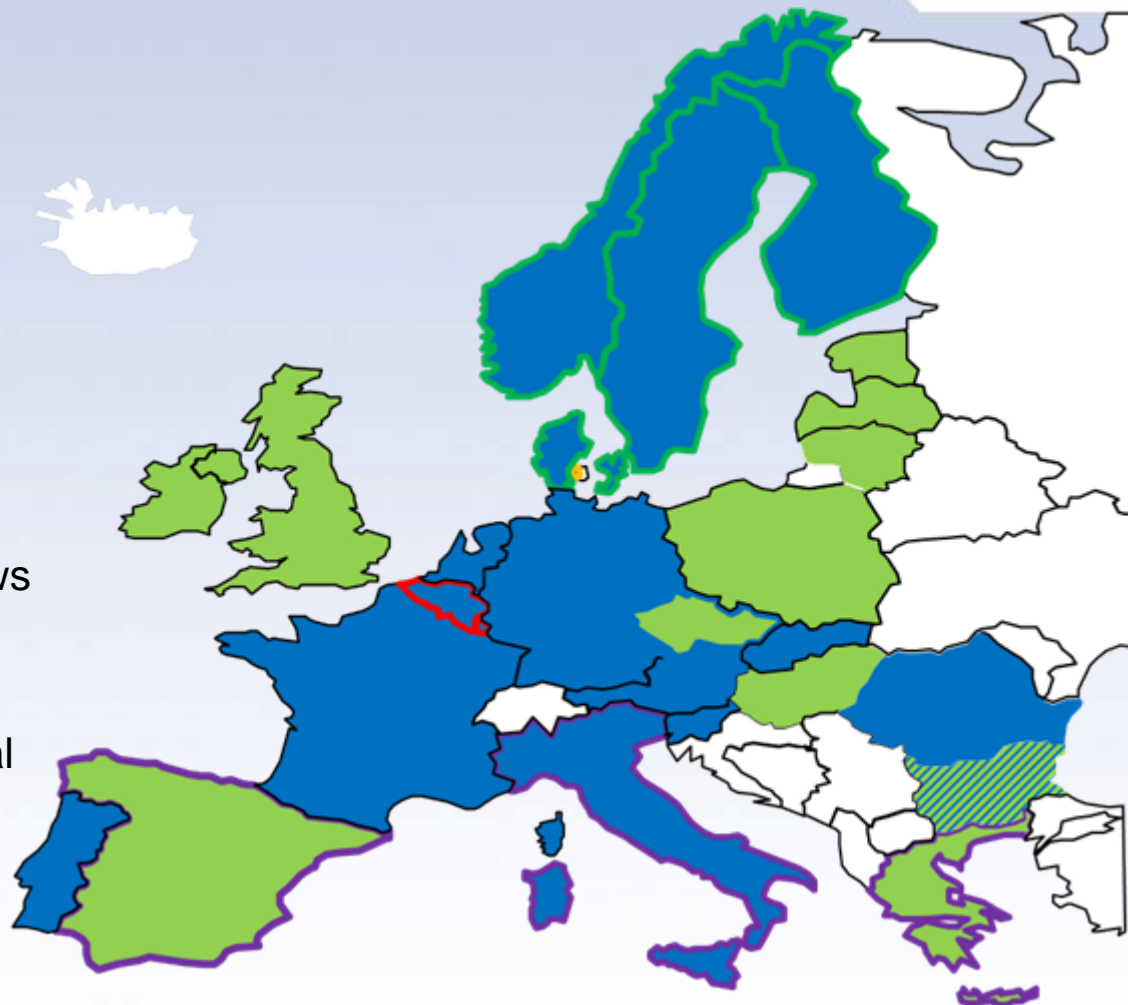
# Levels of wage bargaining 2011, 2012

Dominant levels of wage bargaining

-  Sector level
-  Company level
-  Sector and company level

Higher level agreements or laws

-  Indexation
-  National or intersectoral
-  Pace setting



PROCESSES

Source: Eurofound  
2013c and 2013b)






