Impact of the crisis on Industrial Relations

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## Impact on Industrial Relations: Overview

<table>
<thead>
<tr>
<th>ACTORS</th>
<th>PROCESSES</th>
<th>OUTCOMES</th>
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</thead>
</table>
| • Reorganisation of public IR actors  
• Reorganisation of social partners  
• Developments in density rates  
• New actors | • Changes in wage setting mechanisms  
• Changes in CB level  
• Industrial action  
• Dispute resolution | • Length of agreements  
• Pay provisions  
• Working time |
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

*by an overall body for employment* rights issues handling cases on a first instance basis; Labour Court as an appellate body
• **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
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**

Source: Eurofound 2013c and 2013b)
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
Impact on IR: processes decentralisation of CB

- **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
• **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 by 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)
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**
Impact on IR: processes recentralisation of / stable 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)
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
Impact on IR: processes dispute resolution

- **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.
Impact on IR: outcomes
length of agreements

- **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.
“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)
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)
Impact on IR: outcomes
working time / work organisation

- **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%)
<table>
<thead>
<tr>
<th>Impact</th>
<th>Countries</th>
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</thead>
<tbody>
<tr>
<td>Reorganisation of public actors and bodies</td>
<td>HU, IE, LU, RO</td>
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<tr>
<td>Decline in trade union density</td>
<td>CY, BG, DK, EE, LT, LV, SE, SI, SK, UK</td>
</tr>
<tr>
<td>Halt in trade union density decline/increase in trade union density</td>
<td>AT, CZ, DE, EE (for transport), LT</td>
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<tr>
<td>Changes to membership of employer bodies</td>
<td>CY (increase), DE (increase in members not bound by CA), LT (first decline, followed increase)</td>
</tr>
<tr>
<td>Decreasing influence and visibility</td>
<td>BE, DK, HU, IE, LV, NL</td>
</tr>
<tr>
<td>Increased cooperation between the social partners</td>
<td>DE, HU, LT, NL</td>
</tr>
<tr>
<td>Emergence of new social movements</td>
<td>ES, EL, SI</td>
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Source: EIRO national reports 2013.
## Impact of the crisis IR processes

<table>
<thead>
<tr>
<th>Impact</th>
<th>Countries</th>
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<tbody>
<tr>
<td>Decentralisation/change of CB patterns/ vs.</td>
<td>AT, BG, CY, DE, ES, EL, IE, IT, LT, LV, RO, SE, SI, SK</td>
</tr>
<tr>
<td>Recentralisation of CB</td>
<td>BE, FI</td>
</tr>
<tr>
<td>Changes to minimum wages (e.g. cuts, freezes, unilateral government decisions)</td>
<td>CZ, DK, EL, FR, HU, IE, LT, LV, RO, PL, PT, SI, UK</td>
</tr>
<tr>
<td>Debate on/changes to wage indexation</td>
<td>BE, CY, ES, LU, MT</td>
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<tr>
<td>Changes to extension mechanisms</td>
<td>PT, SK</td>
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<tr>
<td>Introduction of/increase in opening clauses</td>
<td>AT, BG, DE, ES, IT, SE, SI, UK</td>
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<tr>
<td>Organisation of protests and strike action</td>
<td>AT, CY, CZ, EE, EL, LT, PT, SI, UK</td>
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<tr>
<td>Changes or planned changes to dispute resolution</td>
<td>EL, ES, IE, SI, UK</td>
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<tr>
<td>Impact</td>
<td>Countries</td>
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<tr>
<td>--------------------------------------------</td>
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<tr>
<td>Inconclusive outcomes</td>
<td>BG, CY, CZ, ES, MT, NL</td>
</tr>
<tr>
<td>Decrease in number of agreements</td>
<td>CY, CZ, EE, LV, MT, PT, RO, SI</td>
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<tr>
<td>Increase in duration of agreements</td>
<td>DE</td>
</tr>
<tr>
<td>Decrease in duration of agreements</td>
<td>BG, DK, SE</td>
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<tr>
<td>Decrease in the level of pay increases</td>
<td>AT, ES, FI, NL</td>
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<tr>
<td>Pay pauses or freezes</td>
<td>AT, DE, HU, LT, SI, UK</td>
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<tr>
<td>Pay cuts</td>
<td>EL, HU, IE, LT</td>
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<tr>
<td>Cuts to bonuses</td>
<td>BG, HU</td>
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<tr>
<td>Non-renewal of agreements</td>
<td>BG, CY, EE, ES</td>
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<tr>
<td>Working time reduction/short-time working</td>
<td>AT, DE, HU, LT, NL</td>
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Impact of the crisis on industrial relations – overall assessment

- Very severe
- Severe
- Not very severe
- Not severe at all
- No info

Source: Eurofound 2013a
### 6. Crisis vs. megatrends

<table>
<thead>
<tr>
<th>Trend</th>
<th>Origin</th>
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<tbody>
<tr>
<td>Restructuring of actors</td>
<td>Megatrend</td>
</tr>
<tr>
<td>Decline in trade union density</td>
<td>Megatrend</td>
</tr>
<tr>
<td>Public Sector Reform</td>
<td>Megatrend</td>
</tr>
<tr>
<td>Decentralisation of collective bargaining</td>
<td>Megatrend (crisis accelerated)</td>
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<tr>
<td>Increase in opt-out clauses</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>Increase in opening clauses</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>Decrease of extensions</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>Shorter duration of collective agreements</td>
<td>Crisis-induced trend</td>
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<tr>
<td>Drop in volume of bargaining</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>Drop in quality of bargaining</td>
<td>Crisis-induced trend</td>
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<tr>
<td>Shorter continuation of CAs</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>Reforms in wage-setting mechanisms</td>
<td>Crisis-induced trend</td>
</tr>
<tr>
<td>More adversarial industrial relations</td>
<td>Crisis-induced trend</td>
</tr>
</tbody>
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Source: EIRO 2013
Thank you for your interest!

• Further information: David Foden
dfo@eurofound.europa.eu

• 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