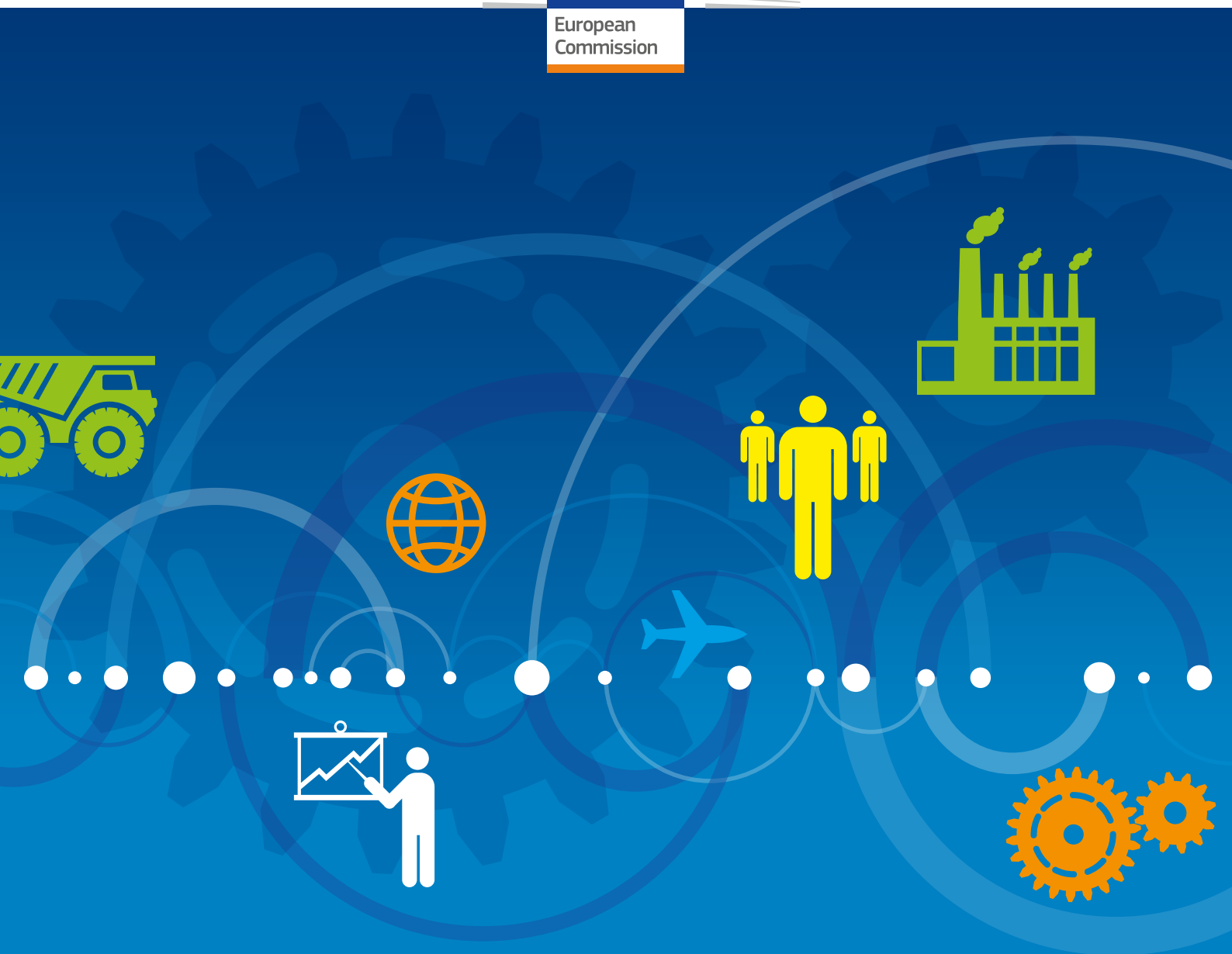
ISSN 1680-3515

European Commission



Industrial Relations
in Europe 2012

Social Europe

Industrial Relations in Europe 2012

European Commission
Directorate-General for Employment, Social Affairs and Inclusion
Unit B.1

Manuscript completed in December 2012

Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for the use that may be made of the information contained in this publication.

© Cover photo: iStockphoto

For any use or reproduction of photos which are not under European Union copyright, permission must be sought directly from the copyright holder(s).

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

More information on the European Union is available on the Internet (http://europa.eu).

Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2013

ISBN 978-92-79-26920-2

ISSN: 1680-3515

doi:10.2767/83870

© European Union, 2013

Reproduction is authorised provided the source is acknowledged.

Printed in Italy

PRINTED ON ELEMENTAL CHLORINE-FREE BLEACHED PAPER (ECF)

Foreword by the Commissioner

© European Union

The European Union is going through an unprecedented crisis. What began as a financial crisis more than five years ago has brought us into a double-dip recession and a crisis of our monetary union.

The consequences are unacceptably high unemployment, especially among youth, increasing risk of poverty, and a dangerous polarisation between countries as well as within societies. We need to overcome this crisis when our long-term strategy for smart, sustainable and inclusive growth in the EU must also be pursued.

The solution to these short and long-term challenges is to create a more sustainable and competitive business and social models. The role of industrial relations will be crucial in achieving both of them. This must be a key consideration when we refocus on Europe's strengths and competitive advantages.

In countries where social dialogue is well established and industrial relations institutions are strong, the economic and social situation tends to be more favourable and subject to less strain. And it must be stressed that the countries with strong social dialogue are also the most competitive ones in Europe.

This seventh edition of *Industrial Relations in Europe* is designed to provide solid data and analytical evidence for sound policies in the area of social dialogue. The evidence shows that as the crisis has continued, industrial relations have become more conflictual.

Reform measures that have been taken in response to the crisis have not always gone hand in hand with fully effective social dialogue, and this has led to a lack of consensus on sharing the cost of the crisis fairly. Our cooperation with the ILO has been very instrumental in identifying such problems and also clarifying the way forward.

The situation is particularly worrying in Member States in Central and Eastern Europe, where industrial relations institutions remain weak and fragmented. Instead of strengthening the social partners' capacity and structural position, some reforms underway are actually undermining the consensus needed for an effective involvement of the social partners in the necessary adaptation to change.

The report is clear about the need to reinvigorate national industrial relations systems in several Central and Eastern European countries. The EU assists by supporting capacity building of social partners through the European Social Fund or through co-financing of transnational projects, but I call on Member States and social partners to also step up their efforts.

In other countries, too, social dialogue is under strain. More particularly in countries subject to structural adjustment programmes but also in other countries, governments are implementing tough fiscal consolidation measures to re-establish solvency and restore confidence. These measures involve painful reforms, and have not always included a role for social dialogue. However, evidence suggests that the social partners' involvement and some degree of consensus are vital if the reforms are to succeed in the long term.

Social dialogue is also under strain in the public sector across Europe. Restructuring and modernisation of the public sector has been under way in many countries for quite some time, while the recent focus is more on public sector efficiency gains. In some countries, the methods chosen to implement decisions have not included social dialogue which triggered a wave of industrial conflicts and demonstrations in the public sector.

The worrying state of industrial relations in Europe is accompanied by a lack of confidence in institutions. To restore the trust of citizens, we must also strengthen social dialogue, particularly in countries where it is weak.

Reforms introduced without respecting social dialogue are less likely to be well implemented and durable. Indeed, rather than slowing down reforms, social dialogue may well improve and accelerate the implementation, boosting economic competitiveness and social cohesion at the same time.

The Commission is committed to playing its part, for example by improving the involvement of social partners in the European macroeconomic governance. Social dialogue can contribute very significantly to the stabilisation of the monetary union, by making its governance more balanced, including through helping to explore and address social imbalances.

I am convinced that social dialogue is not a luxury, but an integral part of Europe's business and social models. It is a vital necessity to find a sustainable exit from the current crisis.

April 2013

László Andor
Commissioner for Employment, Social Affairs and Inclusion

Contents

Foreword by the Commissioner 5

Executive summary 11

Chapter 1: Overview of European, national and public sector industrial relations 21

1.1. Introduction 21

1.2. Industrial relations indicators 21

1.3. Industrial relations in the public sector 28

1.4. Trade unions 40

1.5. Employers' associations 44

1.6. Overview and classification of national and public sector industrial relations models 46

1.7. Conclusions 49

Chapter 2: Industrial relations developments in the new Member States in Central and Eastern Europe 53

2.1. Introduction 53

2.2. Economic performance of the CEECs 54

2.3. Comparing industrial relations in the CEECs and the EU-15 61

2.4. Varieties of industrial relations within the CEECs 68

2.5. Re-configuration of industrial relations in the CEECs after EU enlargement, the economic crisis and public sector austerity 78

2.6. Conclusions and prospects for the future development in industrial relations in CEECs 86

Chapter 3: Public sector industrial relations in transition 93

3.1. Introduction 93

3.2. Size of the public sector 93

3.3. Employment structure 96

3.4. Employment status and the right to collective bargaining 104

3.5. Trade unions and employers 105

3.6. Wage setting systems 110

3.7. Centralisation, decentralisation, differentiation 114

3.8. Industrial conflict and settlement of disputes 117

3.9. Conclusions: Identifying clusters 118

Chapter 4: The consequences of the crisis for public sector industrial relations 129

4.1. Introduction 129

4.2. Public expenditure trends and public sector reform 130

4.3. Fiscal consolidation: austerity measures in the Member States 135

4.4. Employment, working time and flexible labour utilisation 141

4.5. The implementation of austerity measures:
Limited social dialogue and widespread mobilisation 144

4.6. Conclusions 156

Chapter 5: Greening the social dialogue 163

5.1. Introduction: European-level policy on greening and social partner positions 163

5.2. Role of the national social partners and their level of engagement 164

5.3. Cooperative approaches in managing greening at the sectoral and company level 165

5.4. Representation within an emerging sector:
electricity production from renewable energy sources (RES) 168

5.5. Job quality impacts of greening and social partner involvement 169

5.6. Green restructuring 174

5.7. Conclusions 176

Chapter 6: Social partner involvement in unemployment benefit and pensions systems in the EU 181
6.1. Introduction 181
6.2. Social partner involvement in social policy: involvement and governance models 181
6.3. Unemployment benefit systems 183
6.4. Main trends in social partner involvement in unemployment benefit 186
6.5. Pension systems: key issues and challenges 187
6.6. Effects of the current crisis 194
6.7. Conclusions and future developments 199
Chapter 7: European social dialogue developments 2010–2012 203
7.1. Introduction 203
7.2. Main developments in European social dialogue 205
7.3. Other themes in European sectoral social dialogue 220
7.4. Cross-industry social dialogue: evaluation of past actions and outlook 227
7.5. Conclusion 229
Chapter 8: Review of European labour legislation 2010–2012 237
8.1. Introduction 237
8.2. Labour law 237
8.3. Health and safety of workers 246
8.4. Conclusion 248

Executive summary

The economic and financial crisis that has been affecting Europe for several years may very well cause a profound and long-lasting upheaval in Industrial Relations institutions and practices. While *Industrial Relations in Europe 2010* noted that social dialogue had been a factor for resilience in overcoming the early effects of the crisis, this 2012 edition concludes that the impact of the sovereign debt challenge and the budgetary consolidation policies being pursued in a wide range of countries are producing more fundamental changes to industrial relations in Europe.

Industrial Relations in Europe 2010 noted that in the early part of the recession, when the main impact of a shrinking economy was felt by the private sector, governments and social partners often worked together to mitigate negative impacts on employment. Despite significant differences between countries and sectors already in evidence in 2010, such solutions were most often based on extensive use of internal flexibility and focussed on short-time working schemes as well as support for the banking system and for specific industries— such as the car industry— through special fiscal arrangements. Social dialogue, both bipartite and tripartite, was seen as a useful, flexible and efficient mechanism which contributed positively to promoting resilience and generating social consensus in the face of the crisis.

Since then, the crisis has deepened and spread to further sectors of the economy, including the public sector, as the financial crisis turned into a sovereign debt crisis, making fiscal consolidation a key objective of macroeconomic adjustment policies. This has resulted in an unfavourable setting for social dialogue, which became more conflictual in many countries and sectors, a trend which has been particularly visible in the public sector. One main characteristic of the public sector is that the employment relationship is regulated by laws that are different from those governing the private sector. A key characteristic of industrial relations in the public sector is the status of employees with employment tenure and life-long careers, and the status of the state as a single employer. This implies different rights and duties for public sector employees, including some limitations on collective bargaining and the right to strike. This different legal regulation and the special role of the public sector go some way towards explaining the differences between the two sectors in terms of the main dimensions of industrial relations, such as collective bargaining and the organisation and role of the social partners. In this report, the public sector is considered as covering central and local government, with the health and education sectors.

In response to the public debt crisis, the approach of national governments for the public sector has been to dramatically accelerate and intensify existing long-term structural reforms, and the methods chosen to implement decisions have often excluded the use of social dialogue. Two situations can be identified. The first covers a limited number of countries in which the long-term trend towards public sector restructuring, with a view to seeking efficiency gains, continues with a more balanced approach and limitation of conflict, and preserves the scope for collectively agreed solutions between trade unions and public sector employers. The second covers countries in which fiscal consolidation programmes are being implemented, and not just in those countries receiving financial assistance from the European Union and the International Monetary Fund. For countries hit by the debt crisis, fiscal consolidation, financial stability and structural reforms are conditions to restore confidence, re-establish fiscal solvency and foster economic growth over the medium-term. In these countries the measures are necessarily more severe than those taken by private companies during the 2008–2010 recession.

Sound public finances facilitate the ability of governments to carry out policies that are distinguishing elements of the European Social Model such as the promotion of social cohesion and substantial financing for key public services such as health and education. Thus, many measures were designed to correct fiscal imbalances and to restore confidence of financial markets in the capacity of national governments to undertake responsible and sustainable fiscal policies. In some countries, these measures included reforms of collective bargaining systems where they were seen as part of the problems to be addressed. Even if the Commission has always stressed the importance of social dialogue, autonomy of social partners and respect for national circumstances and practices, reforms were not always accompanied by a fully effective social dialogue.

These reforms have pointed to the lack of flexibility of the classic tools of collective bargaining mechanisms and other systems for conflict prevention, such as indexation and extension clauses. In such circumstances, there is little negotiating space for social dialogue to operate, and the more positive overall assessment of *Industrial Relations in Europe 2010* cannot be repeated for the subsequent period.

The impact of the crisis on industrial relations in the public sector is severe, particularly for the trade unions. For some time now, the public sector has provided a core group of trade union members; trade union density in many Member States has been considerably higher in the public than in the private sector, and the combination of austerity policies leading to a shrinking public sector and demographic trends is likely to further reduce overall trade union density in services in the coming years. As a result of the reforms in the public sector and the current conflictual environment, industrial relations in the public sector have almost certainly changed fundamentally.

While recent trends in industrial relations across Europe are worrying, the evidence is clear that well-structured social dialogue can produce positive outcomes, and some of these are

documented in this report. As was already the case in 2010, the countries where social dialogue is well-established and industrial relations institutions strong are still generally those where the economic and social situation is more resilient and under less pressure. This also reflects the historically path-dependent nature of industrial relations.

This report argues that social dialogue mechanisms and instruments, which have served Europe well over many decades, are still relevant means of addressing the crisis and contributing to creating favourable conditions for growth and employment. Beyond all the diversity of national industrial relations systems, social dialogue is a key component of the European social model and its vital role is recognised by the European Treaties, including the Charter of Fundamental Rights. Industrial relations— whether in the public or private sector— are key to managing conflict and finding agreed solutions in difficult circumstances, yet to be effective, industrial relations need to develop in a climate of mutual trust and understanding, conducive to economic efficiency and motivation, productivity and development of workers. For its part, the Commission has emphasised the need to modernise wage-setting systems while respecting the role of social partners and collective bargaining in the process. The Commission is committed to promoting and supporting social dialogue throughout the EU, while fully respecting the autonomy of the social partners and the diversity of national systems of industrial relations.

Industrial Relations in Europe 2012 takes a broad view of the state of industrial relations in the EU at the present time. It is in part based on expert contributions and summarises views expressed by stakeholders, which may differ from the Commission's position. Chapter 1 presents an overview of the principal quantitative trends in industrial relations indicators across the EU. Chapter 2 of the report looks in detail at industrial relations in the 'new Member States' of Central and Eastern Europe. Chapter 3 presents a typology of the structure of industrial relations in the public sector on the basis of specific characteristics and a cluster analysis. Chapter 4 presents an analysis of the adjustment process in the public sector during the crisis in terms of its intensity and the forms of social dialogue that are most affected. There is also an update on the way in which the social partners are addressing the issue of green jobs, (Chapter 5) and an examination of the role that the social partners play in discussions on reforms of the benefit and pension systems in Member States (Chapter 6). The publication is completed by a round-up of developments and responses in European-level social dialogue (Chapter 7) and a description of the principal developments in European labour law (Chapter 8).

Chapter 1: Overview of European, national and public sector industrial relations

This chapter presents an overview of industrial relations in the EU, noting the main trends and key differences. It sets the scene for the rest of this report by providing an overview of industrial relations in the public sector and comparing it with the private sector across the EU. Industrial relations in the 27 EU Member States are usually portrayed as comprising large differences between countries. By contrast, public sector industrial relations are characterised by a higher degree of homogeneity across countries, albeit with a range of differences between countries due to factors such as national traditions and the precise nature of the role of the state.

Industrial relations in the EU have generally followed the secular trends identified in earlier Industrial Relations in Europe reports. Collective bargaining has tended to become more decentralised, with the index falling from 2.15 to 1.98 since the 2010 report. Collective bargaining coverage varies widely across the EU, from around 20% to 100%, depending to a certain extent on the typology of the industrial relations model in each country (see IRE 2008, Table 2.2). The average for the EU-27 is 66%, but only 44% in the CEECs. The secular decline in trade union membership, which has been underway since the 1980s, has continued, as has trade union fragmentation despite several high-profile mergers as a strategy to restrict the decline. Trade union density has stabilised somewhat at 24%, and remains much lower in the private sector than in the public sector in most Member States. On the other hand, the situation of employers' organisations has remained largely stable, particularly in those countries where membership of such organisations is quasi-compulsory, despite some loosening of such arrangements.

As a general feature, collective bargaining coverage and the degree of centralisation of collective bargaining in the public sector is higher in almost all EU Member States compared with the private sector. Higher collective bargaining coverage can be explained by factors such as greater recognition of the state as an employer for collective bargaining per se and of trade unions as partners in particular. The higher degree of centralisation of collective bargaining rests on the prevailing interest of central state authorities in maintaining their influence and control in the wage formation process. Further, union density in the public sector is generally higher than in the private sector, which can be explained by the collective definition of their employment status and a greater recognition of the role of trade unions by public sector employers.

In recent years, industrial relations developments have been increasingly characterised by certain secular trends: decline in membership of social partner organisations, decentralisation of collective bargaining, and less coordination and concentration. Industrial relations in the public sector have been pushed into profound structural reforms aimed at greater cost efficiency, mostly under the pressure of fiscal consolidation objectives, but also as a result of the introduction of new technologies. Such reforms have led to cuts in public services, as well as the outsourcing of public services to privately-run organisations, or the privatisation of parts of the public sector, and have contributed to the transformation of industrial relations in the public sector. Most notably, there have also been trends in recent decades towards differentiation between groups of workers and decentralisation. However, these trends have moved at different speeds and magnitudes in different EU Member States and in the private and public sectors. The crisis of the past few years has served to accelerate some of the reforms already underway in the public sector, although the speed at which it has hit has had a severe impact on employment and significant implications for the future of public sector industrial relations.

Chapter 2: Industrial relations developments in the new Member States in Central and Eastern Europe

EU enlargement in 2004 and 2007 increased the diversity of industrial relations systems across the EU. In particular, the new Member States in Central and Eastern Europe (the Central and Eastern European Countries, CEECs) increased the variation in structural and institutional characteristics of industrial relations in the EU. In comparison with the EU-15, the CEECs are characterised by weaker trade unions and a faster erosion of trade union density, a lack of established employers' associations, no tradition of bipartite multi-employer collective bargaining, persistently lower bargaining coverage (partly due to an under-developed system of collective agreement extension), and finally strong formal tripartism that partly replaces under-developed sector-level collective bargaining systems.