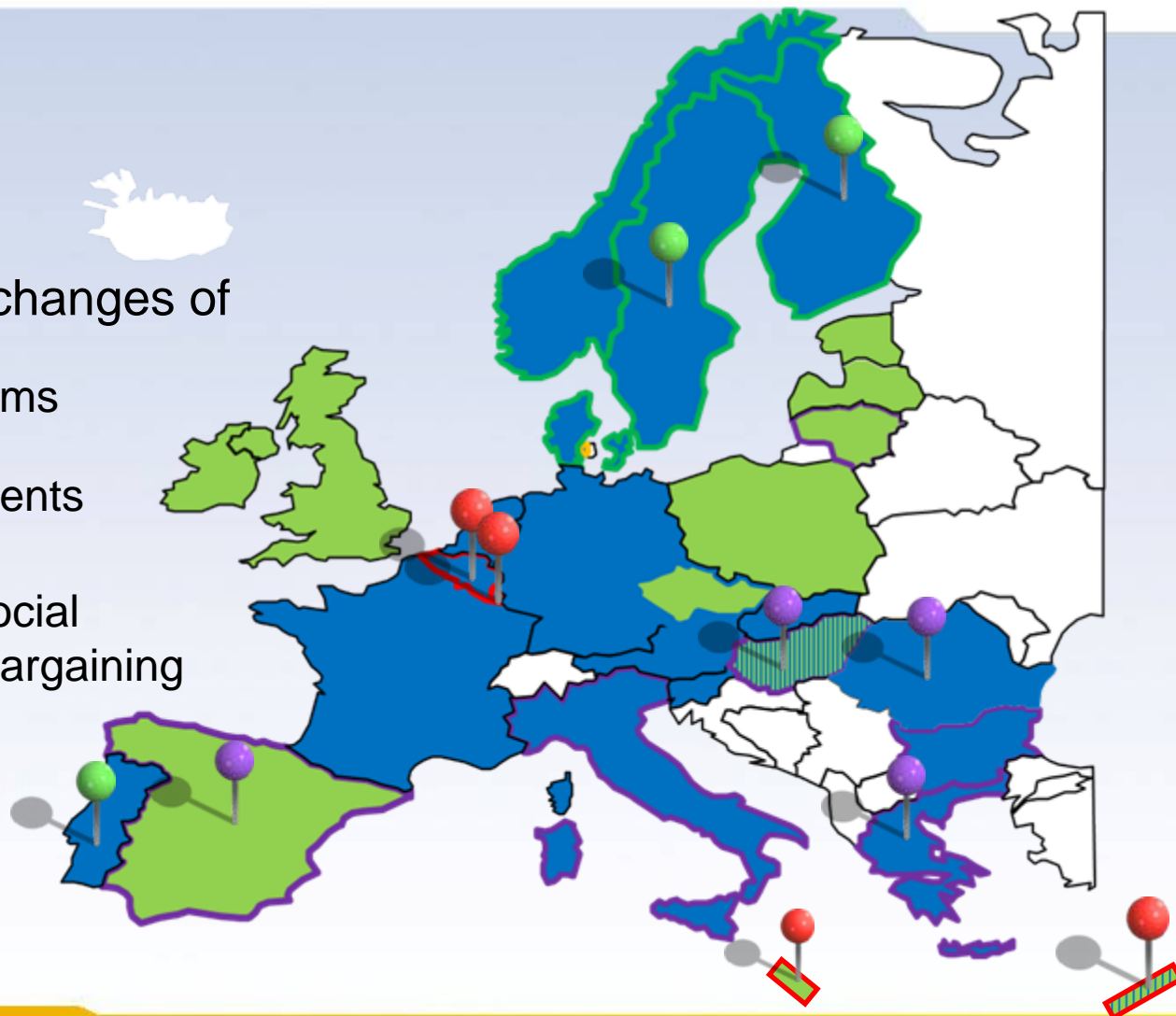


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# Wage bargaining: changes and debates 2011-12

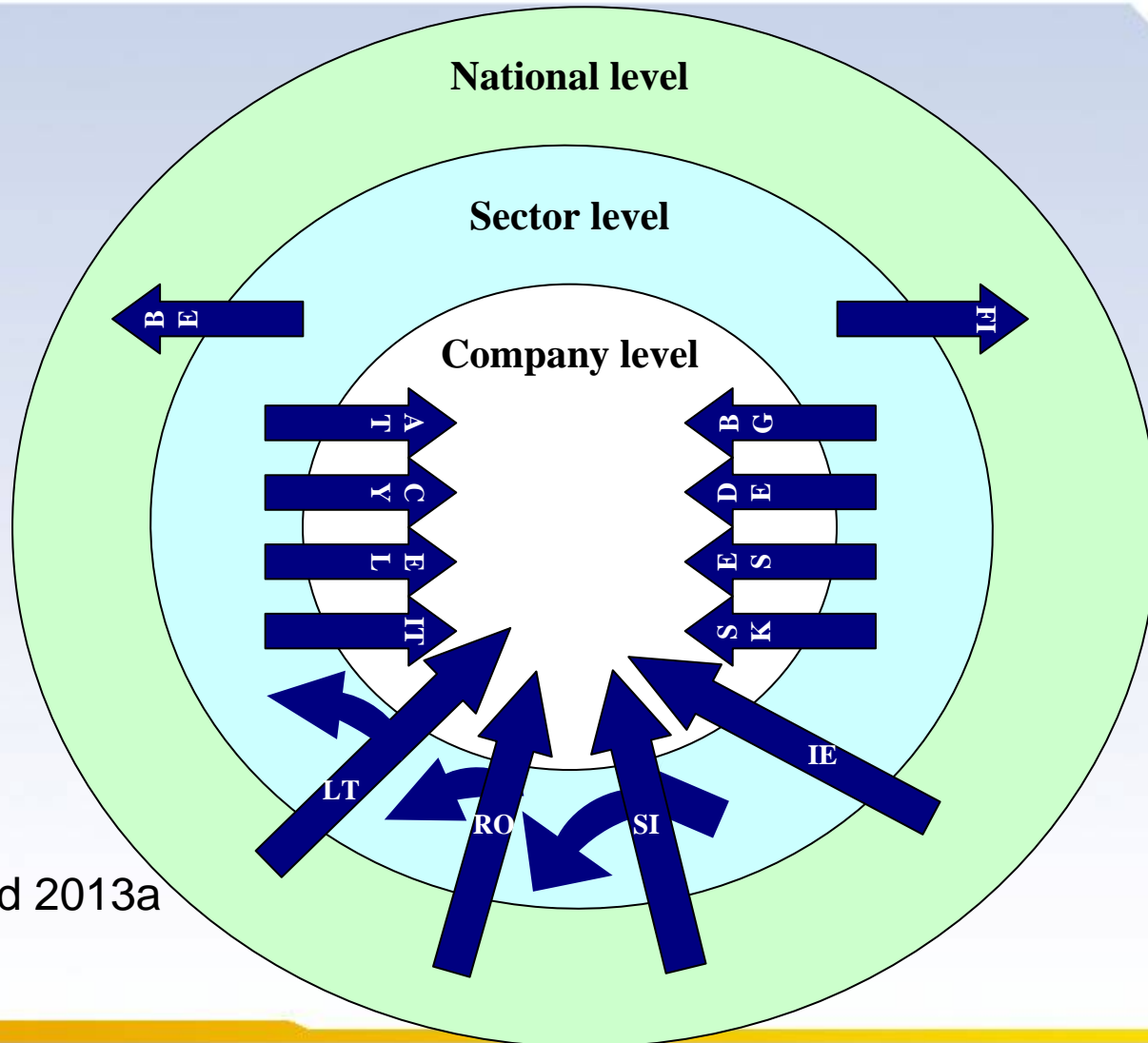
Recent debates on or changes of

-  Indexation mechanisms
-  trend setting agreements
-  involvement of the social partners, collective bargaining



PROCESSES

# Centralisation and decentralisation in IR trends during the crisis



Source: Eurofound 2013a



## 3.2 Impact on IR: processes decentralisation of CB

### • ES

- ▶ 2 reforms of the CB system implemented since the crisis
- ▶ main aims of both these reforms has been
  - to encourage **internal flexibility** and
  - to promote **CAs at company** as opposed to sectoral level
- ▶ expected trend towards more decentralisation
- ▶ allows companies to **opt out** of CB if the enterprise records a drop in its revenues or sales during six consecutive months
- ▶ changes to the **non-renewal of CA** can occur since the new regulation stipulates that a CA ceases to be in force one year after its completion

- **EL:** vast **dismantling of CB**
  - ▶ possibility to sign **enterprise-level CA agreements with less favourable** content than in industry wide CA
  - ▶ minimum wage is reduced by 22% (by 32% for people under 25 years) **by law** at the expense of the **national CA**
- **PT:** in 2011, Ministry of Labour published **200 CA** covering 1.2 million workers; in 2012: coverage dropped to 328.000
  - ▶ no. of sector and multi employer CA dropped dramatically the last 4 years, in particular in 2012
  - ▶ **decrease of company agreements** continued its decline since 2008
  - ▶ in 2011 **extension of CA came to a standstill**

# Impact on IR: processes decentralisation of CB

- **IE: social partnership collapsed** as a result of the crisis
  - ▶ under the National Recovery Plan (2011-14 ) Gov. undertook to review of the Registered Employment Agreements (**REAs**) and Employment Regulation Orders (**EROs**)
  - ▶ minimum rates of pay are agreed the Joint Labour Committees (**JLCs**) and are given force of law in Employment Regulation Orders (**EROs**)
  - ▶ **Registered Employment Agreements (REAs)** are minimum rates of pay and conditions agreed between employers and unions in a sector or enterprise
    - registered with the Labour Court > legally binding
    - exist in sectors (e.g. construction and electrical contracting)

## • IT

- ▶ Fiat's exit from Confindustria and the implementation of a separate IR system based on a **first-level group-wide CA**
- ▶ **intersectoral agreement on representativeness and derogations** from industry-wide bargaining signed in June 2011 by Confindustria, CGIL, CISL and UI
- ▶ first represents a relevant **break-away from the traditional IR pattern** of prevalent **sectoral CB**
- ▶ second shows the capacity of the major Italian IR actors to cope with the challenges of **decentralised CB**

- **FI**

- ▶ **recentralisation** of CB, i.e. 2007/08 trend of decentralisation from national to sectoral > reversed > **only MS**
- ▶ 2011 **national** wage settlement agreement

- **FR**

- ▶ sectoral CB strong during crisis, yet less quality (decline in min. pay, more concession bargaining)