However, the role of tripartism and social pacts, and employee information and consultation in the workplace also vary among the CEECs, reflecting the different interests of governments in introducing stable bargaining structures as well as the extent of membership of all social partner organisations. While it is customary to refer to CEECs as having similar industrial relations systems, this chapter highlights the diversity of regimes and models. Some CEECs (Estonia, Bulgaria, Latvia, Lithuania and Romania) are best characterised by weakly-established or weakly-enforced tripartite institutions, fragmented bargaining (with the exception of Romania), and varying union density between the Baltic (Estonia, Latvia, Lithuania) and the Balkan (Bulgaria, Romania) countries. The Visegrad countries (the Czech Republic, Hungary, Poland and Slovakia) all have strongly entrenched tripartism, institutions for collective bargaining and employee representation. The Czech Republic and Slovakia tend to have more of a tradition of social dialogue and a higher level of bargaining coordination than Poland and Hungary. Nevertheless, while Hungary and Poland are examples of countries with decentralised and fragmented bargaining coverage, Hungary is also characterised by its national-level concertation structure. Slovenia, which is the only corporatist CEEC, has gone furthest in institutionalising coordinated bargaining, employee representation, social pacts and bargaining coverage.

While there is wide diversity between countries, industrial relations institutions (and actors) in CEECs remain weak and fragmented, and some developments in this respect are worrying, in particular as some reforms underway undermine the consensus which is needed for an effective involvement of social partners in the adaptations to change. In a number of these countries, responses to the crisis are generating increasingly conflictual industrial relations. There is a need to revitalise national industrial relation systems and to support their actions in order to promote and restore consensus to ensure the long-term sustainability of the economic and social reforms underway.

The chapter explores the potential of the social partners in the CEECs to stabilise and innovate with regard to their industrial relations structures by responding to labour market developments after EU enlargement and the economic crisis. One of the main challenges of the post-enlargement period has been migration from the CEECs to the EU-15, which has led trade unions in some CEECs and sectors to negotiate improved working conditions in order to curb the migration flow. Furthermore, after joining the EU, transnational companies provided incentives for Europeanising industrial relations across the CEECs, to the extent that they have set up European Works Councils (EWCs), and these are active. While evidence on the transposition of social standards to the CEECs through transnational companies and EWCs is still scattered, there are some positive examples of such companies increasing the capacities of employer organisations across the CEECs.

The economic crisis has also provoked social partner responses at the national, sectoral and company level in these countries both in the public and private sectors. While a few of them have seen some negotiated responses to the crisis through social pacts and consolidation of collective bargaining, in other countries and cases industrial relations became more conflictual and trade unions have opted for industrial action in order to press their claims after having been excluded from direct negotiations. These trends mirror those in the EU-15 countries in the first phase of the crisis in 2008–2010, and indicate that there has been something of a delay in the responses in the CEECs by about one to one-and-a-half years. The chapter discusses how

such action can help reconfigure the role of social partnership and industrial relations institutions in the CEECs. On the one hand, the chapter documents the *potential* for organised action in countries where trade unions are structurally weak and their membership base is declining. On the other hand, it should be acknowledged that not all such action has brought substantive improvements for employees, victories for trade unions, and consolidation of bargaining institutions and social dialogue. A critical element is the capacity of social partners: both employers' organisations and trade unions need to improve both their administrative and organisational capacity. The extent to which the social partners have engaged in post-enlargement and post-crisis action, as well as the substantive outcomes of such action, is often contested or limited in time. The CEEC social partners need to further strengthen their structural position and develop additional capacity in order to produce sustainable results in consolidating social dialogue and national industrial relations systems towards a predominantly bipartite collective bargaining model.

Chapter 3: Public sector industrial relations in transition

Industrial relations in the public sector are more uniform than in the private sector but differ between countries in terms of the size and structure of public sector employment, employment status of public employees, trade union and employers' organisations, wage-setting systems, the degree of centralisation/decentralisation of collective bargaining, industrial conflict and settlement of disputes. Even the notion of the public sector itself is evolving due to structural changes in the organisation and delivery of services of general interest.

A central feature is whether the employment contract is determined by public law statute or employment law. This distinction is linked to the two traditional approaches to public sector employment relations, the 'sovereign employer' and the 'model employer'. In the first case, civil servants enjoy special prerogatives, such as employment security, but have to comply with specific service obligations and may face some limitations to the right to bargain collectively, and also the right to strike. This is typical of countries with a Rechtsstaat tradition, and to a varying extent in some other countries, including those in Central and Eastern Europe. The second approach is typical of the common law framework of the UK, where no fundamental division between public and private sector employment legislation exists: collective bargaining is here the main method for determining conditions of employment, with a traditionally more 'benign' employer attitude towards trade unions than in the private sector.

The structure of industrial relations in the public sector has very specific features, but there are many aspects which are comparable to the private sector. Public sector collective bargaining and wage-setting systems have undergone two connected trends: decentralisation, within or outside of a centrally coordinated framework; and partial substitution of automatic, seniority-based pay and career systems with performance-based systems, leading to differences in the careers and terms and conditions of public employees.

Public sector employment relations still display great diversity across the EU-27, rooted in country-specific legal and institutional traditions despite some trends towards convergence, both between countries and between the public and private sector within each country.

Five types of countries can be identified. First the Nordic countries, which are characterised by a high proportion of public sector employment; a significant female presence; harmonisation between career civil servants and employees under ordinary contracts; very high trade union density; wide-ranging collective negotiations practices with forms of performance-related pay, within a decentralised, two-tier bargaining system with strong coordination mechanisms; and few restrictions to the right to strike but special machinery for collective dispute resolution.

The second group comprises Germany, France, Austria, Belgium and the Netherlands, characterised by a Rechtsstaat tradition and a strong component of career civil servants, with severe restrictions of bargaining rights, and in some cases of the right to strike. In all countries the wage determination system is relatively centralised, the public sector employment share is high in some but low in others, the female employment share is high in all cases, and there are varying rates of part-time and temporary work.

The third cluster comprises the southern European countries, with features such as the special employment status of a large share of public employees and no or limited scope for collective bargaining, although Italy has in recent years moved towards the Nordic cluster. Trade union density is high or medium-high and the public sector employment share is comparatively medium-low. The female and part-time employment shares are generally low, while the incidence of temporary workers varies.

The final cluster is that of the Central and Eastern European countries (CEECs). The majority have a comparatively small public sector employment share, with a relatively high female presence. There is limited part-time and temporary working. Trade unions are generally weak, especially in central administration. The practice of collective bargaining is very limited; where bargaining exists, it often takes place only at the individual employer level. Bargaining coverage is consequently very low. Social dialogue institutions exist in some countries, but their role has been significantly reduced in recent years.

There are also restrictions on the right to strike, especially in central administration. Overall, this group is characterised by weak industrial relations institutions and practices, with Slovenia as the main exception.

The UK is a separate case due to several peculiarities: it has no special status for public employees, civil servants included. It has widely diffused bargaining practices within a single level bargaining structure, flanked however by the pay review bodies system, and no special limitations on the right of association and the right to strike, with the exception of a few groups. Negotiations are decentralised in the civil service, although measures to reduce fragmentation and pay dispersion have been adopted since the late 1990s. Trade union density is medium-high in comparative terms and almost four times higher than in the private sector.

Within this diversity, the crisis has exercised some common pressures: a return to unilateralism on the part of governments and public employers to the detriment of forms of social dialogue, at times instrumental to the introduction or strengthening of private-sector-style human resources management practices; a weakening of special prerogatives of public employees, where they existed; top-down determination of wages and a reduced role of trade unions in terms of density rates and of capacity to influence government and public employers' policies.

Chapter 4: The consequences of the crisis for public sector industrial relations

The economic and financial crisis has put industrial relations in the public sector under strain. A stronger scrutiny of the effectiveness and efficiency of public expenditure has emerged, the role of key stakeholders such as public sector trade unions has been challenged and formally autonomous employers, with devolved authority, have been subject to tight financial and managerial control from the centre of government. It is indisputable that while initially the response to the first phase of the crisis involved mainly the private sector, governments have targeted the public sector as a key sector for adjustment, also to achieve a more equitable distribution of the burden of the adjustment and to promote sectoral reallocation in favour of tradable sectors.

With fiscal consolidation in mind, governments have attempted to reduce expenditure by extensive recourse to wage freezes, wage cuts, reductions in employment and changes to pension arrangements. In addition, working time has been reformed and work organisation patterns reviewed to enhance cost effectiveness. By their very nature these measures have not always been enacted with the full consensus of trade unions. More generally, the process of adjustment has been very different from the strategies pursued by the private sector as described in *Industrial Relations in Europe 2010*. Even if some of the measures can be justified by the need for fiscal adjustment, in some instances the climate of industrial relations has deteriorated.

Although all Member States have been impacted by the crisis, the process and severity of adjustment has differed between countries. There is no straightforward North European versus Mediterranean country divide as is often assumed. A first cluster of countries, exemplified by Greece, Ireland and Portugal, have the largest programmes of adjustment because they face a complex challenge of pursuing fiscal consolidation and enhancing the effectiveness of public services. Since there is a limited tradition of structural reform of the public sector in these countries, the impact of fiscal consolidation has been comparatively greater and social dialogue in the public sector more difficult. In a different political and economic context, austerity programmes in the Baltic states, and also in Hungary and Romania, exemplify this pattern of adjustment. In these cases, with the exception of Ireland, governments have not brought about agreed changes in public sector industrial relations by a process of social dialogue. Instead, unilateral changes in pay and working conditions, usually on more than one occasion, have been imposed on the public sector workforce.

A second cluster of countries have not been immune to fiscal consolidation pressures, but the timing and form of adjustment programmes have been more directly under the control of their own national governments. They have usually involved the adaptation or continuation of structural reforms that have sought to boost the efficiency and effectiveness of the public sector. Due to the severity of the economic and financial crisis, austerity measures still have a marked impact on the public sector workforce, but there is less discontinuity with previous organisational and managerial reforms. These countries have made some use of economy measures but they are in more diluted forms— pay freezes rather than pay cuts and restrictions on hiring rather than immediate reductions in staffing. An important difference with the first group of countries is not the size of the public sector but the legacy of modernisation. This cluster is exemplified by Germany and the Nordic countries but also France, the Netherlands and, with some caveats, the UK. These countries have not faced immediate fiscal crises and market turbulence but have continued longer-term reforms of public sector industrial relations. Social dialogue has often been strained, but there have been more concerted efforts to consult and negotiate with the public sector workforce.

The response to austerity indicates major shifts in long-term trends. The range of austerity measures deployed consolidates moves towards top-down unilateralism in public sector industrial relations. This has consequences for both the employers and workers in this sector. On the employers' side, room for public managers to manoeuvre is being substantially

reduced because public managers have fewer resources to invest but are under pressure to meet fiscal targets. This is encouraging strategies that reduce labour costs with fewer staff who are employed under less advantageous terms and conditions, raising questions about the extent to which the public sector remains a model employer. In addition, regulation of the employment relationship through collective bargaining is highly constrained because of the reduction in available resources, wage freezes and the suspension of normal bargaining mechanisms. A new centralised unilateralism is emerging, which resembles the traditional unilateral regulation of public sector industrial relations by central political authorities, with a new emphasis on effectiveness and efficiency rather than impartiality and equity.

For the trade unions, the public sector has not abandoned attempts to be a model employer, but this principle has a far lower priority than in the past. Public sector trade unions have been put under pressure and with regard to most of the reforms underway their role has been weakened. The risk is that with lack of mutual understanding, reforms will only promote savings, leaving open the question of the quality of services and the capacity to deliver them.

Chapter 5: Greening the social dialogue

A major commitment of the Europe 2020 strategy is to achieve the transition towards climate and environmental sustainability, especially in terms of energy sourcing. The aim is to achieve this goal by implementing a 'policy-driven' pathway to achieve lower greenhouse gas emissions, source more energy from renewables and reduce energy consumption. Generating new jobs and transforming existing jobs into 'green' and 'greener' ones will require new skills and a change in attitudes. A key issue is the role that social partners could play in this respect, on their own initiative or at the invitation of the public authorities. Social partners' involvement in this agenda has been gradually increasing, but the European picture is far from homogenous, with a broad spectrum of practices in terms of levels of engagement and mobilisation. Little is known about the potential impact of the process of greening on job quality, but a positive impact should not be taken for granted. Social actors believe that greening will first and foremost have the greatest impact on the skills and training dimension of job quality, while career and employment security, working and non-working time, health and safety and the social infrastructure will be less affected.

Examples of social dialogue about these issues are predominantly found in sectors in which the social partners are already well represented. Little or no dialogue is found in newly-emerging industries. In the electricity sector, and electricity generation from renewable energy sources, it is determined by the degree to which the energy source is 'established'. Only in cases where electricity generation from renewable energy sources had already been carried out for a relatively long period of time within a country (for example hydro-electric energy generation) or where established energy providers increasingly source from renewables is the subsector well-represented by the traditional actors in established companies. In the newly-emerging industries (such as energy generation from biomass, wind and photovoltaic sources), companies are very heterogeneous. Many are very small entities in remote areas and are therefore outside the reach and interest of the social partners. On the employers' side, many business associations have formed with the intention of representing companies in the sector, but these associations have not yet developed into fully fledged social partner organisations with the right to bargain. On the trade union side, there are examples of active recruitment strategies in the newly emerging sectors in only a few countries, such as Germany, Portugal and the UK. In other countries, such as Malta and Cyprus, the renewable energy sector is still in its infancy and no attempts to create representation can be detected.

While Europe's commitment to the move to a low-carbon economy is clear, recent austerity-led reductions in public subsidies, tax incentives, feed-in tariffs and other public support measures might slow down the process of greening. Data from the European Restructuring Monitor (ERM) show that as with any young industry, green sectors are facing significant levels of turbulence. This mostly concerns companies in the solar and wind power generation industry, which have come under some pressure due to overcapacity and increased competition from China, compounded by the fact that some Member States have changed their support schemes for these industries. Yet at the same time, job growth in the green economy has been positive throughout the recession and is forecasted to remain quite strong. Cases of knowledge-intensive job creation within the renewable energy and energy efficiency sectors have been registered.

Reinforcing and promoting social partners' activities at all levels (European, national, sectoral, regional and company level) are crucial for the successful transition towards a low carbon economy. While there are various interesting social partner initiatives, which shows what can be done, major challenges remain. Providing vocational training and retraining facilities at the sectoral level, for example, is a promising approach, and the availability of such measures ensures that small and medium-sized enterprises (SMEs) also have access to these facilities. Inclusion of SMEs is crucial, bearing in mind that newly-emerging subsectors are often fragmented. A further challenge will be to mainstream low carbon skills into all kinds of training, curricula and apprenticeships. Finally, organisational 'eco-innovations' in participation might usefully be sought at the company level. This approach could consist of involving employee or trade union representatives in green management

structures with responsibility for environmentally-related training or energy audits, or by including in collective agreements energy-efficiency targets and benefits for employees. At the European level, the European Social Fund is an important tool to support the transition of the labour force towards greener skills and jobs.

Chapter 6: Social partner involvement in unemployment benefit and pensions systems in the EU

There are wide differences between national systems of unemployment benefits and pensions, but common to all are issues surrounding the perceived advantages and disadvantages of social partner involvement in policy formulation. Nevertheless, the precise nature of this depends on issues such as the relationship between the social partners and policymakers, and the exact role they play. The involvement of the social partners in social policy development sits at the interaction between industrial relations and social policy, as many outcomes of social policy, such as social charges, have a direct effect on net pay. This therefore binds the social partners more tightly into discussions on social policy and benefit reform. In the past, there was a trade-off between wage moderation and social rights (i.e. lower wage increases in exchange for improvements in social rights), but today's international economic competition and limits on state welfare spending no longer permit such an exchange. A balanced view of the role of employers and unions is necessary in order to understand the ongoing challenges facing employers and unions, shifts in responsibility between state and non-state actors, and the repercussions of this for income inequality and social security.

There are common trends and challenges for social partner involvement in and influence over unemployment benefit systems, such as trying to adapt to the labour market and economic developments of the past 20 years, and the reaction of the social partners to this. Most recently, the economic crisis has posed a huge challenge to unemployment benefit systems.

Social partner involvement in pensions and pension reform is a policy area that, in the light of changing demographics, is deemed to be an extremely high priority for governments. There are clear advantages to encouraging the social partners to become involved in pension reform, linked to ensuring sustainable solutions to this key long-term policy issue. However, there are fears that the social partners may not be able to deliver the radical reforms needed in some cases. Certainly, the past few years have seen major opposition to pension reform plans on the part of trade unions in many EU Member States. In some cases, governments have taken on board social partner counter-proposals, but in others social partner influence has been negligible. Second- and third-tier pension provision is a clear growth area, filling the gap left by declining state provision, and this represents an opportunity for the social partners to become much more active in the formulation and management of provision, particularly in the case of occupational pensions.

Key challenges remain, however, not least the ongoing impact of the crisis. Governments have been under pressure to carry out cost-saving reforms in the context of austerity within the context of a need to respond to demographic developments. Trade unions and sometimes employers' organisations have in many cases been opposed to government plans, and have on occasion managed to influence policy, but the sheer speed of events and the need to push through reforms immediately has meant that the influence of the social partners sometimes has been limited.

All of these developments represent significant challenges for the social partners. Governments are clearly under pressure to find solutions to, on the one hand the very acute challenges posed by the crisis, and on the other hand the longer-term challenges posed by demographic and economic shifts. Seeking consensus with stakeholders such as the social partners is one way of achieving this. Nevertheless, the social partners will need to develop strategies to ensure that they remain at the negotiating table when governments are formulating rapid responses to the crisis. The development of second- and third-pillar pension provision represents a real opportunity for the social partners to become major stakeholders in reform. However, they need to carve out a longer-term strategy in response to this in order to ensure their position as players in the development of this kind of provision rather than relying simply on state regulation.

Chapter 7: European social dialogue developments 2010–2012

The social dialogue structures at the European level remain an important forum for discussions and negotiations between the social partners at cross-industry as well as sectoral social level across the EU. During the past two years, the representatives of management and labour have agreed on more than 70 joint texts, conducted numerous projects and started to cooperate in new economic sectors. Overall, 2012 saw a significant number of agreements signed by the social partners. Two of these, establishing minimum standards in inland waterways transport and hairdressing, were requested by the social partners to be implemented through EU legislation under article 155.2 of the TFEU, and the same request is expected from the social partners of the sea fisheries sector once their agreement is finalised. These requests, particularly concerning the agreement in the hairdressing sector, became the subject of some media attention and political debate in 2012. For its part,

the Commission is assessing both agreements impartially and has not taken a decision on whether or not to propose their legislative implementation. By contrast, a new agreement in the professional football sector will be implemented autonomously by the social partners according to the procedures and practices specific to management and labour and the Member States. Furthermore, the cross-industry social partners have been conducting negotiations on the revision of the Working Time Directive since December 2011; however, these negotiations ended at the end of 2012 without an agreement.

The employment and social effects of the financial and economic crisis remained a priority for the cross-industry social partners as well as for many sectoral social dialogue committees. In particular, the effects of the restructuring of the public sector triggered by the severe debt crisis were addressed by several committees representing public sector employers and employees. In late 2012, the social partners in the central government administrations sector adopted a framework of action on quality services, in which they commit themselves to implementing the core values of general interest services in order to enhance the development, visibility and adaptability of public services in a context of crisis. Also in 2012, the social partners of local and regional government adopted a series of recommendations that form a framework for action to contribute to a social and sustainable Europe at the local and regional level that supports the public sector as an employer. The overarching objective is to better prepare employees and local and regional governments in their role as employers for changing workplace scenarios. The social partners from central government administrations and from local and regional governments also adopted joint opinions on the impact of the economic crisis. The representatives of the education, hospitals and healthcare sectors worked on the broader restructuring processes.

The social partners from the energy sector actively responded to the European Commission's climate change mitigation policies. The social dimension of the Energy 2050 Roadmap and a smooth and just transition towards a more 'green' and sustainable energy sector were the key issues. The energy sector is expected to undergo a sweeping transformation in the coming years, and the sectoral social partners have highlighted the importance of social dialogue and consultations in these turbulent times.