PROCESSES

- **AT: first strike** in metal sector since 25 years
- **DK: declined** *because of the crisis*
- **EE: strikes increased**
- **PT: 4 general strikes** 2010-2012
- **SI: mass demonstrations at national level**
  - ▶ 2011 **most strike** intense year since independence
- **UK**
  - ▶ TU in public sector **threaten** to take industrial action (2013) if talks with the government on pay increases fail

PROCESSES



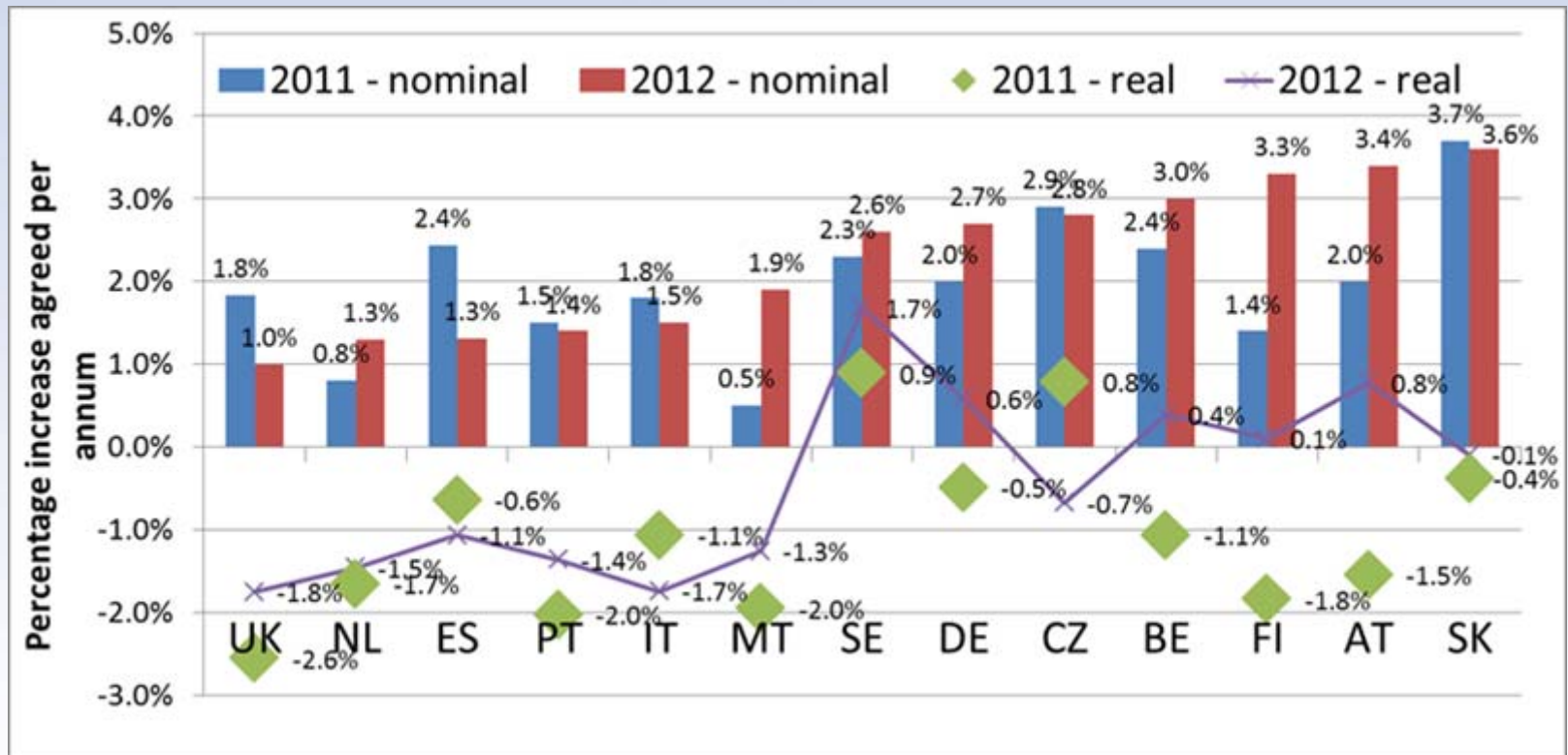
- **EL**
  - ▶ **elimination unilateral recourse** to arbitration if mediation fails
  - ▶ role of **arbitration** limited to disputes around the **minimum wage threshold per bargaining level**
- **IE: new two tier structure**
- **SI: no. of breaches** of CA risen from 462/year (2007) to 2,596 in 2010.
- **UK**
  - ▶ **no. of collective disputes** referred to ACAS increased by 15% between 2010–2011
  - ▶ legislative plans to encourage the use of ‘**settlement agreements**’ to terminate employment relationships without recourse to an employment tribunal

- **CY**
  - ▶ employers advocating longer duration of CAs
  - ▶ TUs a shorter duration
- **DE**
  - ▶ **longer** duration of CAs
- **DK**
  - ▶ **shorter** CA
- **ES**
  - ▶ new legislation now stipulates that **CAs will cease** to be in force one year after they have expired.

OUTCOMES

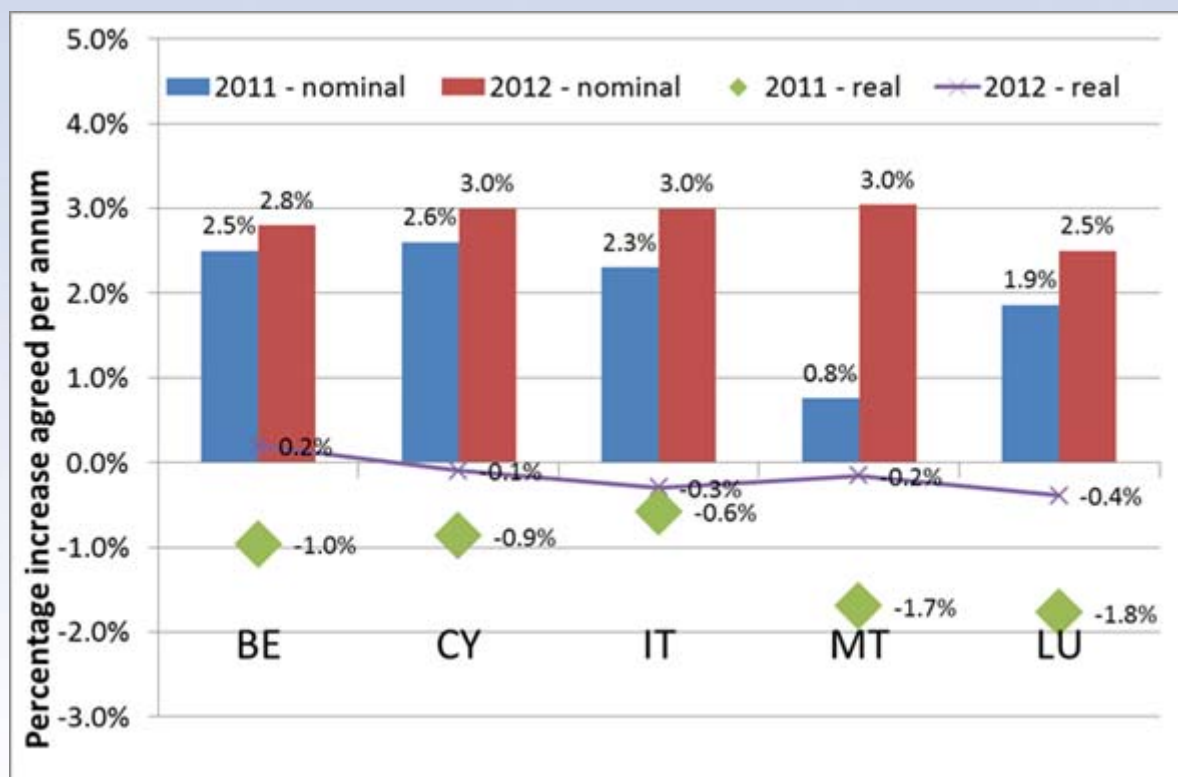


## “Average” collectively agreed pay 2011 – 2012 nominal and real terms – from databases



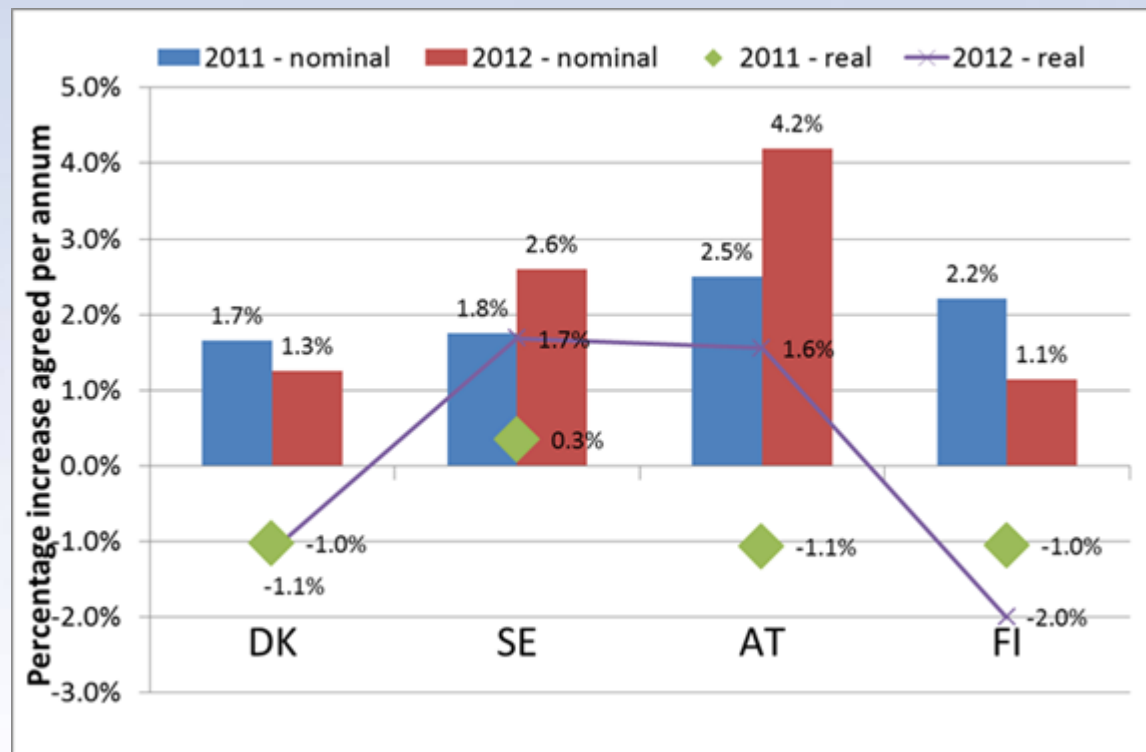
Source: EIRO national reports, various national databases, see report for more details (Eurofound 2013b)