Apart from challenges resulting from the crisis and the 'greening' of the economy, other issues have played a significant role in the work of social dialogue committees. In addition to initiatives of the social partners themselves, the Commission consultations and the social partners' involvement in impact assessments act as triggers for the work of the social dialogue committees. Health and safety remained an important policy area for many committees, and the past two years have seen several new initiatives in this field, including projects, common statements, joint declarations and exchanges of information in sectors ranging from agriculture to construction to public services. The related theme of working conditions was discussed by the social partners in the private security, civil aviation and road transport sectors. The social partners also continued their work on capacity-building, especially among the New Member States. Capacity-building measures, usually in the form of different projects and training sessions, were organised in the construction, agriculture, banking and insurance sectors, among others.

Employment policies, vocational education and skills were the subjects addressed both in cross-industry and sectoral social dialogue committees. A joint study on flexicurity, which was conducted by the cross-industry social partners, proved that if implemented in the right way, flexicurity can constitute a win-win solution satisfying both trade unions and employers. Nevertheless, the study indicated many challenges associated with flexicurity and brought worrying results from several Member States.

Gender equality remained an important topic for the social partners. There is a need to further strengthen commitments and actions to advance gender equality through social dialogue and tripartism. Projects on the employment of women in the urban public transport sector and on women in rail transport were conducted in order to gather data, highlight good practices and formulate recommendations. In the audiovisual sector, a framework of actions was adopted to address issues such as equal pay or the reconciliation of work and personal life. Equal pay between women and men was also the main focus of a common statement agreed on by the social partners in the central government administration sector. It is, however, necessary to broaden the coverage of sectors and encourage the European social partners to keep gender equality high on the agenda as a horizontal priority and implement specific actions not only in the gender pay gap area but also for the other priorities previously included in the Framework of Actions. In particular, steps to reduce gender segregation, to improve work-life balance in mostly male-dominated sectors and also to tackle the gender pay gap in mostly female-dominated sectors are needed.

In addition, the social partners from different sectors decided to jointly address some problems of supra-sectoral importance. As a result of these initiatives, common guidelines were signed by the European social partners in the hospitals, regional and local government, education, commerce and private security services sectors in order to tackle third-party violence and harassment at work. Similarly, the social partners from the cleaning, catering and textile industries joined the initiative of the social dialogue committee for private security to adopt a joint opinion on the social obligations of tenderers.

The number of social dialogue committees continued to increase. The 41st sectoral social dialogue committee was established in 2012 in the food and drink industry. With this development, European sectoral social dialogue committees now exist for virtually all industrial sectors. The social partners from the graphics, ports, sports and active leisure sectors are also working on setting up social dialogue committees in the near future.

Chapter 8: Review of European labour legislation 2010–2012

In the framework of the overall Europe 2020 strategy and specifically the 'Agenda for new skills and jobs', EU legislative initiatives launched in 2010–2012 aimed to improve the functioning of the labour market and improve job quality against the background of record high unemployment, deteriorating working conditions during the crisis, but also mixed results on job quality in Europe over the past decade. In this context, the Commission focused firstly on a review of EU legislation and the promotion of 'soft' instruments as parts of a 'smarter' EU legal framework for employment and, secondly, a review of the European strategy on health and safety at work. At the European level, social partners were very active and successful in concluding several European agreements (see Chapter 7 for details). This chapter also looks at the interpretation of the provisions of EU Directives, giving examples of multiple judgements of the European Court of Justice in the field of labour law implementation, as well as health and safety at work.

Major cross-sector developments in EU labour law include the Commission's legislative proposal on improving the enforcement of the Posting of Workers Directive and the ongoing revision of the Working Time Directive. As regards the latter, the main cross-sector social partners at the EU level had been conducting negotiations on the review, which finished without an agreement at the end of 2012. The sectoral agreements concluded between sectoral social partners in the inland waterway transport and the hairdressing sector are currently being assessed by the Commission services with a view to their possible submission to the Council for adoption (see Chapter 7 for details). Directive 2009/13/EC, which implements the social partners' agreement on the Maritime Labour Convention (ILO, 2006), will enter into force on 20 August 2013, i.e. simultaneously with the entry into force of the above Convention. Following the second stage consultation of the social partners on the review of the exclusion of seafaring workers from the personal scope of application of a number of EU labour law Directives, the Commission is currently finalising its impact assessment and considering a proposal regarding follow-up initiatives in this area. The temporary agency work directive and the recast directive on European Works Council were both implemented in Member States.

In line with 'smart' regulation principles, the Commission assessed the operation and effects of several Directives in order to evaluate whether they are fit for the purpose or need to be clarified or updated. In the labour law domain, a first fitness check is currently being carried out in the area of information and consultation of workers at work. Six different reviews of the implementation of Directives have been carried out over the past two years.

The 2011 Commission staff working document on the mid-term review of the EU strategy in the area of health and safety reported that over 5 500 workers in the EU die every year because of work-related accidents, demonstrating that action in this area remains of high importance. The current 2007–2012 European strategy on health and safety at work is being evaluated, and the findings are to influence the setting of the strategic priorities for the period 2013–2020. This is the first time ex-post evaluation covers a whole area of social policy.

Finally, the Commission is pursuing its work on adapting current legislation to emerging or specific risks (e.g. electromagnetic fields, tobacco smoke at the work place, musculo-skeletal disorders) and took part in the development of 'soft' policy instruments such as guidelines on exposure to asbestos or best practices in agriculture.

CHAPTER 1: Overview of European, national and public sector industrial relations

Industrial relations in Europe are characterised by two main trends: a continuation of long-term secular developments, combined with significant changes in industrial relations practices and institutions in some Member States. Industrial relations in the public sector differ significantly from private sector industrial relations due to factors such as the types of actors and collective bargaining practices. Nevertheless, some recent trends and most recently the impact of the crisis are playing a part in blurring this distinction to some extent.

Based on a draft by Barbara Bechter and Bernd Brandl (University of York).

1.1. Introduction

This chapter presents an overview of recent developments in industrial relations in the EU. The period since the last *Industrial Relations in Europe 2010* has been marked by a continuation of the crisis and its extension to the public sector as Member State governments have been increasingly obliged to undertake fiscal consolidation measures.

In the European Union, taken as a whole and compared to other world regions, the collective relationship between workers, employers and their respective representatives is based on representative actors, institutionalised processes and established practices [1]. However, the picture is not uniform across all EU Member States or across sectors and has changed over time. *Industrial Relations in Europe 2010* highlighted a high degree of variation of industrial relations systems among the EU Member States. The main reason for this is that industrial relations are deeply embedded in national economic, political and societal environments. This also explains why differences among countries persist even though there are common trends in terms of the transformation of national industrial relations systems.

This chapter reports on the current state of industrial relations in the EU and then looks at the impact on industrial relations in the public sector, which has become the main focus of the on-going changes in industrial relations practices and institutions in many Member States. (For data sources, see Box 1.1)

1.2. Industrial relations indicators

The principle of voluntary collective bargaining is a cornerstone of the governance of labour in the EU. Even though the organisation, structure and relevance of collective bargaining varies widely across the EU Member States, the principle of free, independent and voluntary collective bargaining is a key element of industrial relations in each country.

1.2.1. Collective bargaining coverage

The importance of collective bargaining is indicated by collective bargaining coverage, as this indicates the number of employees that are covered by collective agreements. Operationally, collective bargaining is defined as the number of employees covered by a collective agreement as a proportion of all employees. As highlighted in the Industrial Relations Report 2010, collective bargaining coverage varies considerably across the EU Member States over all sectors.

Bargaining coverage remained stable for the EU as a whole during the decade preceding the crisis. The indicator dropped from about 68 % at the end of the 1990s to approximately 66 % in the years 2007–2009. How far this is due to the impact of the crisis cannot yet be confirmed due to lack of recent data. However, the relative stability of bargaining coverage at the EU level masks significant changes in some Member States. In Portugal, but also in Ireland, Cyprus or Bulgaria, bargaining coverage fell substantially. There are also marked differences between the EU-15 and CEE countries. The new Member States, with the exception of Slovenia and Romania, have a bargaining coverage below the EU average. Slovenia is the only CEEC among the 10 Member States where at least 80 % of employees are covered by collective bargaining.

Bargaining coverage is determined by several factors, among which the density of employers' organisations plays the most significant role [2]. While trade union density is important at the sectoral level, the effective implementation of collective agreements will be determined principally by the number of employers who recognise the agreements. Chart 1.2 shows the association between bargaining coverage and the density of trade unions and employers' organisations in the EU. While trade union density is also associated with the degree of bargaining coverage, the link is much weaker. As can be seen from the chart, in all countries except Malta and Cyprus trade union density is lower than bargaining coverage. In some countries, particularly France, Spain and the Netherlands, these differences are striking. In these countries, bargaining coverage exceeds not only trade union density but also the density of employers' organisations. This is due to the extension of collective agreements, either voluntarily or provided by legal regulations.

(1) See Industrial Relations in Europe 2008, chapter 1.

(2) See Industrial Relations in Europe 2008 and 2010.

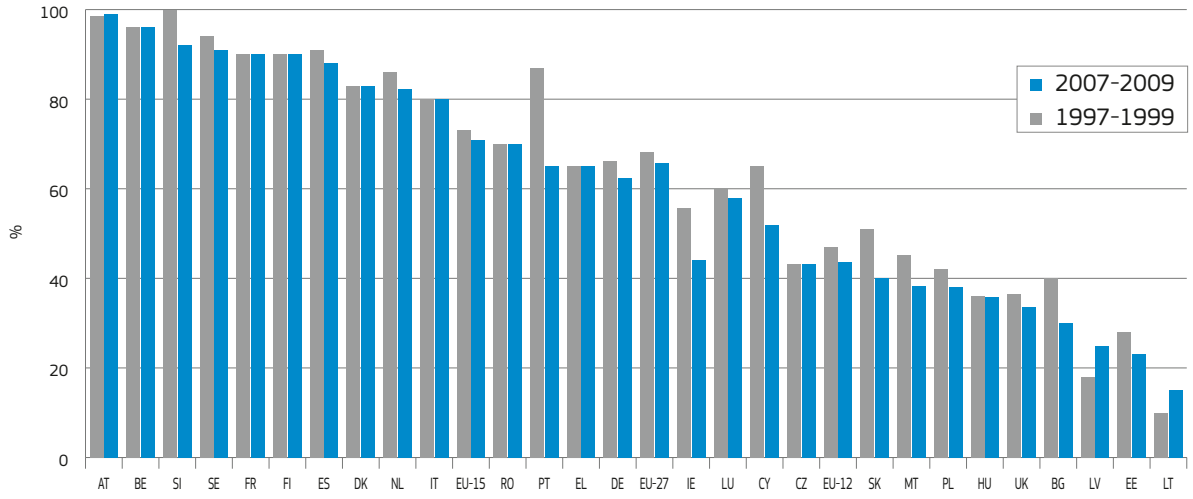
Box 1.1: Data sources

The source of data at the national level used for this chapter is the ICTWSS (Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts) database, which contains data on some 90 variables from 1960 to 2010 in 34 countries. The database was developed by Jelle Visser and can be consulted at the website of the Amsterdam Institute for Advanced Labour Studies AIAS (http://www.uva-aias.net/). Integrated in the database is information from national surveys, the European Social Survey (http://www.europeansocialsurvey.org), administrative data obtained from the unions and from the European Industrial Relations Observatory (EIRO) of the European Foundation for the Improvement of Living and Working Conditions, in particular the EIRO country profiles (http://www.eurofound.europa.eu/eiro/), the OECD's Labour Force Statistics and other sources. In addition to the ICTWSS, the ILC (Internationalization, Labour Relations and Competitiveness) database, developed by Franz Traxler and maintained and updated by Bernd Brandl is used (Brandl and Traxler, 2012).

Data for industrial relations in the public sector is based to a large extent on data collection from the European Industrial Relations Observatory (EIRO) and in particular its representativeness studies and national country profiles. Another EIRO source was the report on Industrial Relations in the Public sector (Bordogna, 2007).

Data on the structure of collective bargaining in the public sector was derived from the report for the European Federation of Public Service Unions (EPSU) by the Labour Research Department in 2008 (http://www.epsu.org/a/4443), the European Public Administration Network (EUPAN) survey (Bossaert and Kaeding, 2009) and the report on Institutional Representativeness of Trade Unions and Employers' Organisations in the Central and Public Services (Mormont, 2004).

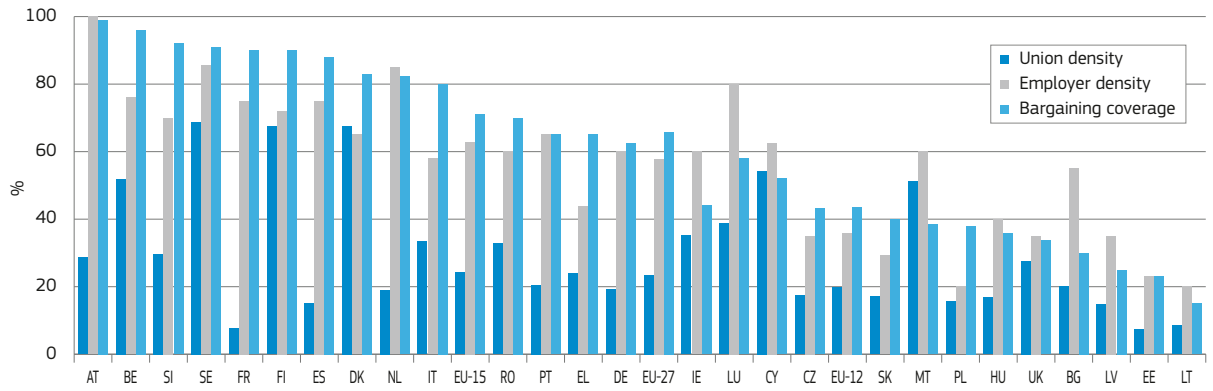
Chart 1.1: Bargaining coverage rates, 1997/99 and 2007/09



Source: J. Visser, ICTWSS database 3.0, 2011.
The coverage remains the same as in the 2010 report because of the lack of new data.

excel file
gif

Chart 1.2: Bargaining coverage, union and employer density, 2007/09

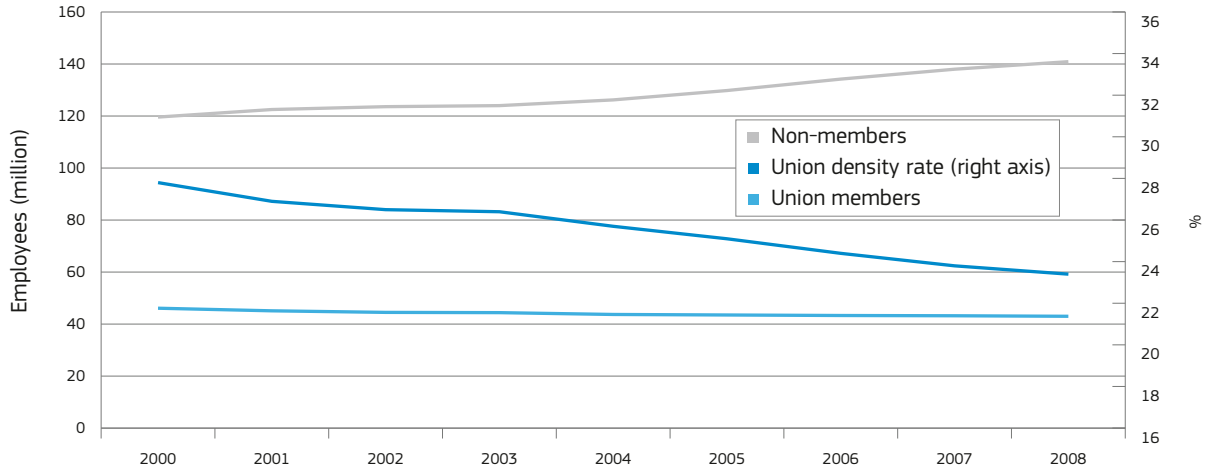


Source: J. Visser, ICTWSS database 3.0, 2011.

Some 2008 data was revised. Newer data for 2009 on employer density showing significant changes in relation to 2008 is available only for Slovenia, where density decreased from 70 % to 55 %. For the other countries, data is either unavailable or shows no differences (AT, BE, CZ) or marginal differences (EE, SE) and was therefore not used. Bargaining coverage remains the same as in the 2010 report because of lack of new data.

excel file
gif

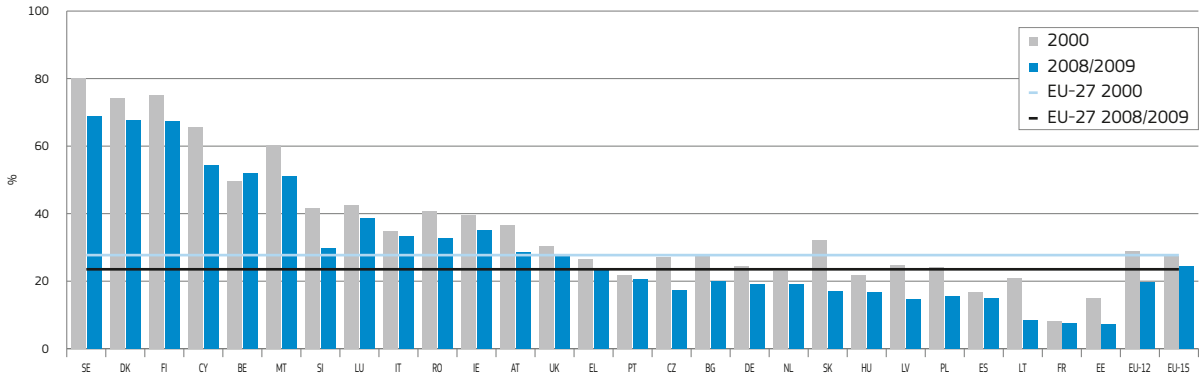
Chart 1.3: Union density, membership and non-membership, EU-27, 2000–2008



Source: J. Visser, ICTWSS database 3.0, 2011.
Figures are the same as in the 2010 report because of the lack of new data.

excel file
gif

Chart 1.4: Union density by country, 2000 and 2009



Source: J. Visser, ICTWSS database 3.0, 2011.
NB: the averages for the EU-27, EU-15 and 12 new Member States are weighted. SE, CY, SI, RO, EL, SK, HU, LV, FR: 2008.

excel file
gif

1.2.2. Trade unions

Trade unions are present and active in all the EU Member States unions at different levels (e.g. sectoral/cross-sectoral, regional/national, European).

Trade union membership and density has been on a downward secular trend since the 1980s, which is one of the main factors determining the ability of trade unions to take part in collective bargaining and negotiate with employers from a position of power and authority.

Trade union density fell in the EU-27 countries from about 28 % in 2000 to 23 % in 2008. The drop in density was particularly severe in the CEECs — from 29 % to 20 % in the relatively short period of eight years. In Estonia and Lithuania, the indicator dropped to single-digit figures and in Poland the density rate decreased from 24 % to 16 %. The development in the EU-15 countries was less marked, but the general trend remained the same — a general fall in membership numbers and density rates. Only one country did not follow this pattern — in Belgium, trade union density rate increased slightly from 2000 to 2008. Interestingly, it also continued growing in 2009.

It is not possible at this current stage to fully examine the impact of the crisis on trade union membership and density rates. The data for 2009 and 2010 is available only for a limited number of countries and presents a mixed picture. The density rate increased in countries such as Sweden, Finland or Italy during the two crisis years, while the opposite trend was visible in Portugal, Austria and Germany. In Ireland there also is some evidence of a stabilisation in the trade union density rate, although much of this can probably be attributed to the massive fall in employment, particularly in traditionally unionised sectors such as construction (i.e. a fall in the denominator).

There is wide diversity in union density rates across the European Union. In all three Nordic countries, despite the fall during the past decade, the trade union density rate remains well above 60 %. Meanwhile, in some Baltic States and France the indicator is below 10 %. Even though the density rate provides important information about the strength of unions, it can be misleading to overestimate this indicator. France and Spain are good examples of countries where trade unions play an important role despite very low density rates.

1.2.3. Employers' organisations

Employers' associations play the same role as trade unions in the collective bargaining process: they represent their members, and in some cases can enter into agreements with representatives of workers. As noted in earlier Industrial Relations in Europe reports, the nature of employers' associations is changing in line with the increasing trend towards more decentralised bargaining and away from sectoral or national bargaining. In this context, they are focussing increasingly on lobbying and industry representation rather than industrial relations.

It is less easy to measure the organisation rate of employers than the density of trade unions due to lack of data, difficulties of definition and firms that join two or more organisations. Unfortunately, there is no recent data on this indicator.

Industrial Relations in Europe 2010 provided information on the changes in the organisation rate of employers' organisations between 2002 and 2008. The rate for the EU-15 remained stable during these years and substantially higher than in the EU-12. At that time, approximately 106 million employees,

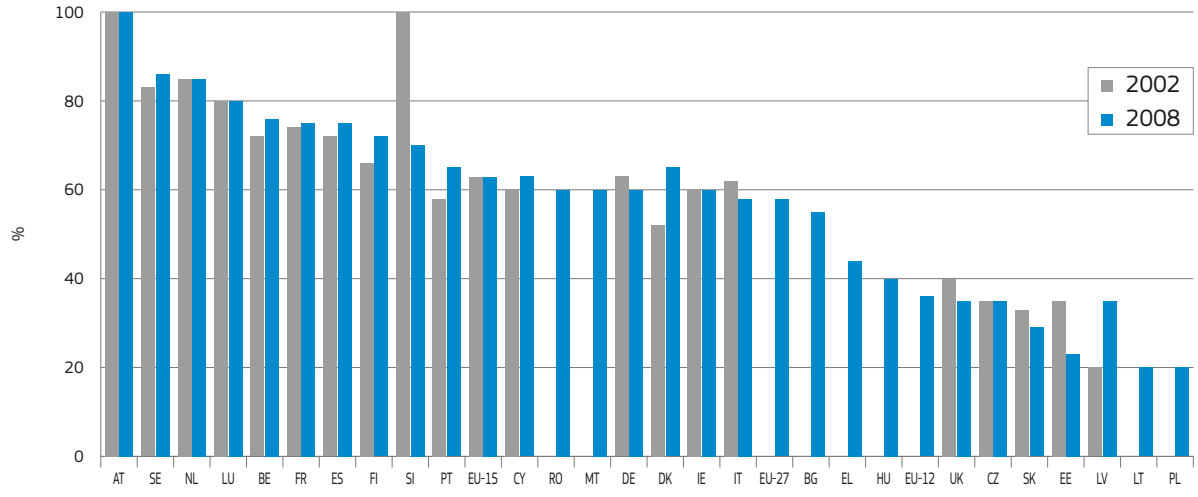
or 58 % of the EU total, worked in firms affiliated with employers' organisations. This was more than double the rate of unionisation, highlighting the differences between the two types of organisations in maintaining existing membership, which tends to be somewhat easier for employers' organisations (even leaving aside the issue of countries where membership of employers' organisations is, to all intents and purposes, compulsory).

1.2.4. Decentralisation and organisation of collective bargaining

Decentralisation of the level of collective bargaining has been one of the main trends in collective bargaining over the last 20–30 years as the focus for negotiations on wages and working conditions has moved away from the national and sectoral level to the company level. As noted in IRE 2010, this tends to lead to more multi-level bargaining instead of single-level bargaining, and has implications for the collective organisations outside the firm, namely, trade unions and employers' organisations.

The most recent data indicates that the trend to decentralise collective bargaining continued and accelerated during the economic crisis both among the EU-15 and EU-12 countries. Bargaining centralisation was lower in 2010 compared with the average for 2007–2009 in ten Member States. The most significant changes occurred in Ireland and Slovenia, where centralisation dropped substantially. In four other countries, Belgium, Germany, Sweden and Denmark, the centralisation of collective bargaining increased slightly during the same period. Interestingly, the centralisation index for these countries was above the EU average even before these recent increases. Bargaining centralisation in the European Union remains very diverse, with eight Member States in which bargaining at local and company levels completely predominates — the UK, Ireland and six new Member States. In the majority of countries, however, bargaining still takes place primarily at the sectoral or industry level, often with additional local or company bargaining. In 2010 Belgium was the only Member State where cross-sectoral bargaining prevails.

Chart 1.5: Organisation rate of employers' organisations, 2002 and 2008

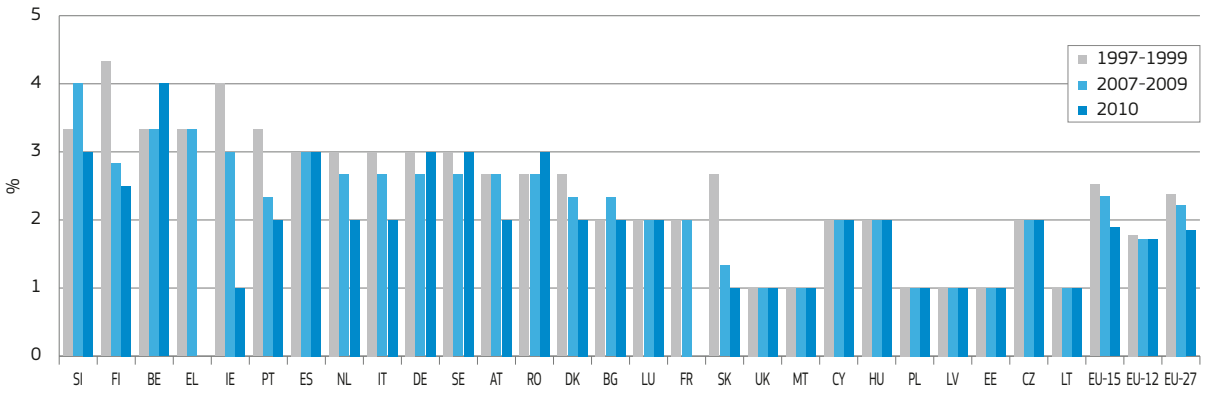


Source: J. Visser, ICTWSS database 3.0, 2011.

Some 2008 data was revised. Newer data for 2009 on employer density showing significant changes in relation to 2008 is available only for Slovenia, where density decreased from 70 % to 55 %. For the other countries, data is either unavailable or shows no differences (AT, BE, CZ) or marginal differences (EE, SE) and was therefore not used.

excel file
gif

Chart 1.6: Bargaining centralisation, 2000s



Source: J. Visser, ICTWSS database 3.0, 2011.

Bargaining centralisation indicator is scored on a five-point scale: 5 = national (cross-sectoral) bargaining; 4 = national (cross-sectoral) bargaining with derogation and additional sector or company bargaining; 3 = sector- or industry-level bargaining; 2 = sector- or industry-level, with additional local or company bargaining; and 1 = local or company bargaining.

NB: 1997–1999 averages are weighted by 2000 data for Wage and Salary Earners in Employment. 2007–2009 and 2010 averages are weighted by 2009 data for Wage and Salary Earners in Employment.

excel file
gif

Box 1.2: Collectively-agreed wages in Europe (CAWIE)* — statistical and political challenges

Collective bargaining plays a key role in the determination of wages and wage developments in Europe. On average, about two-thirds of all employees in the European Union are directly covered by a collective agreement. Within the Eurozone, average collective bargaining coverage is even higher, reaching 80 % or above.

The statistical challenge

Considering the importance of collective bargaining for wage setting in Europe, it is noteworthy that there is no official European-wide database or statistics on collectively-agreed wages. The only exception is the indicator of negotiated wages which is calculated by the European Central Bank (ECB) as an aggregate figure for the whole Euro area. However, since the ECB does not publish the underlying national data, this indicator provides no scope for a European-wide comparative analysis. The indicator is considered by the ECB itself as 'experimental data': statistics that are not yet developed in terms of coverage, rely on different sources, and are not based on Euro area-wide harmonised definitions.

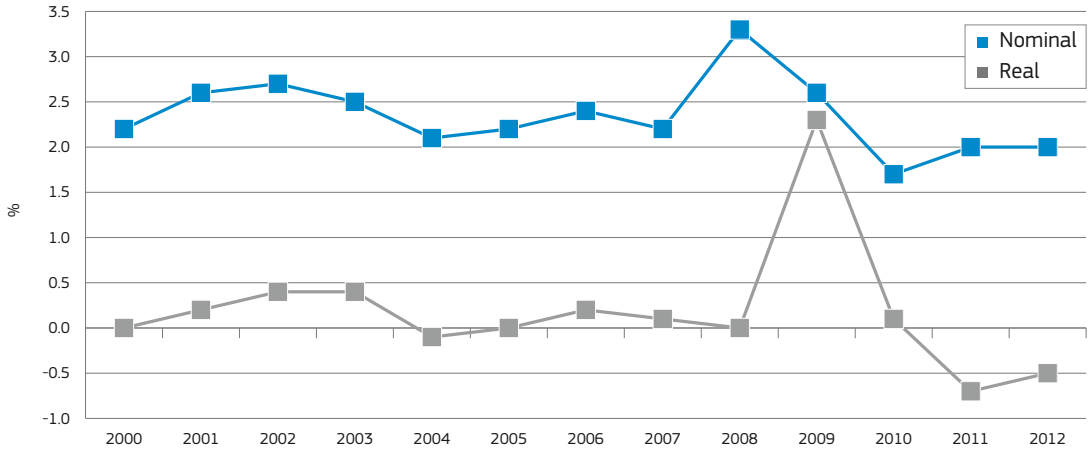
The CAWIE project aims to improve knowledge on the development of collectively agreed wages in Europe. It is based on the available national indicators on collectively-agreed wages for ten European countries (AT, BE, FIN, FR, DE, IT, NL, PT, ES and UK). There are significant differences but also similarities in the statistical definition of collectively agreed wages, the methods of calculation and the coverage of the data. However, the use of index-based indicators predominates, similar to the methodological approach for consumer price indices.

The political challenge

In response to the challenge of the financial and economic crisis, European economic governance has significantly gained importance through a series of new EU policies. As emphasised in the Euro Plus Pact, wages and collective bargaining systems are seen as one of the main instruments for the European coordination of economic policy. A better knowledge of collectively agreed wages is therefore highly relevant to understanding to what extent overall wage developments in Europe are the result of negotiations and directly influenced by social partners' organisations.

According to the ECB data, during the 2000s the overall development of collectively agreed wages in the Euro area was relatively stable with only moderate increases. While nominal growth rates varied between 2.1 and 2.7 per cent, there was only a minimal increase in real wages. By the end of the decade, however, this changed: 2008 saw a relatively high increase in nominal but a freeze in real wages followed by a relatively high increase in real wages in 2009. Since 2010 nominal wage growth was again rather moderate, leading to a significant decrease in real wages in 2011 and 2012. To sum up, in the Euro area as a whole, developments in collectively-agreed wages have been unproblematic both for competitiveness and for price stability. On the contrary, minimal increases in real wages have contributed to a rather weak development of consumer demand.

Chart 1.7: ECB indicator of negotiated wages for the Euro area, 2000–2012 (annual percentage change)



Source: ECB, calculations by WSI.

NB: real wages are adjusted by the Harmonised Consumer Price Index (HCPI).

excel file

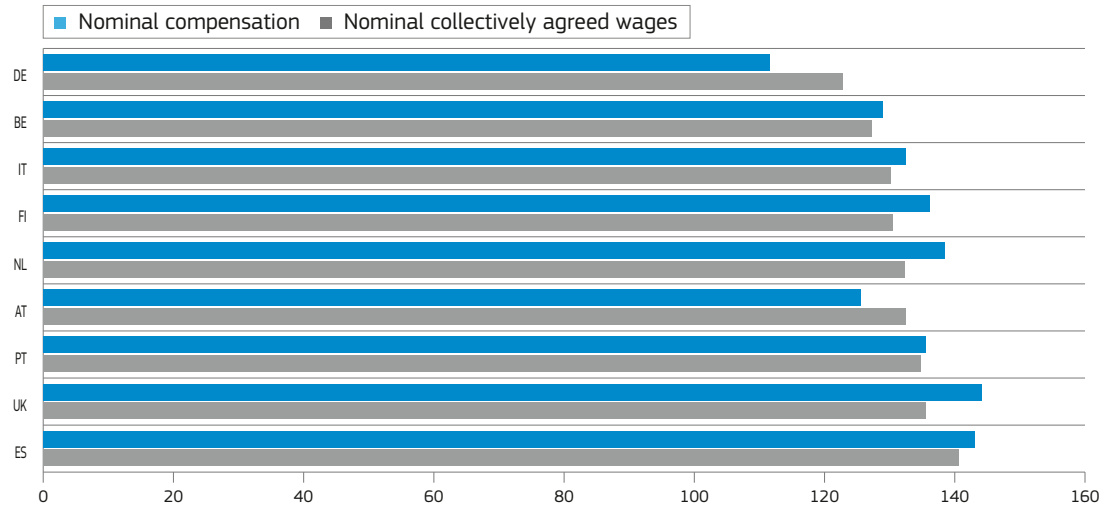
gif

Behind this rather stable picture for the overall Euro area, national wage developments show some significant differences. In the period 2001–2010, the increase in nominal collectively-agreed wages varied between 23 per cent in Germany and 41 per cent in Spain. These differences were much less pronounced if compared in real terms (with a difference of only 10 percentage points). With the exception of Finland and Italy, real wage developments were below productivity growth, leading to a further decline of the wage share and a re-distribution from labour to capital.

A core aim of the CAWIE project has also been the analysis of 'wage drift', which is the difference between the average development of collectively-agreed and actual wages. Wage drift can be seen as an indicator that identifies additional factors that influence wage dynamics in Europe. Among them are compositional factors, such as upskilling or growth of the service sector, cyclical factors such as company bonus payments and changes in working time, as well as industrial relations factors such as the coverage and level of collective bargaining and the possibility of derogating from national or sectoral standards at the company level.

A comparison of the development of collectively-agreed wages and compensation per employee as measured by national accounts shows that during the 2000s in most countries there was a more or less pronounced 'positive' wage drift, which means that average increase of actual wages was above that which was concluded in collective agreements. The two exceptions were Austria and Germany where wage drift was 'negative'.

Chart 1.8: Nominal collectively/agreed wages and nominal compensation per employee, 2010 (2000=100)



Source: TURI-database on Collectively-Agreed Wages; AMECO database.

excel file

gif

In none of the countries considered by the CAWIE project is there any evidence that wage developments determined by collective agreements have been 'too expensive' and have created problems of competitiveness. The remarkably low wage development in Germany is nevertheless significant. It is to a large extent the result of a strong negative wage drift, which indicates a partial erosion of the German collective bargaining system. However, there is a limit to the extent to which this can serve as a 'model' to overcome the economic crisis for all EU countries, as not all European countries can become surplus countries at the same time. Instead of promoting a 'race to the bottom scenario' in European wage developments, the COWIE project concludes that it might be economically more reasonable to strengthen collective bargaining institutions in order to promote adequate wage increases for a more balanced and sustainable economic development.

Based on a draft by Guy van Gyes (HIVA-KU Leuven) and Thorsten Schulten (WSI Düsseldorf).

*The CAWIE project is carried out by ten research institutes and has been funded by the European Commission's call for proposals on social dialogue and industrial relations. For more information see: http://hiva.kuleuven.be/nl/extra/CAWIE.php

1.3. Industrial relations in the public sector

Among the different sectors in each economy, the public sector stands out not only because in almost all EU Member States special industrial relations regulations exist in this sector, but also due to its key role for the functioning of the economy and society. Both the public sector as such and public sector industrial relations in particular are characterised by specificities, not only across countries but also across different parts of the public sector. This chapter develops a comparison along these two dimensions. This chapter will therefore present a comparative overview of public sector industrial relations across sectors and EU-27 countries.

From an empirical perspective, this chapter draws mostly on cross-sectional data (across countries and sectors) which refer to the end of the 2000s. This is the period during which the public sector in most of the EU-27 countries experienced sustained cost-efficiency pressures, resulting in the number of public administration employees (civil servants) being reduced and/or replaced by more flexible private law employment relationships. As in all industrialised countries in the world (OECD, 2011a, 2011b), in addition to this, varying forms of the 'new public management' (NPM) concept have been introduced in many Member States, which aim to transform public sector employment relationships into employment relationships that are more akin to those in the private sector (Adam, 2011; Bach and Bordogna 2011). This chapter therefore also examines whether public sector industrial relations are now displaying similarities to industrial relations in the private sector. Overall, this chapter attempts to set the scene for the entire report, focusing on recent developments in public sector industrial relations and a discussion of the main trends and issues, which will be explored in more detail later in the report.

1.3.1. Definition and size of the public sector

The definition of the public sector and public sector employment depends on the point of view of the analysis. From an industrial relations perspective, the ideal criterion for classification is probably the type or 'nature' of the employment relationship, assuming that public sector employees are subject to distinctive employment regulation. However, while this was once quite a common feature for the employees of many government functions, at least in continental European countries with a legalistic Rechtsstaat tradition, it is increasingly less so. The relative weight of the proportion of public employees with a special employment statute, although this has certainly not disappeared, has shrunk in many countries, and the special prerogatives traditionally attached to this status have been weakened in many ways (see also OECD, Glossary of Statistical Terms, 'Public Sector'; also OECD 1997). In addition, and decisively, comparative data based on this criterion are available for a few individual countries, but not on a wider scale.

A second possibility, used by the OECD Public Sector Pay Trends, would be to define the scope of the public sector on the basis of the employer's identity, that is on the criterion of 'who pays?' While this is a better solution for the analysis of wage bill trends, it has weaknesses from the point of view of the comparison of public sector employment. It would exclude, for instance, the employees of the UK National Health Service Trusts, which have changed their status and operate with independent financing arrangements (OECD, Glossary of Statistical Terms, 'Public Sector'). On the other hand, definitions and classifications of the public sector based on the functions of government (COFOG), such as that used in the OECD Government at a Glance (2009 and 2011, Annex B), or based on economic activities, such as that used in the Labour Force Survey provided by Eurostat, are not entirely suitable for the purposes of the present analysis. These definitions and classifications are unable to draw a clear demarcation between private and public sector organisations and employees, and are therefore too wide and inclusive. These drawbacks are especially relevant with regard to services related to education, health and social work activities, which in most countries are provided not only by public organisations, but to a significant extent also by private sector for- and non-profit organisations, with personnel on ordinary employment contracts. This prevents a precise identification of the boundaries of the public sector, and consequently of the size of public sector employment and its variation over time. Nonetheless, these are the only data that allow systematic comparisons between countries and sectors. Therefore, it is on these Eurostat NACE Rev.2 data that our analysis of public sector employment size and structure is based, unless otherwise specified. For a discussion of definitions, see Box 1.3.

Box 1.3: Statistical classifications for the public sector

The statistical classification of economic activities in the European Community (NACE) represents the basic reference for all analysis of the economic structure in the EU. However, NACE is organised along activity rather than ownership lines and therefore it is not possible to distinguish between the private and the public sector when looking at the different statistical data which are classified according to the NACE taxonomy, such as employment levels. In the case of NACE Rev.2, the present version of the classification system, which has been used since 2008, the core of the public sector is to be found in section O (Public administration, defence; compulsory social security), since most of these activities are performed directly by public employers and public employees, although not exclusively.

Other important activities for the public sector — which are usually also quite relevant in terms of employment — are sections P (Education) and Q (Human Health and Social Work), since the public sector typically directly provides an important share of overall education and health services. However, private organisations are widely present in these activities, with a relative importance which depends on both national traditions as well as on the national regulatory framework. This framework may in some cases distinguish between the formal responsibility and possibly the funding of certain services and the legal form as well as the substantive nature of the provider of the service, so that it is not rare to find private organisations which operate within the public education and health systems according to 'accreditation' rules, for instance. This latter possibility points to a second very important issue when looking at statistical data on the public sector: its cross-country comparability. Not only should data and indicators be regarded in general as 'proxies' of the public sector size, because the classification is built around activities, but also, in the various national settings, the relative importance in each NACE section of public and private organisations and employment is different.

1.3.2. The changing structure, role and functions of the public sector and of public services

The public sector is of special relevance for the functioning of any economy and society, and for many decades after World War II, the public sector was the main provider of fundamental and vital economic and societal services such as education, public transport, telecommunications, healthcare and postal services. During the past decades, the public sector has been faced with major challenges such as budget constraints and the need to cut public services, which have led to profound structural reforms of the sector. These reforms are well documented for the EU (e.g. Ferner, 1995; Schulten, Brandt and Hermann, 2008, Vaughan-Whitehead, 2012) and have led both to changes for public sector employees, such as wage cuts, changes in human management practices and adjustments of operations to facilitate economies of scale, and quantitative adjustments of the sector, such as employment cuts and outsourcing of services to private sectors.