# Outcomes of pay indexation mechanisms



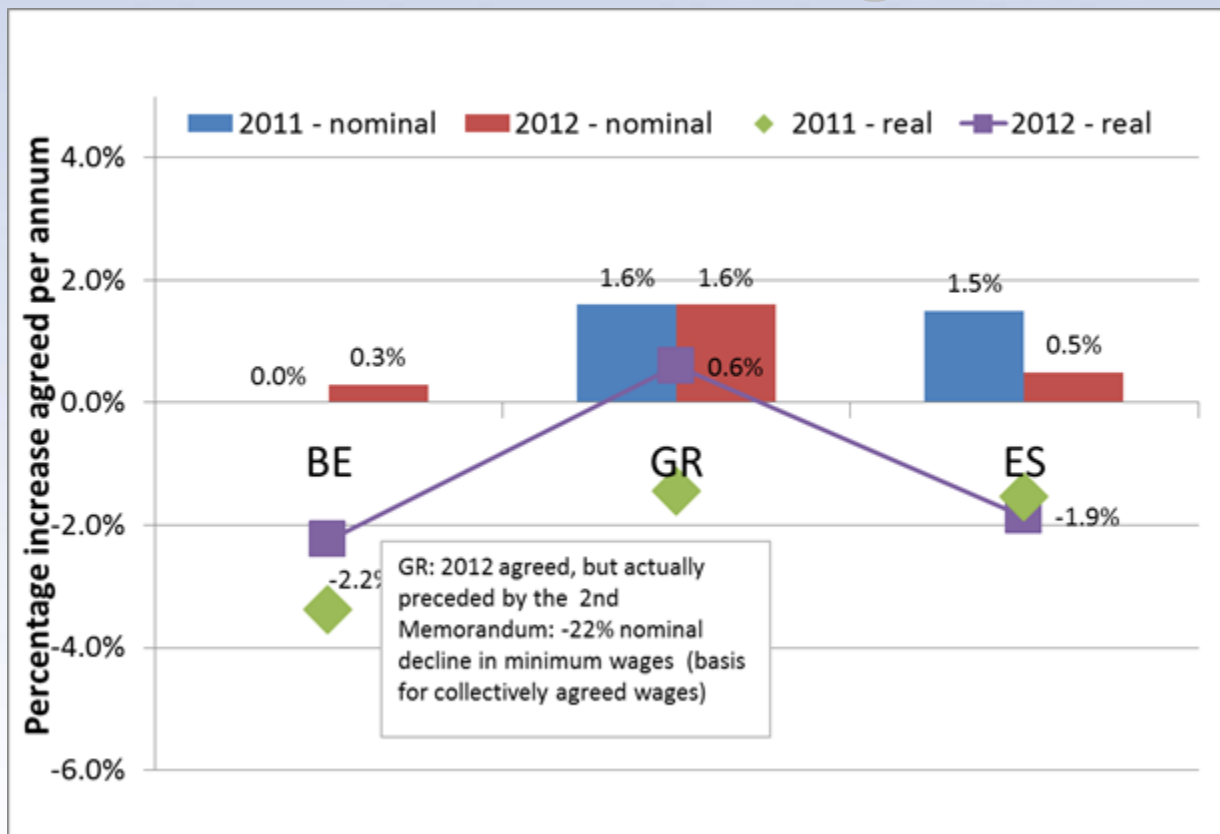
Source: EIRO national reports, see report for more details. (Eurofound 2013b)

# Outcomes of pace-setting agreements



Source: EIRO national reports, various sectoral agreements, see report for more details. (Eurofound 2013b)