Privatisation and outsourcing

One major trend in all EU Member States has been the continuing privatisation of public services and the transfer of public service provision to the private sector via selling public (i.e. state-owned) companies completely or partially to private owners. Usually, this has been achieved by transforming public sector organisations or companies into joint-stock companies. Before privatisation, many of these public sector organisations held a monopoly for their respective (sub-) sector or market. Simultaneously with privatisation, a liberalisation of the sector (or market) was carried out so that the new private companies were able to enter the previously protected market. In some cases, (sub-) sectors or markets have also been opened up to private service providers even though the previous public provider firm has remained under state ownership. Most notably, services in electricity, public transport, postal services and hospitals have been privatised and outsourced by the state [3].

In terms of the consequences for industrial relations, the liberalisation of (sub-) sectors and the emergence of new companies have frequently led to a two-tier system of industrial relations, with relatively centralised structures in the former public organisation but decentralised and fragmented structures in the new companies. As a consequence, collective bargaining coverage is substantially higher in the former public organisations compared with the new companies (Schulten, Brandt and Hermann, 2008). The reason for the prevailing structure in the previously public companies and in the companies that remain in state ownership was that many employees still enjoy public sector employment conditions and contracts regulated by public law, and public sector trade union structures remain. However, the presence of two different types of companies with different types of industrial relations in one sector has blurred industrial relations and undermined sector-wide regulation and coordinated bargaining (Doellgast and Greer, 2007).

In the hospital sector, for example, these changes in industrial relations due to privatisation are well documented. As was shown by Hermann and Flecker, (2009), one main characteristic after privatisation has been that union density has remained relatively high in public hospitals but is low in new companies where unions often do not have the power to push for collective agreements. Employees in the new companies do not enjoy the same employment security and often receive lower salaries than workers in the older companies. For example, in Austria wages in private hospitals are approximately 20 % below wages paid in public hospitals. On the other hand, in some countries, such as Sweden, trade unions have negotiated, via collective bargaining, similar standards for private and public hospitals.

In parallel with the outsourcing of whole sectors via liberalisation and privatisation, outsourcing of certain internal services for the public sector has become increasingly widespread in the past decades. Services for the operation of public services such as cleaning, IT and catering, which were previously performed internally by public sector organisations, have been increasingly bought in from private companies. As a consequence, public sector employees have been substituted by contracted private sector employees. Outsourcing and privatisation mean that a growing division between 'old' and 'new' employees and between a core and peripheral workforce has emerged (Brandt and Schulten, 2007) which has caused frictions and conflicts among these different groups of employees. This has also provoked protests against the processes of privatisation, liberalisation and outsourcing.

Conflict and strike action

All these developments in the public sector have led to changes for public sector employees, such as wage cuts, and changes in HRM practices, as well as to adjustments of operations to facilitate economies of scale and quantitative adjustments of the sector, such as employment cuts and outsourcing of services to private sectors. As a consequence, this has provoked many protests and strikes. For an overview of strike action in the public sector from 2008 to 2012, see Chapter 4 of this report.

Three main patterns in terms of strike action emerge. First, public sector strikes

[3] Whether or not former public (sub-)sectors and now privatised and liberalised (sub-) sectors are categorised as part of the public sector is a question of definition. See Box 1.3 for the problems of defining the public sector. In the following part of this chapter, privatised sectors and (previously) state owned companies are not considered as part of the public sector.

are found in almost all EU Member States. Second, education, healthcare, social work and public administration are the segments in which strikes have been particularly frequent. The reason is that these segments have suffered most in terms of budget cuts. Third, strike activity was triggered by the start of the economic crisis in 2008 because this led to further public sector budget cuts and restructuring reforms (EUROFOUND, 2010).

The level of industrial actions in the public sector all over the EU, which has been significant, is remarkable for two reasons. First, the right to strike for many groups of public sector employees is limited in many countries — see Section 1.4 of this chapter for an explicit overview of these restrictions. Second, in almost all European Member States mechanisms for the prevention of strikes are in place. Usually these aim to resolve conflicts through arbitration, mediation and/or conciliation provided by the state or the social partners (Warneck and Clauwaert, 2009). However, the extent to which the state intervenes in industrial conflicts and makes use of these mechanisms varies among EU Member States. In some countries these conflict resolution mechanisms have prevented further strikes. On the one hand, they have led to state concessions in reforming public transport sectors in Bulgaria, Portugal, Romania and Spain, and on the other hand trade unions have agreed not to carry out strike action (EUROFOUND, 2010). For more details on conflict and strike action in the public sector, see Chapter 3 of this report.

However, the process of public sector transformation, reform and protest continues and further changes can be expected. Moreover, the process of public sector transformation can be expected to accelerate as public deficits need to be cut further because of the global economic crisis and the need for fiscal consolidation in all EU Member States, thus increasing the pressure for reforms. The burden of public deficit cuts is likely to impose major changes on the public sector and public sector industrial relations. As in past decades, public sector reforms may lead to an increasing shift in the provision of services away from the public sector towards the private sector.

1.3.3. National variation in the role, structure and function of the public sector

Differences in industrial relations between the public sector and the private sector, such as higher unionisation rates, greater collective bargaining coverage and a more fragmented union system, have been well-documented (see e.g. Bach, Bordogna, Della Rocca, and Winchester, 1999; Ferner, 1995; Olsen, 1996; Traxler, 1999; Visser, 2008; 2010).

In the private sector, the main industrial relations actors are the representatives of employees (i.e. trade unions), the representatives of employers, and the state. While the first two actors represent the collective interests of their members, the role of the state is to regulate the interaction between them under consideration of state's interests, i.e. the state defines the rules. However, in the public sector the state plays a double role in the relationship between the employee and employer sides in the sense that in general the state is the authority that defines the rules in regulating the relationship and is also a party in the relationship (Adams, 1992). Basically, the power of the state in its role as an employer is higher compared to a private sector employer, as the state has the option of enforcing its interests as a legal authority. Further, the role of the state as an employer, compared to private sector employers, consists of many stakeholders, and a multiplicity of interests (public and private) have to be considered. In addition, state interests are exposed to various pressures from competing political parties, public opinions and various interest groups.

Even though this double role of the state is a general feature of public sector industrial relations, country differences exist as there is significant variation in terms of which bodies represent the state as employer in the relationship (e.g. at federal, regional or departmental level).

Levels of public sector industrial relations

From a comparative perspective, the degree of centralisation of public sector industrial relations activity of actors and institutions shows significant variation across the EU-27 as it is organised differently between the central, regional, local and even departmental levels. In addition, the relevance of these levels is also mixed in a multi-level framework — in some countries there are separate industrial relations regulations for different occupational and/or subsectoral groups (e.g. public administration, health, education, police, defence, and postal services). Furthermore, in a number of countries differentiations between employees with special status (i.e. civil servants) and private employees in the public sector are made.

All these differences across countries can be explained by the different role of the state for the economy and society in different countries, which leads to different institutional arrangements on different levels of public sector industrial relations. For many countries, no exclusive level or arena of social partners' interaction exists. Nevertheless, predominant levels of public sector industrial relations, defined by the share of employees that are affected by social partners' interaction at this level, can be identified. These predominant levels of industrial relations for all EU Member States are shown in Table 1.1, in which a classification of national public sector industrial relations according to the degree of centralisation and according to a differentiation between different groups of public sector employees is made.

Table 1.1: Employment regulation in the public sector — classification of countries

Predominant level of regulation	All employees	Group specific differentiations
Central	AT, CZ, FR, MT, PT	BG, EL, IE, LU, PL, SI
Mixed	BE, CY, DE*, DK	FI,HU,IT, ES, RO, SK
Decentralised		EE, LV, LT, NL, SE, UK

NB: Central = regulation of employment relationship predominantly at the national level; Decentralised = regulation of employment relationship predominantly at (either or) the regional, local, departmental level; Mixed = regulation at the central and decentralised level; All employees = No separation in the regulation of the employment relationship between groups of employees (in Germany there is a distinction between statutory civil servants and other public employees);
Group specific differentiations = different regulations for different groups (between sub-sectors and/or public/private servants;
* In Germany a formal separation at regional level exists but the regional level mirrors the central level which implies a de facto predominance of the central level. Data source: see Box 1.4.

excel file
gif

Table 1.1 shows that in 11 countries the governance of the employment relationship in the public sector is predominantly organised on a centralised level in the sense that the scope of industrial relations has a national perimeter and encompassment. Various differences in the industrial relations institutions still exist among these countries, notably whether or not labour relations are fixed for all groups of employees jointly or whether a differentiation is made between different groups of employees (e.g. between sub-sectors and/or public/private servants). Table 1.2 gives an overview of the main characteristics of countries' public sector regulations. For a full discussion of the different types of employment relationship in the public sector, see Chapter 3 of this report.

Table 1.2: Characteristics of the level and differentiation of employment regulation in the EU-27

Country	Main characteristics
AT	Highly centralised, wages are bargained jointly for three levels: state, federal state and local state level.
BE	Central framework agreement. Negotiations take place in different committees: Committee A negotiates for the entire public sector. Committee B covers federal services and community and regional services. Committee C represents provincial and local administrations.
BG	Centralised social dialogue is carried out by the National Council for tripartite partnership. Negotiations for contractual employees are conducted at the local level.
CY	Central bargaining for all employees in the public sector. Results affect all public sector employees.
CZ	Wages are regulated centrally by law but trade unions are consulted by government officials. There is some scope for minor issues to be regulated at the local level through negotiations.
DE	National level pattern bargaining. Highly centralised, industry-wide bargaining. Bargaining committees consist of representatives from: central, regional (Länder) and local administration.
DK	Collective bargaining and central and de-centralised levels. National framework agreement. Negotiations also at the local level, within strong coordination mechanisms.
EE	No collective bargaining at the central level. Bargaining at the local level (where unions are strong enough) with individual local authorities.
EL	Social dialogue is centralised. Conditions for employees with no special status are negotiated at the central level.
ES	Framework agreement at the central level. Lower level bodies (regions and municipalities) can agree higher pay increases than agreed at the national level. National level agreements cover non-pay and pay issues.

excel file
gif

Country	Main characteristics
FI	Collective bargaining at two levels, for the state sector and the municipal sector. Collective agreements for civil servants are concluded at the national level. Specifying agreements concluded between agencies or administrations and trade unions can alter central agreements.
FR	Central negotiations cover the whole public sector. Social dialogue at inter-ministerial level (national negotiations) and at intra-ministerial level (within central and local committees). The right of collective bargaining introduced in 1983 has been very weak on wage issues, and the government holds the ultimate power of decision. The situation has only partially changed after the 2010 collective bargaining reforms: the right of collective bargaining has stronger legal recognition, but the agreements are not binding for the government.
HU	Current rules regulating the conclusion of collective agreements stipulate that only public service employees can conclude workplace-level collective agreements.
IE	Centralised wage bargaining under tripartite social partnership arrangements. The extent of decentralised dialogue depends on the nature of the issue.
IT	National bargaining involves two types of negotiation: framework bargaining and divisional or area bargaining. The divisions are homogeneous sectors of the administration, (such as public schools of all grades; public universities; national health service; ministries; regions and territorial authorities; and compulsory social security) while the areas relate mainly to managers in the various divisions. Salary increases are defined at the national level for all the divisions (including the employees of regions and territorial authorities), and are integrated, within limits, by collective agreements at the decentralized, single-employer level.
LV	Collective bargaining is very limited at the central administrative level. Decentralised bargaining where unions are strong enough, negotiations with individual local authorities.
LT	Collective bargaining in public administration only at the sectoral level for some professions (e.g. public sector teachers).
LU	Centralised social dialogue at the government level, local public sector employees are represented in central committees.
MT	Central agreements for public sector employees (central and local government).
NL	Central level de facto negotiation. Pension issues are subject to discussions at the sectoral level. Collective bargaining predominately takes place at the sectoral level.
PL	Central decision for civil servants. With the exception of civil servants with special status, public sector employees can be covered by single employer agreements or multi-employer agreements, covering several local authorities.
PT	Two levels of negotiations: public administration in general and the sectoral level.
RO	Joint consultation at the national level takes place within the Tripartite Economic and Social Council. The council examines the economic situation of the country and makes recommendations to the government. Such committees exist at the ministerial and territorial level with a consultation role.
SE	Two bargaining levels: Central government encompasses all government agencies and public enterprises that are regulated by public law. The second level comprises local government, including municipalities and county councils responsible for education, healthcare and elderly care. Central agreements leave room for substantial further negotiations.
SI	Central level agreements. A general collective agreement for the public sector, collective agreements for individual sectors within the public sector, and a special collective agreement for the public radio and television organisations.
SK	The national agreement sets minimum conditions. Collective bargaining with local and regional authorities follows. Separate agreements for employees working for municipal and local governments.
UK	In the case of the senior civil service, pay is determined centrally by the government on the recommendation of the Senior Salary Review Body; the pay review bodies system covers about 35 % of all public employees, including teachers, nurses and all employees of the National Health Service. Civil servants' pay determination and HRM have been delegated to lower levels. The majority of civil service conditions of service, including pay, are the responsibility of the individual government departments and agencies.

Sources: Mormont (2004), Hessel, (2008), Bossaert and Kaeding (2009), Adam (2011), Vaughan-Whitehead (2012).

excel file
gif

Restrictions on industrial action in the public sector

Another peculiarity of the public sector is that in many EU Member States public sector employees are often excluded from exercising the right to strike. Table 1.3 provides an overview of different regulations regarding the right to take industrial action in the EU-27. The rationale behind limiting industrial action is that public sector employees are expected to have a special relationship with their employer and/or provide essential services for society.

As can be seen in Table 1.3, restrictions among the EU Member States vary in terms of the type of ban on industrial action and the employees' groups affected. On the one hand, there are countries where some groups of public sector employees (such as career civil servants ('Beamte') in Germany) have no formal right to strike, such as Austria, Estonia, Germany and Lithuania (for more details, see Chapter 3 of this report). On the other hand, as in Portugal, the right to strike is recognised for all workers, including public employees. However, in most other countries certain sectors and employee groups face some restrictions. Usually the right to take industrial action is often applied in conjunction with the principle of the uninterrupted operation of the public service and with the protection of the health and safety of persons and the protection of property. For example, in Italy no particular restrictions on the right to strike for public servants exist, but services at minimum level must be guaranteed. In Romania, certain services such as health services, social assistance and public transport must be maintained during the strike at a defined level of normal activity. Others restrictions on the right to strike include a high vote threshold in strike ballots (e.g. 50% in Romania). In the UK collective industrial action is limited to disputes between workers and their employer. In some countries, civil servants and municipal officials cannot call strikes in pursuance of objectives that are not covered by collective agreements (Hessel, 2008; Warneck and Clauwaert, 2009).

Apart from these differences, one main trend can be identified: in most EU Member States members of armed forces and the police are faced with the strictest limitations. There are only a few exceptions, among them Belgium, where police officers are entitled to strike, and the Netherlands, where both military personnel and police officers have the right to strike (see Warneck and Clauwaert 2009). For a fuller discussion of restrictions on industrial action in the public sector, see Chapter 3 of this report.

Table 1.3: Constraints on collective industrial action in the public sector

Country	Limitations on the right to take action
AT	There is no specific legislation concerning the right to strike for public employees. In practice, strike action is considered to be part of the constitutionally guaranteed right to association and assembly, but a restriction in practice derives from their duty of loyalty to the employer.
BE	The right to strike is not explicitly recognised by law. Apart from in the case of the armed forces, there are certain restrictions on the right to strike in the case of civil servants in general, including police officers.
BG	The right to strike is laid down in law. Military personnel do not have the right to strike. Public officials may only take symbolic strike action.
CY	The existence of the right to strike is stated in the constitution, but judges and members of armed forces the police and fire brigades do not have the right to strike.
CZ	The right to strike exists for civil servants with exception of: judges, prosecutors, armed forces, security corps, employees in nuclear power stations and oil and gas pipelines, air traffic controllers and fire fighters. Public sector workers with restricted rights to strike are: healthcare, social care, telecommunication operators.
DK	Statutory civil servants do not have the right to strike. Strike bans exist for groups of civil servants: members of the army, navy, police, the judiciary and high-ranking civil servants, and also for employees in railway and postal services.
EE	Estonian law denies the right to strike to almost all civil servants.
EL	Restrictions on strike action relate to essential services: members of police, the judiciary, and security corps.
ES	The right to strike does not apply to members of the armed forces, civil guards, judges, magistrates and district attorneys.
FI	Civil servants and municipal officials cannot call strikes in pursuance of objectives which are not covered by collective agreements.

excel file
gif

Country	Limitations on the right to take action
FR	Restrictions for some specific civil servants: Strike bans exist for state security, police, and other police bodies. The right to strike in public service is applied in conjunction with the principle of the uninterrupted operation of the public service and with the protection of the health and safety of persons and the protection of property.
DE	The right to strike is limited to issues which can be settled by collective agreement. Blue and white collar workers have the right to strike, but civil servants do not, based on their 'loyalty and service status'.
HU	According to the labour code, the right to strike is curtailed by requiring prior agreement between employer and employees on 'adequate services'. Strike action is forbidden for employees in the judiciary, armed forces, armed corps, organs of law enforcement and the national civil service.
IE	The right to strike is guaranteed in all branches of the public sector except the armed forces.
IT	There are no particular restrictions on the right to strike for public servants, but services at minimum level must be guaranteed in 'essential' public services. A ban on strike action exists for military personnel and state police.
LV	A ban on strike action exists for: judges, prosecutors, police, fire-fighters with public service status, border guards, state security, prison warders, and armed forces.
LT	Strikes are forbidden in public electricity, district heating and gas supply enterprises, as well as in the case of heads of department and senior civil servants, employees in internal affairs, national defence and state security organisations.
LU	Prohibited from striking are: diplomats, members of the judiciary, senior civil servants and managers, armed forces, police, medical and security personnel.
MT	Restrictions to strike action are in place for: doctors, surgeons, armed forces, police, fire-fighters, prison officers, and air traffic controllers.
NL	The vast majority of the contracting parties grant the right to strike to civil servants. Military personnel and police officers also have the right to strike. A Dutch judge may determine whether recourse to a strike is premature.
PL	Civil servants may not participate in strikes. The right to strike is restricted when a work stoppage entails a danger to human life, public health and state security. Members of the armed forces, the police, border guards and prison services are, as are all categories of civil servants, denied the right to strike.
PT	The right to strike is recognised for all workers including public employees. Exceptions are: Members of armed forces and police are prohibited from striking.
RO	Public servants in the ministry of defence and interior do not have the right to strike. Further, the vote threshold in strike ballots is very high — 50 %. Certain services such as health services, social assistance and public transport must be maintained during the strike at the level of at least 1/3 of normal activity.
SE	Virtually unlimited right to strike, but in the private and public sector the parties to a collective agreement may not initiate labour disputes on the issues covered by collective agreements during the period of validity (statutory peace obligation). The only restriction is that industrial action must not be directed at influencing Sweden's political situation. Restrictions exist for public employees engaged in work involving decision-making, i.e. workers involved in the exercise of public authority (for example, the courts).
SI	Strikes are not permitted when they are not related to the negotiation or amendment of a collective agreement. Only national or local branches of unions are allowed to call strikes. The following groups are prohibited from taking strike action: judges, prosecutors, armed forces, fire-fighters and air traffic controllers.
SK	Strikes must be linked to collective agreements. Strikes are prohibited for: judges, prosecutors, armed forces and armed corps, fire-fighters, air-traffic controllers. The right to collective action is also restricted in social services, healthcare, telecommunications, gas and oil production and the nuclear sector.
UK	Collective action is limited to disputes between workers and their employer. Since 1981 a number of laws have restricted the right to strike.

Sources: Hessel (2008), Warneck and Clauwaert (2009).

excel file
gif

Box 1.4: Empirical details

Chapter 1 focuses on industrial relations in Member States' public sector as a whole rather than on sub-sectors. This broader focus causes difficulties in the comparison between countries because of the significant country variation of the public sector as outlined in Box 1.3. If sub-sectors are referred to, explicit sources and definitions are provided.

Public sector data on industrial relations that is comparable across countries and across sectors is scarce. For this reason, a number of different data sources were used and integrated into a dataset which allows both a comparison across countries and across sectors. The first challenge here is that different data sources use different definitions of the public sector (see Box 1.3). The second is that in the different sources the time of reference for the data varies even though the majority of data refer to observation for the year 2008. Some data for other industrial relations variables refers to the years 2006 or 2007. Thus, both the definitional and period leeway inherent to a comprehensive use of data demanded that all data is rounded, i.e. percentages are rounded in 10%-intervals. Given the inherent stickiness of industrial relations variables (for a period of 2 or 3 years) as well as variations in the definition of the public sector, the 10%-interval is large enough to ensure that the probability that roundings are wrong is marginal.

Data on the development of public sector industrial relations over time for all EU Member States is even scarcer. Given this, the chapter concentrates on a cross-sectional analysis on the basis of recent data. When illustrating and discussing changes over time, a selection of countries is made for reasons of availability of data.

Some public sector industrial relations indicators are compared with other private sectors rather than with national level indictors. In order to allow a comparison on the same domain level in this chapter, public sector industrial relations are explicitly compared with private sector industrial relations rather than national level industrial relations. For reasons of availability of data, the same nine private sectors sample as used by Bechter, Brandl and Meardi (2011, 2012) is used for sector comparisons. Nevertheless, these nine sectors allow general conclusions as the sample covers both manufacturing and services, and both internationalised and less internationalised sectors: steel, sugar, tanning and leather, civil aviation, railway infrastructure, sea and coastal water transport, hospitals, hairdressing and other beauty treatment, and telecommunications.

Collective bargaining

The conventional approach in European industrial relations is for free and voluntary collective bargaining based on the principles of freedom of association and the autonomy of the social partners. These principles are enshrined in the EU Treaties. However, while this is certainly true for the private sector, in a number of countries there are restrictions on this principle in the public sector as it conflicts with the role of the state as employer and simultaneously as legislative authority. In this section, the differences in the EU-27 in mode and coverage of collective bargaining between the private and public sector are presented and discussed.

Across the EU, the magnitude of the double role of the state as employer and legislator in the process of collective bargaining varies as different state bodies at various levels and with different sovereignties over the employment relationship act as employers. In addition, there are variations in the differentiation of collective bargaining issues, e.g. wage determination is sometimes regulated differently than other issues such as, for example, working time and vocational training. However, three broad patterns with respect to the role of the state in collective bargaining in the public sector can be identified (Traxler, 1999):

- countries in which collective bargaining is the most important and most frequent mode of regulation of the employment relationship in the public sector [4].
- countries in which the employment relationship is unilaterally set by respective state authorities. In the EU-27 countries this pure form does not exist (any more) as in practice unions are usually involved, consulted and informed by government authorities. Therefore the second pattern is characterized by *de facto* collective bargaining; and
- countries in which there is a combination of these two patterns, which means that there is co-existence of collective bargaining and unilateral state regulation.

For details, see Table 1.4.

The first and second patterns represent extreme forms and have various exceptions (i.e. for certain sub-sectors or groups of employees). Nevertheless, by concentrating on the predominant form of collective bargaining a classification of all EU-27 member countries into these three regulation modes can be identified and is shown in Table 1.5.

(4) In countries in which collective bargaining is the predominant mode, exceptions to the rule can nevertheless be found. Frequently certain key sub-sectors such as the armed forces and the police are characterised by exceptional regulations.

Table 1.4: Mode of regulation of the employment relationship in the public sector

Predominant regulatory pattern		Countries
Collective bargaining (CB)		BE, BG, CY, CZ, DK, FI,, HU, IE, IT, MT, NL, PT, SK, SI, SE
Unilateral state regulation (USR)		AT, FR, LU
Mixed:	**CB** and USR	EE, EL, LV, LT
	CB and USR	PL, RO, ES
	CB and **USR**	DE, UK

NB: Bold CB and USR indicates that the mode is higher than the other but still not predominant for the whole country.
Sources: Brandl and Traxler (2012), European Federation of Public Service Unions (2008), Traxler (1999). UK: collective bargaining is mainly national and by local government (Pay Review bodies in health, education, prisons). LU: Indexation of wages.

excel file
gif

Table 1.5: Main characteristics of public sector collective bargaining in the EU-27

Country	Main characteristic of collective bargaining
AT	Unilateral pay determination by the responsible government authorities. In practice: de facto negotiations between the authorities and public sector unions.
BE	Joint consultation and negotiations. There is a legal right to collective bargaining but the agreements are not legally binding (they have the value of a political commitment).
BG	Civil servants do not have the right to collectively bargain and conclude collective agreements in the strict sense. The government sets pay and working conditions for public sector officials unilaterally.
CY	Together with its Permanent Sub-Committee, the Joint Consultative Committee is the official agency for collective bargaining between the government and the trade union.
CZ	Social dialogue is characterised by its informal nature. There is limited scope for wage bargaining in central administration. Collective agreements cover working conditions but not pay.
DE	Civil servants' pay and working conditions are determined unilaterally. Trade unions have some role in the preparation and adaption of regulations on working conditions: they are heard at early stages of legislative procedures.
DK	For public officials, employment conditions are regulated by law. Agreements for civil servants and central organisations are concluded by state authorities. Local agreements are concluded by local branches of institutions.
EE	There is a minimum wage agreement between the government and the trade union for education and cultural professionals in government and local municipality institutions.
EL	Employment conditions for public servants are set unilaterally by government. Negotiations between the state and employee representatives take place a) between the state and the Supreme Administration of Greek civil Servants' trade union (ADEDY) and b) between the state and trade union federations.
ES	Highly centralised social dialogue. Legislation in 2006 introduced a new top-level negotiating committee. Civil servants' pay is subject to collective bargaining. Negotiations cover the whole public sector. Similar negotiation bodies were established in the regions and each municipality.
FI	The status of collective agreements is regulated separately for contract employees and civil servants.
FR	Working conditions are set by legislation and regulations. Trade union organisations do not have the right to initiate negotiations. Trade unions are entitled to conduct negotiations on the development of pay with the government, but the government has the ultimate power of decision.
HU	Wages and working conditions for civil servants are set unilaterally. Civil servants are not entitled to conclude collective agreements. The topics for which the employer's side is obliged to consult with trade unions are laid down by law. Consultation at the national level takes the form of tripartite social dialogue.

excel file
gif

Country	Main characteristic of collective bargaining
IE	Joint consultation procedures are in place. Intense social dialogue. Collective bargaining every three years, although the crisis has put this system under severe pressure. Ireland is the only country in Europe with a constitution which does not contain provisions on public service.
IT	The procedural rules for collective bargaining are established by law. National-level framework agreements deal with issues regarding two or more divisions, such as telework, the use of temporary agency workers, or the definition of national level bargaining units or divisions, within limits established by the law. Industry/sub-sector-wide national collective agreements regulate employment conditions and industrial relations and set the rules and subject for lower-level negotiations (integrative, decentralised contracts).
LV	There is no obligation to negotiate collective agreements in the public sector. Different regulations for different sectors (such as health, education, internal affairs) are in place.
LT	Joint consultation at the national level takes place at the Tripartite Council of the Republic of Lithuania. Legislation puts central agreements into effect for public servants and non-manual workers.
LU	Existence of both genuine and de facto collective bargaining. For civil servants and white collar staff, unilateral regulations (on basis of proposals of professional organisations of employees) exist, while for blue collar workers collective bargaining is important. Existence of joint consultation procedures at the national level within the Economic and Social Council. On the governmental level, a very centralised dialogue is characteristic.
MT	A tripartite consultation body acts as an industrial tribunal and a Joint Negotiation Council in matters concerning the service conditions of public servants. Trade unions are consulted in sectoral-specific matters and engage in collective bargaining.
NL	Joint consultation at national level takes place twice a year between the government and the social partners. Formally the state has the power to set employment conditions unilaterally. Formally, statutory civil servants have no right to collective bargaining but informal negotiations practices exist. Consultation of public sector union confederations is obligatory.
PL	Civil servants with special status are denied the right to bargain collectively. At the enterprise level, collective agreements may be concluded, with the exception of those employed in units under state budget.
PT	The government can make unilateral decisions on public sector terms and conditions. Consultation is foreseen for issues such as employment programmes, human resource policy, retirement regulations. Sectoral level negotiations focus on matters such as remuneration, overtime, and training. Public sector unions can engage in negotiations but final decisions are taken by government.
RO	No bargaining on pay in the central government; wage levels and increases are established by government regulation. Separate negotiations for public servants and contractual staff.
SE	Separate agreements for different groups of employees in county councils and municipalities. For example, the actual pay of each employee is negotiated locally between the agency and the local trade unions.
SI	Centralised social dialogue.
SK	Voluntary negotiations in the civil service cover the terms and conditions of performance of civil service duties, working time, leaves, salary scales and social security coverage.
UK	Joint consultation and voluntary negotiations are more common in the public sector than in the private sector. Most unions focus on the representation of a particular occupational group.

Sources: Mormont (2004), Hessel (2008), Bossaert and Kaeding (2009), Adam (2011), Vaughan-Whitehead (2012).
Further discussion of country clustering can be found in Chapter 3 of this report.

excel file
gif

Trends in bargaining regulation

Since the 1970s, a trend away from unilateral regulation towards collective bargaining or towards mixed regulation systems can be observed (Traxler, 1999). This process started with Finland shifting from unilateral regulation to collective bargaining in the early 1970s, followed by Belgium in the mid-1970s and France to a very limited extent in the early 1980s. The Italian public sector system of collective bargaining also shifted from a unilateral to a mixed system in the early 1980s (the right to collective bargaining was introduced in Italy in 1983, although with several limitations, see Bordogna and Neri 2011), followed by Spain at the end of the 1980s. Considering that in the Central and Eastern European countries (CEECs) the mode of regulation in the public sector was similar to unilateral regulation and shifted in the 1990s to collective bargaining or a mixed system, the dominance of public sector collective bargaining is a 'recent' phenomenon.

The *Industrial Relations in Europe2010* reported for the majority of the CEECs highly decentralised collective bargaining structures in the private sector. This highlights a major difference between private and public sector collective bargaining as the majority of public sector collective bargaining systems in the CEECs are characterised by relatively centralised collective bargaining. The reason for this difference between private and public sector collective bargaining can be explained by well-established tripartism in the public sector in many CEECs. According to the country case studies documented in Hessel (2008), in many CEECs employer and employee organisations have built up forms of cooperation and consultation from scratch in which central state authorities have a key role in collective bargaining. See also Chapter 2 of this report for a discussion of collective bargaining structures in the CEECs.

In many countries, the level and structure of collective bargaining has also changed considerably over time. Frequently these changes are the direct result of various forms of public sector reforms, or liberalisation and privatisation of public services in the same period (see Hessel, 2008). These changes lead to an increasing fragmentation of the collective bargaining system which is expressed by a diffusion towards multiple levels of collective bargaining and by differentiating within collective bargaining between different occupations and/or sectors (e.g. public administration, health, education) and second, by an increasing relevance of decentralised levels of collective bargaining. The main rationale behind this trend towards deconcentration and decentralisation of collective bargaining is guided by the idea that it allows more flexibility in regulating employment relationships and conditions, which in turn increases the efficiency of the public sector as a whole. However, not all EU Member States follow this idea of increasing the efficiency of the public sector by restructuring collective bargaining in the same way so that different developments can be expected. These trends are explored more fully in Chapter 3 of this report.

The importance of collective bargaining

Collective bargaining coverage rates continue to exhibit a high degree of variation across countries in both the overall economy and in the public sector. Chart 1.9 shows collective bargaining coverage for the public sector, and compares public sector collective bargaining coverage with collective bargaining coverage in the entire economy. On the whole-economy level, collective bargaining coverage is low in Bulgaria, Estonia, Lithuania, Latvia and the UK, where fewer than 30 % of all employees are covered by a collective agreement. On the other hand, there are countries in which collective bargaining coverage is higher than 85 % (i.e. Finland, France, Slovenia and Sweden) and in some countries almost all employees are covered by a collective agreement (i.e. Austria and Belgium).

This variation in collective bargaining coverage can also be found in the public sector. In Bulgaria, Estonia, Hungary and Lithuania, public sector collective bargaining coverage does not exceed the 30 % margin. On the other hand, in a number of countries public sector collective bargaining is almost 100 %, which indicates that collective bargaining coverage is usually higher in the public sector compared to other sectors in the economy.

However, the most striking issue shown by Chart 1.9 is the fact that collective bargaining is generally higher in the public sector compared to the whole economy. In many countries the gap between public and national sector collective bargaining coverage is significant. For instance public sector collective bargaining is more than 40 percentage points higher in Cyprus, the Czech Republic, Ireland, Malta, Slovakia and the UK compared to the national figure. There are only a few countries in which public sector collective bargaining coverage is not substantially different from the overall economy, e.g. in Austria, Belgium, Estonia, Lithuania and Poland. Furthermore, there are even fewer countries in which public sector collective bargaining is lower compared with the national figure, e.g. Bulgaria, Hungary and Spain.

The reason why collective bargaining coverage is higher in general in the public sector in comparison with national figures is twofold. First, public sector industrial relations are more centralised than in other sectors of the economy because central state authorities are involved in collective bargaining as they want to keep control over the employment issues for the whole country. This explains why the gap in collective bargaining coverage between the public sector and the rest of the economy is exceptionally high in

the Czech Republic, Cyprus, Malta and Slovakia. In all of these countries private sector collective bargaining is predominantly held on a local or company level (see *Industrial Relations Report, 2010*), while collective bargaining in the public sector is highly centralised (see Table 1.1). The second reason can be found in the attitude of the state in its role as employer regarding collective bargaining and unions, which is usually different from the attitudes of private employers. A good example of the greater recognition of unions as partners in regulating employment issues by state authorities compared to private employers is the UK, where the gap between public and national collective bargaining coverage figures is around 60 percentage points. As argued by Brown, Bryson and Forth (2008), the state recognition of unions as partners exceeds the recognition by private sector companies significantly in the UK.

1.4. Trade unions

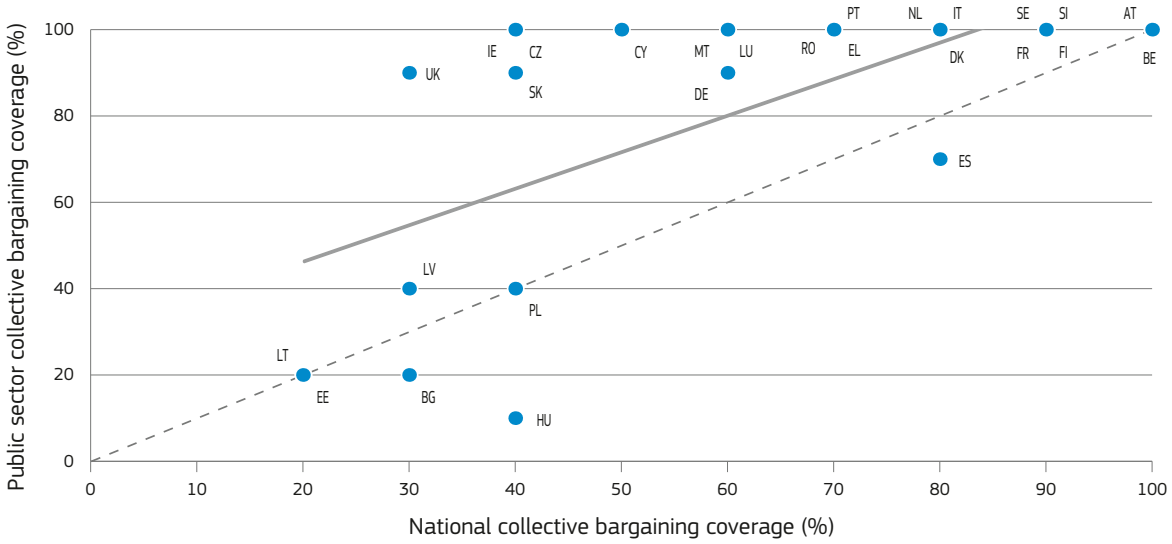
While all EU Member States recognise the right of trade unions to exist and participate in collective bargaining, the public sector shows some peculiarities regarding the right to association. In some countries and for some groups of employees, such as civil servants, associational rights are restricted. Further, several studies stress that public sector unions differ from private sector unions according to the characteristics of their (potential) members. For example in the *Industrial Relations in Europe 2004* report as well as the one by Keller, Due and Andersen (2001), it is highlighted that the share of female employees is usually higher in the public sector and that a high proportion of staff is employed in white-collar and professional occupations. For a full discussion of trade unions in the public sector, see Chapter 3 of this report.

1.4.1. The fragmentation of the union system

There are a total of 256 public sector-related trade unions in the EU-27 [5] (Adam 2011), and usually more than one union represents public sector employees. Table 1.6 provides a comprehensive overview of major public sector unions (i.e. the largest and second largest) and of the number of active public sector unions in each of the EU Member States.

[5] Representativeness in the public administration sector embraces three basic elements: the membership domain and strength of the social partner organisations, their role in collective employment regulation, and their role in public policymaking (Adam, 2011).

Chart 1.9: Public sector and national collective bargaining coverage, 2009



For details about the reference year see Box 1.4.
Source: National collective bargaining coverage: J. Visser, ICTWS database 3.0. Public sector collective bargaining coverage: Adam (2011).
NB: The grey dotted line is the 45 degree line which indicates points where the two %s are equal. The grey line is the least squares regression line indicating the average relationship between the two.

excel file
gif

Table 1.6: Major unions in the public sector

Country	Largest* sector-related union	Sectoral domain density**	Affiliated to		Second sector-related union	Sectoral domain density	Affiliated to		Total number of sector-related unions
			EPSU	CESI			EPSU	CESI	
AT	Union of Public Employees (GÖD)	70%	+	+	Municipal Employees' and Arts, Media, Sports and Liberal Professions' Union (GdG-KMSfB)	71%	+	+	4
BE	Federation of Christian Public Service Unions (FSCSP/ FGSOD)	n.a.	+	-	General Confederation of Public Services (CGSP/ACOD)	n.a.	+	-	4
BG	National Police Union (NPU)	n.a.	-	-	Federation of Independent Trade Unions of Governmental Organisations (FITUGO)	n.a.	+	-	6
CY	Pancyprian Union of Public Servants (PASYDY)	78%	+	-	-	-	-	-	1
CZ	Trade Union of State Bodies and Organisations (STATORG)	7%	+	-	Czech Firefighters' Union (OSH)	48%	+	-	5
DE	German Civil Service Association (DBB)	37%	-	+	German Police Union (GdP)	n.a.	-	-	7
DK	Union of Commercial and Clerical Employees in Denmark (HK)	80%	+	-	Christian Trade Union (KF)	n.a.	-	+	24
EE	Confederation of Trade Unions of State and Local Government Employees (ROTAL)	4%	+	-	Estonian Employees' Unions, Confederation (TALO)	n.a.	-	-	2
EL	Supreme Administrative Council of Greek Civil Servants (ADEDY)	87%	+	-	Panhellenic Federation of Public Employees governed by Private Law (POEIDD)	20%	-	-	2
ES	Federation of Citizen Services of the Trade Union Confederation of Workers' Commissions (FSC-CCOO)	11%	+	-	Confederation of Independent and Civil Servants' Unions (CSI-CSIF)	9%	-	+	6
FI	Federation of Salaried Employees Pardia (Pardia)	37%	+	-	Public Sector Negotiating Commission of AKAVA (JUKO)	35%	+	-	8
FR	n.a.	n.a.	+	-	n.a.	n.a.	+	-	7
HU	Union of Employees of the Ministry of Interior Affairs and Law Enforcement (BRDSZ)	23%	-	+	Public Service Trade Union Federation(KSZSZ)	48%	-	+	8
IE	Impact	n.a.	+	-	Civil and Public Services Union (CPSU)	n.a.	+	-	9
IT	Public Service Union — affiliated to General Confederation of Italian Workers — CGIL (FP CGIL)	11%	+	-		100%	-	-	56

gif *excel file*

Country	Largest* sector-related union	Sectoral domain density**	Affiliated to		Second sector-related union	Sectoral domain density	Affiliated to		Total number of sector-related unions
			EPSU	CESI			EPSU	CESI	
LT	Lithuanian Trade Union of Constables and Police Employees (LVRSRPS)	12%	-	-	Lithuanian Trade Union of Civil Servants (LVTPF)	20%	+	-	4
LU	General Confederation of Civil Servants (CGFP)	80%	-	+	Local Government Civil Service Union (FGFC)	15%	-	+	5
LV	Trade Union of Employees of State Institutions, Self-governments and the Finance Sector (TUSSF)	5%	-	-	Latvian United Trade Union of Police Workers (LAPA)	19%	-	-	6
MT	Union of United Workers (UHM)	76%	-	+	General Workers' Union (GWU)	41%	-	+	4
NL	Public Service Workers' Union — affiliated to the Dutch Trade Union Federation — FNV (Abvakabo FNV)	n.a.	+	-	Union for Managerial and Professional Civil Servants (CMHF)	n.a.	-	-	15
PL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7
PT	Union of Local Authority Workers (STAL)	31%	+	-	Union of Public Administration Workers of the South and the Azores (STFPSA)	n.a.	-	-	14
RO	National Trade Union of Policemen and Contractual Personnel (SNPPC)	64%	-	+	National Federation of Local Administration Trade Unions (FNSA)	n.a.	+	-	17
SE	Union of Civil Servants (ST)	n.a.	+	-	Association for University Graduates in Economics, Social Science, Social Work etc. (Akademikerförbundet SSR)	65%	+	-	9
SI	Trade Union of State and Societal Bodies of Slovenia (SDDO)	29%	-	-	Police Trade Union of Slovenia (PSS)	70%	-	-	9
SK	Slovak Trade Union of Public Administration (SLOVES)	20%	-	+	Police Trade Union in the Slovak Republic (OZP SR)	40%	-	-	8
UK	Public service trade union (Unison)	51%	+	-	Public and Commercial Services Union (PCSU)	72%	+	-	9

Source: Adam(2011): Representativeness of the European social partner organisations: Public administration.