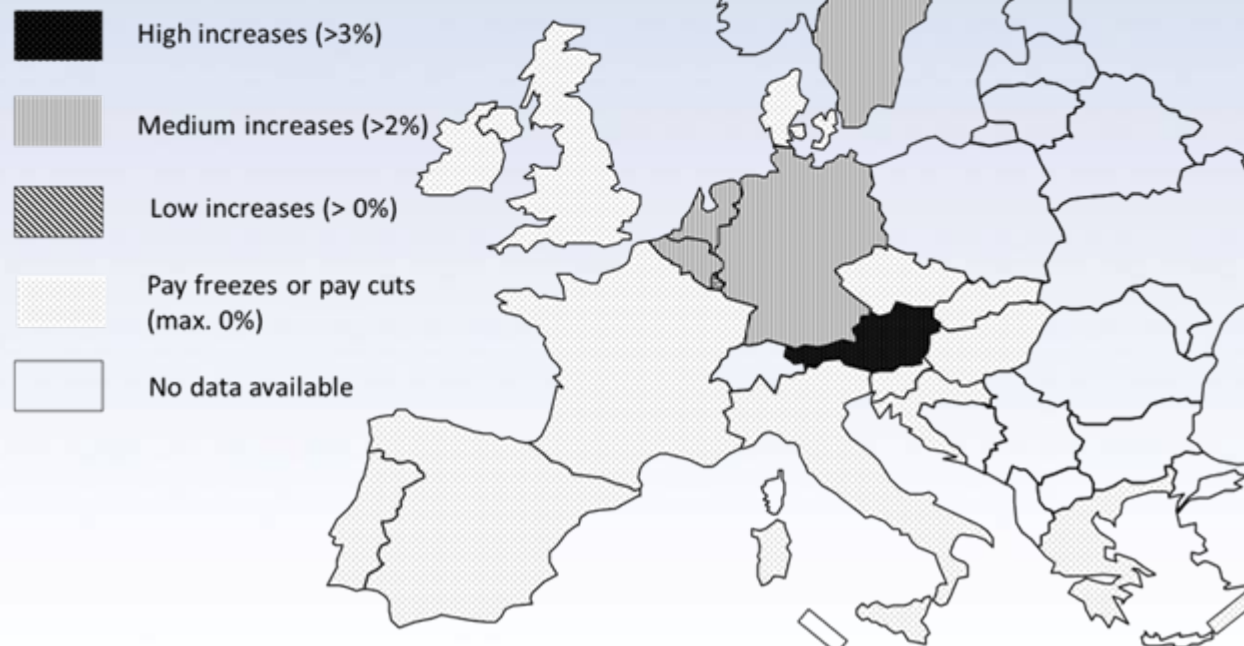
## Outcomes of central agreements



Source: EIRO national reports, various sectoral agreements, see report for more details. (Eurofound 2013b)

# Impact on IR: outcomes pay provisions

## Outcomes of pay setting/bargaining in the local government sector 2012



Source: EIRO national reports, various sectoral agreements, see [report for more details](#). (Eurofound 2013b)

- **DE**
  - ▶ **new forms of work organisation > STW**
- **LT**
  - ▶ shorter WT/unpaid leave
- **UK**
  - ▶ WERS 2011 & EWCS
  - ▶ increase in workload (29%), work reorganisation (19%), and restrictions on access to training (12%)