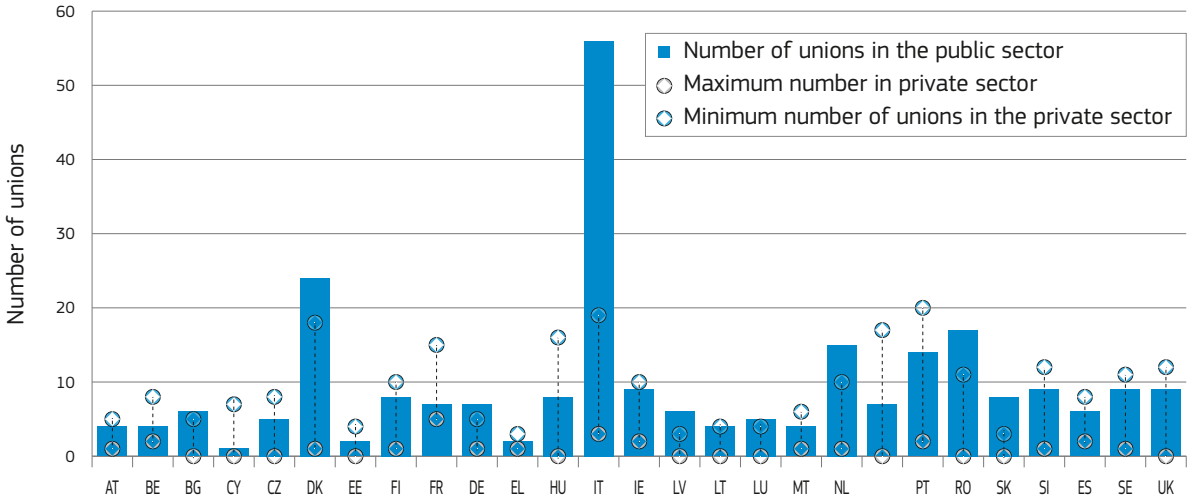
*Based on members in the sector (Adam, 2011).

**Sectoral domain density indicates the total number of members of an organisation in the sector in relation to the number of employees who work in that part of the sector as covered by the organisation's domain.

Members of Eurocop: German Police Union (GdP), Lithuanian Trade Union of Constables and Police Employees (LVRSRPS), Police Trade union of Slovenia (PSS), Police Trade Union in the Slovak Republic (OZP SR).

gif *excel file*

Chart 1.10: Union fragmentation in the public sector and in other private sectors, 2009



For details about the reference year see Box 1.4.

Source: Number of public sector unions: Adam (2011). Number of private sector unions: Bechter, Brandl and Meardi (2011).

NB: The blue bars are the number of unions in the public sector. These unions are compared to the ones in nine private sectors. The sample covers manufacturing and services and both internationalised and less internationalised sectors: steel, sugar, tanning and leather, civil aviation, railway infrastructure, sea and coastal water transport, hospitals, hairdressing and other beauty treatment, and telecommunications. The black dotted lines with balls indicate the maximum and the minimum number of unions from the selected nine private sectors. Public sector union fragmentation is higher than in each of nine private sectors if the blue bar exceeds the ball on the top of the dotted line.

excel file

gif

As shown by Visser (2010) for the national level and by Bechter, Brandl and Meardi (2011) for private sectors in the EU Member States, both the number of existing union confederations as well as union organisations differs substantially across countries. Chart 1.10 shows the fragmentation of the union system in the public sector and compares it with the number of unions in other private sectors in terms of the number of unions.

As can be seen in Chart 1.10, for the majority of countries the fragmentation of public sector unions does not significantly differ from the private sector. Only in four countries is fragmentation in the public sector significantly higher than in private sectors. Among these four countries, in Italy the number of unions in the public sector exceeds the number of unions in the private sectors by far, but also in Denmark, the Netherlands and in Romania the public sector union system is characterised by a higher degree of union fragmentation than in the private sector.

Another reason for union fragmentation in the public sector is the differentiation between public sector employees with special status (civil servants) and employees with no special status with private sector employment contracts (blue and white collar workers). Most EU Member States employ personnel with different statuses in their public administrations. The distinction between employees under public law and those under private law is a fundamental characteristic of the public sector in Germany (i.e. Beamte and contractual staff), Denmark, Luxembourg, France, the Netherlands and Austria. In other countries, such as Ireland and the UK, differentiating between these two statuses is of less importance. For a fuller discussion of trade union structures in the public sector, see Chapter 3 of this report.

1.4.2. Union strength

Union density is the most common indicator of union strength. Chart 1.11 provides an overview of the strength of unions in the public sector and compares it with the national level.

Differences in union density in levels across the EU Member States and between the public sector and the private sectors are quite marked. One main characteristic of Chart 1.11 is that in the majority of countries union density is higher in the public sector compared to the national figure for union density. Only in the Czech Republic, Estonia and in Poland is union density slightly lower in the public sector than the national figure. In Belgium, Hungary, Latvia, Lithuania, Slovakia, and Slovenia public sector union density equals the national level. However in all the other countries, density is higher in the public sector, and in a number of countries the gap is substantial. This is particularly the case in Greece (70 percentage points) but also in Austria and in Luxembourg (in both 40 percentage points).

In the near future, it is likely that the gap in union density between the private and public sector will prevail, for many reasons. First, the recognition of unions is more common in the case of public employers compared to private employers. Second, public sector managers are often unionised as well, which implies that fewer disadvantages can be expected due to union membership. Third, union representatives are more actively involved in the public sector in the processes of hiring, promotion, and organisation of work, so further incentives for employees exist to join a union (Keller, Due and Andersen, 2001). See Chapter 3 of this report for further discussion of trends in union density.

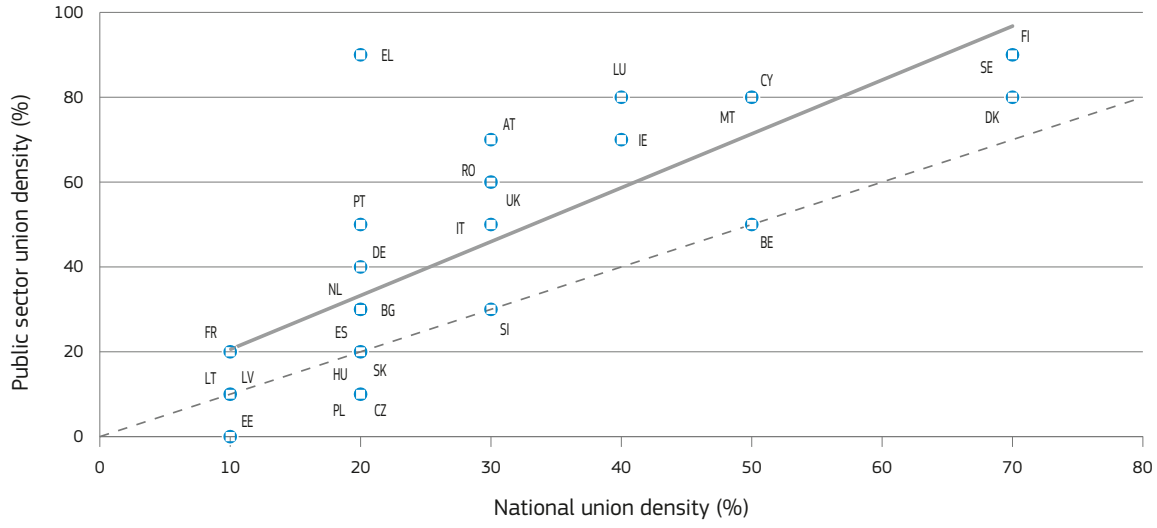
1.5. Employers' associations

In contrast to the private sector, where employers' associations organise and represent the interests of companies, the associational structure of public sector employers is more complex. This is because the public sector is characterised by a multi-layered structure of political and administrative actors with different responsibilities on different levels and in different regions (Keller, Due and Andersen, 2001). One main difference between the public and the private sectors is that in the public sector no employers' associations exist in the majority of the EU Member States.

The reason for this lack of public sector employers' associations is that state authorities — which act directly as employers — are organised under national public administrative systems. Thus, the more centralised, coordinated and organised these administrative systems are, the more coordinated the employer side in the public sector. There is therefore no need to organise employers' interests in an association in countries with well organised, coordinated and centralised administrative systems. In general that is why employers' associations exist only in countries in which the national public administrative system does not enable enough coordination of central states' employment and wage strategies (Adam, 2011). This is frequently the case in countries with a decentralised system for regulating the employment relationship (as shown in Table 1.1).

Nevertheless, compared to the private sector, collective bargaining in the public sector is still characterised by a high degree of centralisation as central state authorities are actively involved in collective bargaining in almost all EU Member States. Thus the employer side is represented in collective bargaining by central state authorities. These are usually important ministries themselves who represent state interests as an employer or spin-offs of ministries. See Table 1.7 for an overview of public sector state authorities who represent states' interests as an employer.

Chart 1.11: Public sector and national union density, 2009



For details about reference year see Box 1.4.

Source: National union density: J. Visser, ICTWS database 3.0 (Visser, 2011). Public sector union density: Bordogna (2007), Adam (2011), Visser (2011), Brandl and Traxler (2012)

NB: The grey dotted line is the 45 degree line which indicates points where the two %s are equal. The grey line is the least squares regression line indicating the average relationship between the two.

excel file

gif

Table 1.7: Main actors in the public sector on the employer side in the EU (employer organisations are in *italic*)

Country	
AT	State Secretary for Civil Service and Administrative Reform in the Federal Chancellery (Bundeskanzleramt BKA)
BE	Committee composed of the Prime Minister and ministers (no central public sector employer organisation)
BG	National Council for Tripartite Partnership
CY	Government, represented by the Permanent Secretary of the Ministry of Finance and the Director of Public Administration and Personnel Department and acting in the Joint Staff Committee (J.S.C.)
CZ	Joint Consultative Committee (MEP)
DE	Ministry of the Interior (BMI) at the national level. *Federation of Municipal Employers Association at the local level. Municipals Employer's Association (VKA)*
DK	Ministry of Finance: State Employer's Agency. *Local Government Denmark (KL)*
EE	Inter-Ministerial Committee chaired by the Minister of Social Affairs
EL	Ministry of the Interior, Public Administration and Decentralisation
ES	Ministry of Public Administration; three main committees: Public Administration Committee (for working conditions), one committee responsible for statutory civil servants and one for other public sector employees
FI	Ministry of Finance: State Employer's Agency (VTML). *Commission for Local Authority Employers (KT)*
FR	Ministry of the Budget, of Public Accounts and of the Civil Service, (Directorate-General for Administration and the Civil Service, DGAFP); Ministry of Health (public hospital service); Minister of Subnational Entities (territorial service)
HU	Relevant ministries
IE	Department of Finance. *Local Government Management Board (LGMSB)*
IT	Presidency of the Council of Ministers (Department of Public Administration) for public employees that have not been privatised and contractualised. Agency for the Representation of Public Administration (national level) Negotiation (ARAN)
LT	Government
LU	Ministry of Civil Service and of Administrative Reform. *Association of Luxembourg Towns and Municipalities (Syvicol)*
LV	Relevant ministries. *Latvian Association of Employers of Municipalities (LPDDA)*
MT	Ministry of Finance (principal permanent secretary). Office of the Prime Minister (permanent secretary). Joint Negotiation Team. Collective Bargaining Unit. Malta Employers Association (MEA)
NL	Ministry of the Interior
PL	Chancellery of the Prime Minister. Director-General of the Civil Service Office (for working conditions)
PT	Ministry of Public Administration. Ministry of Finance
RO	Ministry of Labour, Family and Equal Opportunities. Ministry of Health. Ministry of Education. National Agency for Public Servants (ANFP)
SE	Swedish Agency for Government Employers (SAGE). Federation of Social Insurance Offices. *Swedish Association of Local Authorities and Regions (SKL)*
SI	Governmental bargaining group, composed of representatives of all ministries, agencies, governmental offices, the Parliament and the associations of municipalities
SK	Ministry of Labour, Social Affairs and Family. Ministry of the Interior Ministry of Finance. *Association of Towns and villages of Slovakia (ZMOS)*
UK	The most significant bargaining units are the Cabinet Office; Treasury; Department for Work and Pensions (DWP); HM Revenue and Customs; Home Office; and Ministry of Defence. In addition, the pay review bodies system covers around 35 % of public sector employees.

Source: Adam (2011), Hessel (2008).

excel file

gif

As presented by Adam (2011), organisational density in the countries in which employers' associations exist is exceptionally high, at 100%, in all associations and has remained stable over decades (Keller, Due and Andersen, 2001). However, this strength can be assumed to be identical in countries in which no employers' associations exist, as the central states unites the whole employer interests. Thus, the employer side in the public sector reflects a strength which is comparable to a 100% (quasi-)density in all countries. For a fuller discussion of employer representation in the public sector, see Chapter 3 of this report.

1.6. Overview and classification of national and public sector industrial relations models

Industrial relations are defined using many dimensions. Furthermore, any sectoral, national or supranational industrial relations system is described by its own values for these dimensions which display differences and similarities with other sectoral, national or supranational industrial relations systems. The preceding sections have examined typical industrial relations dimensions such as union density, employers' association density, union fragmentation, employers' association fragmentation, collective bargaining coverage, and collective bargaining centralisation for the public sector and have highlighted and discussed the differences and similarities between sectoral and national industrial relations systems across the EU Member States.

This multi-dimensionality of industrial relations makes it hard to identify overarching and general similarities and differences across sectors and countries over all dimensions simultaneously.

Box 1.5: Public services in the EU: key trends

Public services, also known as services of general interest (SGIs), are services whose provider is entrusted by a public authority with specific missions of general interest. They include energy, water, public transport, postal services, telecommunications, healthcare and social work, education, public administration and defence.

Overall, public services in Europe provide services to around 500 million European inhabitants and provide the infrastructure for future growth and development. In total, around 500 000 enterprises operate in public services.

Around 30% of the European workforce — some 64 million employees — is employed in public services in the following sectors:

- Health and social work (33% of all public services and 20.5 million employees);
- Public administration and defence (24% of all public services and 15.4 million employees);
- Education (23% of all public services and 15 million employees);
- Public transport, railways, the postal sector and telecommunications (9.6% of public services and 5.9 million employees).

Over the past 20 years, three basic trends have characterised the development of public services in the EU:

- Europeanisation, under which SGIs are moving from the traditional national framework of definition and organisation to the Community level. This takes various forms, including harmonisation and the open method of coordination in education and health;
- sectoral characteristics and trends, such as the Single Market, which has had an effect on telecommunication, electricity, water, transport, education and health. It should be noted, however, that many of the former national monopolies have continued to operate and play an important role in their sectors;
- national histories, traditions and institutions, which continue to shape markets in different ways in different countries.

Another important trend is the delegated management of public services to private companies in many sectors and Member States. For example, private companies in France are world leaders in the water sector. In the UK, rail sector operators are private companies. Furthermore, the contracting out of elements of public services to private contractors has become commonplace in many sectors, such as cleaning.

The development of public-private partnerships (PPPs) is another relatively recent feature in public service provision. Under PPPs, private companies are entrusted, under long-term contracts, with the conception, construction, ownership, maintenance or exploitation of structures and equipment. The UK uses this formula widely, employing it in the construction and operation of roads, hospitals and schools, and the general management of prisons. Ireland, Germany, Spain, Portugal, Italy, France and Greece have also used PPPs. In the new EU Member States, this type of management is rarely used but it is encouraged by a specific legislative framework (Poland, Latvia, Lithuania, Romania, and the Czech Republic). In many countries, the services produced under PPP arrangements are 'sold' back to the administration.

For further information, see Public Services — supporting the very fabric of European society, CEEP; and Public Services in the European Union and in the 27 Member States. Statistics, Organisation and Regulations. CEEP, May 2010.

Visser (2008) was the first to achieve this over different dimensions by identifying national industrial relations systems for all EU Member States. Visser provided a comprehensive classification of industrial relations systems (i.e. models or regimes) on a national level for all EU Member States in which five different models of industrial relations systems in the EU-27 countries are identified as follows:

- Organised Corporatism, including Denmark, Finland and Sweden;
- Social Partnership, including Austria, Belgium, Germany, Luxembourg, Netherlands and Slovenia;
- State-centred, including Greece, Spain, France, Italy and Portugal;
- Liberal, including Cyprus, Ireland, Malta and the UK; and
- Mixed or Transitional, including Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland Romania and Slovakia.

The Organised Corporatism model is characterised by a high degree of organisational density, high collective bargaining coverage and fairly high interaction of social partners with the state but also a relatively high fragmentation of the social partner system in terms of a high number of both unions and employers' associations. The Social Partnership group clusters countries with a medium organisational membership density and high rates of collective bargaining coverage with a high level of centralisation. Another characteristic is the relatively high fragmentation of actors and high levels of social partner interaction with the state. Countries in the State-centred group are similar to Organised Corporatism countries, with the exception that the involvement of the social partners with the state is quite low, and there is a much lower degree of centralisation of collective bargaining. The group of Liberal countries display an average organisational density of actors, high collective bargaining coverage at a very decentralised level, low fragmentation of actor organisations, and almost no interaction with state authorities. The countries in the Mixed group are distinct from all former groups because the industrial relations system is characterised by low organisational density of actors, few actors (mainly because employers' organisation do not exist), low collective bargaining coverage at a decentralised level and no interaction with state authorities.

Bechter, Brandl and Meardi (2011, 2012) looked at whether the national classification holds for all private sectors in the EU Member States. They were able to show that many private sectors are substantially different in their industrial relations system characteristics from the national and identified sectoral systems of industrial relations for the EU-27 countries. For instance, it was shown that industrial relations in the majority of the EU-27 countries in the hairdressing and other beauty treatment sector share the characteristics of the Mixed system (which they labelled as an Empty system). This is due to the fact that collective bargaining coverage, the organisational density of social partners and their fragmentation is low or sometimes even non-existent, collective bargaining is also rather decentralised. They also showed, for example, that industrial relations in the sea and coastal water transport sector are described in the majority of countries by very characteristics similar to those of the Organised Corporatism system (which they labelled as a Dense system) as actors are strong and well organised (in particular, union density is high), the fragmentation of the union system is intermediate (compared to other sectors) and collective bargaining coverage is high. In order to enable a proper differentiation between the sectoral and national typology Bechter, Brandl and Meardi (2011, 2012) also rename the remaining three industrial relations systems: Social Partnership becomes Political, State-centred becomes Lean, and Liberal becomes Fragile.

Similar to the Social Partnership system, the Political system is characterised by rather high levels of centralisation and high coverage of collective as well as an intermediate organisational density (especially of unions). The main characteristics of the Lean system are its intermediate organisational density of trade unions, a high fragmentation of actors, an intermediate level of collective bargaining but relatively high collective bargaining coverage. Finally, the Fragile system is described by an intermediate, but still relatively high, organisational density, relatively high collective bargaining coverage, an intermediate fragmentation of unions, and a relatively low degree of centralisation of collective bargaining.