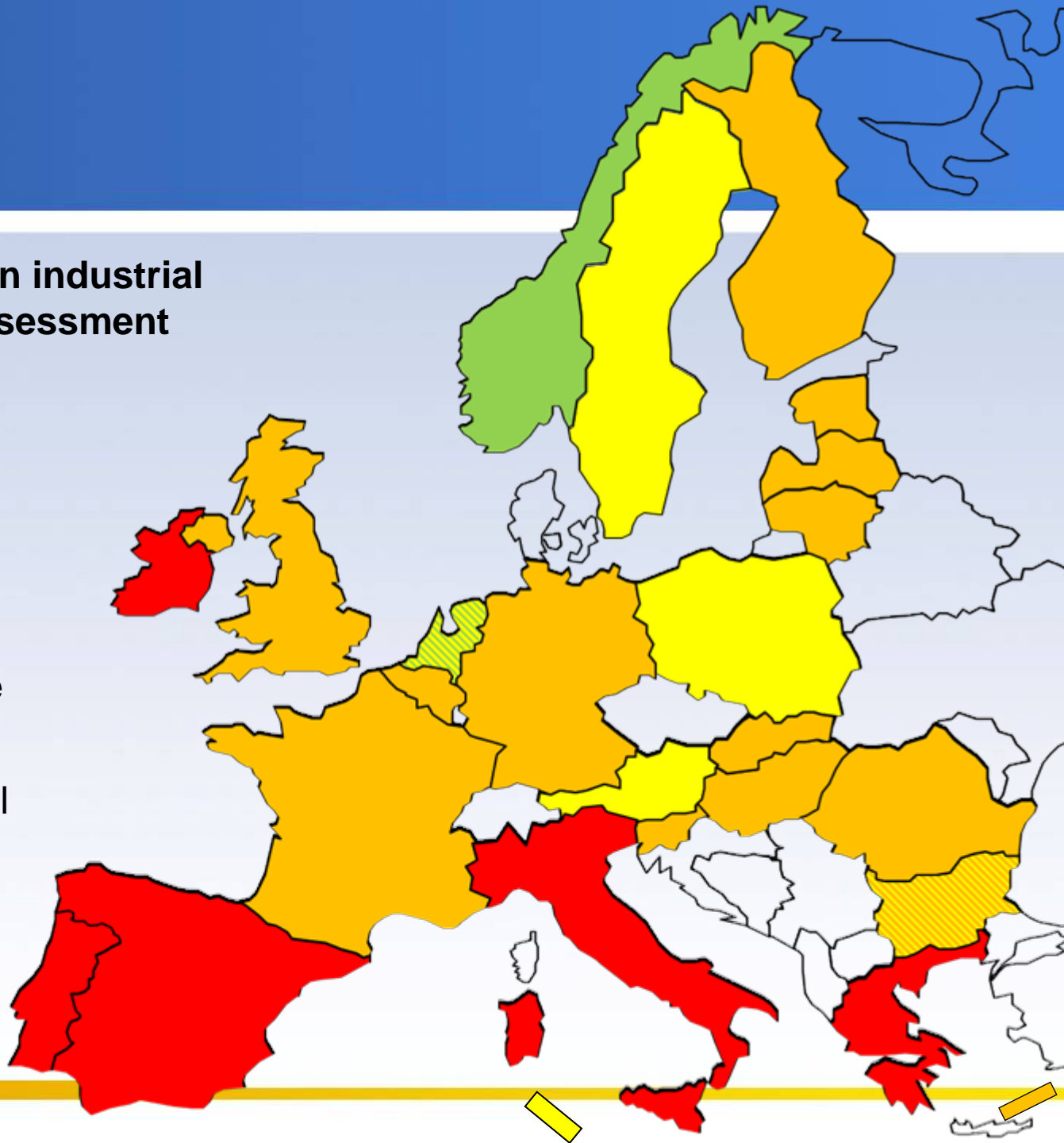
<b>Impact</b>	<b>Countries</b>
<b>Reorganisation of public actors and bodies</b>	<b>HU, IE, LU, RO</b>
<b>Decline in trade union density</b>	<b>CY, BG, DK, EE, LT, LV, SE, SI, SK, UK</b>
<b>Halt in trade union density decline/increase in trade union density</b>	<b>AT, CZ, DE, EE (for transport), LT</b>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

# Impact of the crisis IR processes

Impact	Countries
<p><b>Decentralisation/change of CB patterns/</b></p> <p><b>vs.</b></p> <p><b>Recentralisation of CB</b></p>	<p><b>AT, BG, CY, DE, ES, EL, IE, IT, LT, LV, RO, SE, SI, SK</b></p> <p><b>BE, FI</b></p>
<p><b>Changes to minimum wages (e.g. cuts, freezes, unilateral government decisions)</b></p>	<p><b>CZ, DK, EL, FR, HU, IE, LT, LV, RO, PL, PT, SI, UK</b></p>
<p><b>Debate on/changes to wage indexation</b></p>	<p><b>BE, CY, ES, LU, MT</b></p>
<p><b>Changes to extension mechanisms</b></p>	<p><b>PT, SK</b></p>
<p><b>Introduction of/increase in opening clauses</b></p>	<p><b>AT, BG, DE, ES, IT, SE, SI,</b></p>
<p><b>Organisation of protests and strike action</b></p>	<p><b>AT, CY, CZ, EE, EL, LT, PT, SI, UK</b></p>
<p><b>Changes or planned changes to dispute resolution</b></p>	<p><b>EL, ES, IE, SI, UK</b></p>

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

## Impact of the crisis on industrial relations – overall assessment



Source: Eurofound 2013a



Eurofound

## 6. Crisis vs. megatrends

Trend	Origin
Restructuring of actors	Megatrend
Decline in trade union density	Megatrend
Public Sector Reform	Megatrend
Decentralisation of collective bargaining	Megatrend (crisis accelerated)
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 CAs	Crisis-induced trend
Reforms in wage-setting mechanisms	Crisis-induced trend
More adversarial industrial relations	Crisis-induced trend
	Source: EIRO 2013

Thank you for your interest!

• Further information: David Foden  
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- Eurofound 2013a, forthcoming, Andrea Broughton: Impact of the crisis on industrial relations.
- Eurofound 2013b, forthcoming, Christine Aumayr-Pintar and Karel Fric, Developments in collectively agreed pay.
- Eurofound 2013c, Christine Aumayr-Pintar, Jorge Cabrita and David Foden, Wages: A working conditions and industrial relations perspective