A similar identification for the public sector does not exist. Therefore, in this section of this chapter, public sector industrial relations systems are identified and compared to the predominant national industrial relations system on the basis of seven key dimensions (Bechter, Brandl and Meardi, 2012). These are union density, union fragmentation, employer association density, fragmentation of employers' associations, collective bargaining coverage, centralisation of collective bargaining and the interaction of social partners with the state on questions of public policy. With the exception of the interaction dimension, all dimensions have already been discussed in the previous sections of the chapter. In the analysis here the interaction of both employers' associations and unions is considered to be a further key dimension of the industrial relations system as it expresses a further mode of actors' activity.

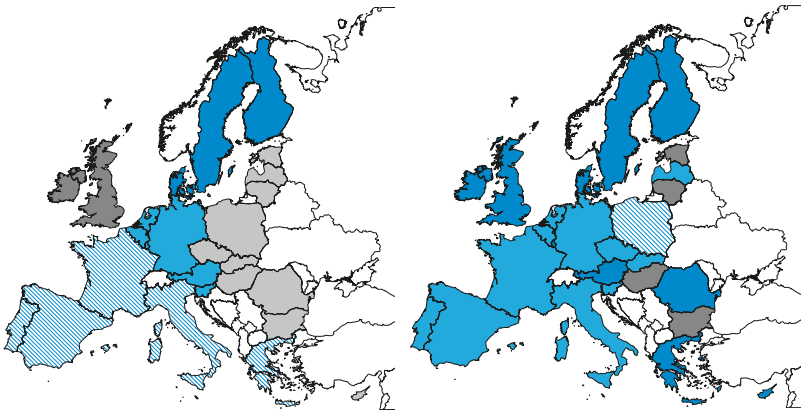
Box 1.6: Comparing sectoral and national industrial relations systems

For comparing and classifying public sector industrial relations systems with national systems, the Visser (2008) typology is used as a reference as it provides a classification of industrial relations systems for all EU-27 countries. The main advantage of the Visser (2008) typology is that it is empirical and linked to classifications of varieties of capitalism, welfare states and employment regimes. Three indicators of dimensions (union density, employer density, collective bargaining coverage) are identical between the public sector and Visser's (2008) national level indicators. In order to compare public sector industrial relations and Vissers' (2008) national industrial relations typology for two indicators slight definitional differences have to be considered. First, centralisation of collective bargaining and policy involvement are used to correspond in the public sector to Visser's indicator for corporatism. Also, Visser's union concentration and sector organisation corresponds here with fragmentation of the actors. In addition to these definitional differences, another difference has to be considered as the dimension workplace representation is excluded for the (public) sector level, due to missing data. Because of these definitional differences, several robustness tests for the classifications have been made including the consideration of collective bargaining levels and indicators for coordination instead of centralisation. All robustness tests support the results shown here. Thus, given these peculiarities, it is possible to identify commonalities and peculiarities in public sector industrial relations and national industrial relations.

By analysing public sector data in the EU-27, it is possible to test whether the types of industrial relations systems apparent at the public sector level hold any resemblance to the national typology. This also facilitates the classification of public sector industrial relations systems for the EU-27, and shows how far they deviate from their national-level correspondents.

Public sector industrial relations systems in all EU Member States are classified using the k-means clustering method in order to distribute public sector industrial relations according to the same attributes of industrial relations dimensions at the national level as Visser has done (2008). This means that the attributes of the national and (public) sector types correspond to each other, e.g. Organised corporatism system attributes correspond with Dense system attributes, Liberal system attributes with Fragile system attributes, etc. For the indicators that do not directly match the Visser (2008) indicators, the average of the national-level characteristics of the countries that belong, according to Visser, to that cluster is used. Chart 1.12 shows the classification first (a) of the EU-27 countries according to Visser (2008), and then (b) the distribution for the public sector.

Chart 1.12: Comparison between national and public sector industrial relations systems



(a) national industrial relations systems (b) public sector industrial relations systems

= Organised Corporatism	= Dense
= Social Partnership	= Political
= State-centred	= Lean
= Liberal	= Fragile
= Mixed	= Empty

Source: Bechter, B., Brandl, B. and Meardi, G. (2011).
NB: Public sector industrial relations in the Czech Republic, Spain, and the UK can be considered as being classified on the margins of another system.

As can be seen in Chart 1.12, public sector industrial relations rarely match the traditional national types. Only in the Nordic countries (i.e. Denmark, Finland and Sweden) and in Belgium, Germany, Netherlands and Slovenia do public sector industrial relations systems correspond to the national system (i.e. to the industrial relations system in the majority of all other sectors in the country).

Further, in no country are public sector industrial relations characterised by an Empty industrial relations system which is typical of the national level in the CEECs. On the contrary, the analysis shows that public sector industrial relations systems are characterised by typically very centralised collective bargaining and high coverage, intensive interaction with the state (which is obvious for the public sector), a high (but not exceptionally high) fragmentation of actors and a relatively high degree of actors' densities, which is characteristic of the Dense and Political systems of industrial relations.

A Dense-type public sector industrial relations system is found in Austria, Cyprus, Greece, Ireland, Luxembourg, Malta, Romania and the UK, which in all countries does not correspond with the national system. Meanwhile, a Political public sector industrial relations system is present in the Czech Republic, France, Italy, Portugal, Slovakia and Spain, which is also not typical of the majority of all other sectors for those countries. In Poland and Latvia, public industrial relations are described by the Lean model and in Bulgaria, Estonia, Lithuania and Hungary by the Liberal model, which marks a difference of public sector industrial relations from the Empty characteristics of the majority of all other sectors in these countries. See also Chapter 3 for further clustering of industrial relations models.

1.7. Conclusions

This chapter shows that different industrial relations systems in the EU-27 and between the private and public sector can be considered a main characteristic of European industrial relations. The main focus of this chapter has been an investigation of the differences between the public and the private sector and between the EU Member States, in addition to an exploration of the main recent trends in public sector industrial relations. It also discussed and analysed differences and similarities as well as developments over time in many dimensions of industrial relations, with the objective of stimulating debate and policy action for the role of industrial relations in the current economic crisis.

This chapter has shown that in almost all EU Member States, industrial relations in the public sector are different from the private sector. The main reason for this is the different administrative and legal structures and practices in place. In many EU Member States the employment relationship in the public sector is regulated by different legislation, most notably concerning the right to bargain collectively and take industrial action. The explanation for the existence of such differences lies in the fact that the public sector has a special role in each national economy and society as the public sector is the main provider of vital services such as education, health and security. As the role of the public sector is similar in all EU Member States, almost the same differences between the public and private sector in industrial relations are observable in individual Member States. A further common feature of public sector employment relations in all countries is the absence or weakness of market mechanisms for regulation. From an industrial relations point of view, this is one of the main distinctions from the private sector and the main reason for the distinctiveness of public sector employment relations.

The most striking differences are the higher collective bargaining coverage in the public sector and the higher degree of centralisation of collective bargaining. Furthermore, in some countries, a significant proportion of public employees are either not covered by the right to bargain collectively or have weak bargaining rights. Higher collective bargaining coverage can be explained by the greater recognition of the state as an employer for collective bargaining per se and of trade unions as partners in particular. The higher degree of centralisation of collective bargaining rests on the prevailing interest of central state authorities in maintaining their influence and control in the wage formation process. Other main differences between the public and the private sector include the higher degree of unionisation in the public sector, which can also be explained by a greater acceptance of trade unions by the state.

Nevertheless, these prevailing differences do not mean that the situation is static. On the contrary, at this point in time the public sector has witnessed a long period of transformation in almost all EU Member States as cost-efficiency pressures lead states to cut public services and introduce more flexible private law employment relationships. Thus it could be argued that the industrial relations contexts for the public and private sectors are converging. Given that industrial relations adjust and transform along these contextual framework conditions, this would imply that industrial relations in the public sector are now showing similar characteristics to private sector industrial relations.

The main trends highlighted by this introductory chapter include the trend towards privatisation and outsourcing of parts of the public sector, the impact of this trend and the implications for industrial relations in the public sector. The crisis has also had an impact on employment and industrial relations in the public sector, and will in all likelihood continue to have an effect in the medium term. This issue is explored more fully in Chapter 4 of this report.

This chapter has also shown that across the public sector, industrial relations in each of the EU-27 are relatively homogeneous, characterised more by differences between sectors than between countries. It has been shown that two main systems of public sector industrial relations exist in the EU-27, characterised by very centralised collective bargaining and a high coverage rate, intensive interaction of social partners in the public sector with government authorities, high (but not exceptionally high) fragmentation of actors and a relatively high degree of actor densities. These characteristics correspond with Dense and Political sectoral industrial relations systems, regimes or models, or Organised corporatism and Social Partnership national industrial relations systems, respectively.

This chapter has set the scene for the rest of this report by providing an overview of national and public sector industrial relations in all EU Member States at the end of the first decade of the new millennium. Looking to the future, the EU-27 has been struggling with a global economic, financial and budgetary crisis since 2008. Both the economic and political context framework is likely to change in the future, and neither public nor private sector industrial relations will be immune to these changes. Austerity policies in all EU Member States include the public sector and the burden of public deficit cuts will accelerate the transformation of the public sector in the EU-27, which can be expected to impose major changes on public sector industrial relations. Although the future is therefore uncertain, the diversity of the role of the public sector in different countries and the different embeddedness of the public sector in different countries serves to continue the diversity of public sector industrial relations systems in the EU-27. It is therefore likely that heterogeneity in both public and private sector industrial relations in the EU-27 will remain in the near future.

The next chapter of this report looks in detail at industrial relations in a specific group of countries — the Central and Eastern European countries (CEECs) — examining their main characteristics, development, and future challenges. Chapter 3 examines the specific pressures that are being brought to bear on public sector industrial relations in the EU, while Chapter 4 highlights the impact that the current recession and in particular national austerity measures have had on public sector industrial relations. Chapter 5 continues the forward-looking theme by examining the growth of the green economy, the impact of this on skills needs and the labour market, and the role that social partners can play in greening the labour market. Chapter 6 continues this examination of the role of the social partners by highlighting their role in and influence over debates and policies in the area of welfare and pensions systems in the context of the changing economic and social environment. Chapter 7 looks at the main recent developments in the European social dialogue at the cross-sector and sector level, while Chapter 8 presents the main legislative developments in the employment and social field.

References

Adam, G. (2011), 'The European social partner organisations: Public administration', EIROnline (http://www.eurofound.europa.eu/eiro/studies/tn0912027s/tn0912027s.htm).

Adams, R. (1992), 'The role of the state in industrial relations', in D. Lewin, O. Mitchell and P. Sherer (eds.), *Research Frontiers in Industrial Relations and Human Resources,* pp. 489–523, Madison, Industrial Relations Research Association.

Bach, St., Bordogna, L., Della Rocca, G. and Winchester D. (eds) (1999), 'Public service employment relations in Europe: Transformation, modernisation or inertia?' London: Routledge.

Bach S., Bordogna L., (2011), 'Varieties of new public management or alternative models? The reform of public service employment relations in industrialized democracies', *The International Journal of Human Resource Management*, 11, June: 2281–2394.

Bechter, B., Brandl, B. and Meardi, G. (2011), 'From national to sectoral industrial relations: Developments in sectoral industrial relations in the EU Member States', EIROnline (http://www.eurofound.europa.eu/pubdocs/2011/10/en/1/EF1110EN.pdf).

Bechter, B., Brandl, B. and Meardi, G. (2012), 'Sectors or countries? Typologies and levels of analysis in comparative industrial relations', *European Journal of Industrial Relations* 18(3), pp. 1–18.

Bordogna, L. (2007), 'Industrial relations in the public sector', EIROnline (http://www.eurofound.europa.eu/eiro/studies/tn0611028s/tn0611028s.htm).

Bordogna L., Neri S. (2011), 'Convergence towards an NPM programme or different models? Public service employment relations in Italy and France', *The International Journal of Human Resource Management*, 11, June: 2331–2330.

Bossaert, D. and Kaeding, M. (2009), 'Social dialogue in the public sectors of the EU Member States: An analysis of different models at the level of the central public administration', Study commissioned by the Swedish Agency for Government Employers for the Presidency of European Public Administrations network (EUPAN).

Brandl, B. and Traxler, F. (2011), 'Labour Relations, Economic Governance and the Crisis: Turning the Tide Again?' *Labor History* 52(1), pp. 1–22.

Brandl, B. and Traxler, F. (2012), 'ILC – Internationalisation, labor relations and competitiveness database'.

Brandt, T. and Schulten, T. (2007), 'Liberalisation and privatisation of public services and the impact on labour relations: A comparative view from six countries of the postal, hospital, local public transport and electricity sectors', PIQUE research report (http://www.pique.at/reports/reports.html).

Brown, W., Bryson, A. and Forth, J. (2008), 'Competition and the retreat from collective bargaining', National Institute of Economic and Social Research (NIESR), Discussion Paper No 318, August 2008.

Crouch, C. (1993), *Industrial Relations and European State Traditions*, Oxford: Oxford University Press.

Doellgast, V. and Greer, I. (2007), 'Vertical disintegration and the disorganisation of German industrial relations', *British Journal of Industrial Relations* 45(1), pp. 55–76.

Eurofound (2010), 'Developments in industrial action 2005–2009', Dublin (http://www.eurofound.europa.eu/eiro/studies/tn1004049s/tn1004049s.htm).

European Commission (2008), 'Europe's industrial relations in a global perspective', *Industrial Relations in Europe Report 2008*, pp. 19–44, European Commission, Brussels.

European Commission (2010), 'Variations and trends in European industrial relations in the 21st century's first decade', in *Industrial Relations in Europe Report 2010*, pp. 17–53, European Commission, Brussels.

European Federation of Public Service Unions (2008), 'Trade Unions, collective bargaining and social dialogue in local and regional government in the EU Member States, EEA and candidate countries', The Report for the European Federation of Public Service Unions (EPSU) by the Labour Research Department, (http://www.epsu.org/a/4443).

Farber, H. (2005), 'Union membership in the United States: The divergence between the public and private sectors', Working Paper #503, Princeton University, Industrial Relations Section (http://harris.princeton.edu/pubs/pdfs/503.pdf).

Ferner, A. (1995), 'Public sector industrial relations in Europe: Common trends and the persistence of national variability', *Industrielle Beziehungen* 2(2), pp. 111–127.

Glassner, V. (2010), 'The public sector in the crisis', Working paper 2010.07, ETUI, Brussels.

Hermann, Ch. and Flecker, J. (2009), 'Privatisation of public services and the impact on quality, employment and productivity', PIQUE Summary report (http://www.pique.at/reports/reports.html).

Hessel, R. (2008),'Comparative analysis of the social dialogue in the central public administrations of the EU Member States', European Institute of Public Administration (EIPA), Maastricht.

Keller, B., Due, J. and Andersen, S. (2001), 'Employer associations and unions in the public sector', in C. Dell'Aringa, G. Della Rossa and B. Keller (eds),*Strategic Choices in Reforming Public Service Employment*, pp. 71–96, Palgrave Publisher Ltd., New York.

Mormont, M. (2004), 'Institutional Representativeness of Trade Unions and Employers' Organisations in the Central and Public Services', Research project — VT/2002/0215 –conducted on behalf of the Employment and Social Affairs Directorate-General of the European Commission, Brussels.

OECD (2011), 'Industrial relations in central government', in Government at a Glance 2011,OECD Publishing ().

OECD (2011), 'Working conditions in central government', in Government at a Glance 2011, OECD Publishing (http://dx.doi.org/10.1787/gov_glance-2011–40-en).

OECD (2012), 'Employment Outlook 2012', OECD Publishing (http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2012_empl_outlook-2012-en).

Olsen, T. (1996), 'Industrial Relations Systems in the Public Sector in Europe', European Public Services Committee (EPSC), Norway.

Schulten, Th., Brandt, T. and Hermann, Ch. (2008): 'Liberalisation and privatisation of public services and strategic options for European trade unions', *Transfer* 14(2), pp. 295–311.

Traxler, F. (1999), 'The state in industrial relations: A cross-national analysis of developments and socioeconomic effects', European Journal of Political Research 36, pp. 55–85.

Vaughan-Whitehead, D. (ed) (2012), The Public Sector Shock. The Impact of Policy Retrenchment in Europe, International Labour Office, Geneva.

Visser, J. (2011), 'The institutional characteristic of trade unions, wage setting, state intervention and social pacts – ICTWSS database, version 3.0', Amsterdam: Amsterdam Institute for Advanced Labour Studies (http://www.uvaaias.net/208).

Warneck, W. and Clauwaert St. (eds) (2009), 'Better defending and promoting trade union rights in the public sector', Part II country reports, Report 108, ETUI Brussels.

CHAPTER 2: Industrial relations developments in the new Member States in Central and Eastern Europe

There is a large degree of heterogeneity across the different CEECs. Industrial relations structures and processes remain relatively quite weak in some, and the crisis has hit hard. Future challenges include building the social dialogue and national industrial relations systems.

Based on a draft by Marta Kahancová (Central European Labour Studies Institute, Bratislava).

2.1. Introduction

EU enlargement in 2004 and 2007 increased the diversity of industrial relations systems across the EU. In particular, the 10 new Member States in Central and Eastern Europe (the CEECs) increased the variation in structural and institutional characteristics of industrial relations in the EU. Compared to the Member States that joined by EU prior to 2004 (EU-15), CEEC industrial relations, with the exception of Slovenia, are characterised by weaker trade unions, a lack of employer willingness to organise in employers' associations, a lower incidence of bipartite collective bargaining, persistently lower bargaining coverage, greater government involvement in social partnership but at the same time a contested position of tripartite concertation and social dialogue. This chapter presents an overview of industrial relations in the CEECs since the 1990s.

The chapter argues that while there is wide diversity between these countries, industrial relations institutions (and actors) in CEECs remain weak and fragmented, and some developments in this respect are worrying, as some reforms underway undermine the consensus which is needed for an effective involvement of the social partners in adapting to change: in a number of these countries, responses to the crisis are generating increasingly conflictual industrial relations. In some cases, the question of the compatibility of these reforms with international agreements or conventions has been raised. There is a need to revitalise national industrial relation systems and support their actions in order to promote and restore consensus to ensure the long-term sustainability of the economic and social reforms underway.

The focus is on the main differences in structural indicators between the EU-15 and the CEECs, as well as on the internal diversity among particular CEECs and country clusters. The chapter also explores the potential of CEEC social partners to stabilise and innovate industrial relations structures through responding to labour market developments after EU enlargement and the economic crisis. Finally, the chapter evaluates the future of industrial relations in the CEECs with a particular focus on the capacity of industrial relations institutions to accommodate Europeanisation of social dialogue and collective bargaining practices.

Industrial relations in most EU-15 Member States in Western Europe have evolved systematically since the post-war period in the context of democracy and a market economy. By contrast, industrial relations in the CEECs developed in the context of state socialism until the end of 1980s and embarked on transition to independent social dialogue and collective bargaining under democracy and market economy in the course of the 1990s. Efforts aimed at European integration and joining the EU in 2004 and 2007 further shaped industrial relations developments in these countries, as a result of implementing the *Acquis Communautaire* and national-level social partner organisations joining EU-level organisations.

Focusing on main industrial relations trends throughout the 1990s and 2000s in the CEECs, the **first aim** of this chapter is to highlight the most important characteristics of these countries' industrial relations systems that have crystallised during the past two decades of transition and EU accession; identify the main differences of CEEC industrial relations systems in comparison with the EU-15; and address trends in the Europeanisation of social dialogue practices. The chapter's **second aim** is to shed more light on industrial relations developments *within* the CEEC region. Although the CEECs share similar historical legacies and recent economic challenges, there are also significant differences in these countries' political economies and industrial relations systems. Uncovering variation in economic structure, labour market performance and industrial relations helps to understand why certain countries have been more successful than others in implementing European standards in social dialogue, maintaining/building bipartite collective bargaining structures, or responding to the economic crisis through national-level pacts and greater involvement of the social partners in policymaking. Whereas the previous two aims draw on developments in the past two decades, the chapter's **third aim** is to evaluate the capacity of the CEEC social partners to shape policies, labour market developments and employment conditions across the CEECs in response to recent economic challenges. The challenges considered are twofold: the first is the large-scale work-related mobility from some CEECs to EU-15 countries after EU enlargement, which led to labour shortages in domestic labour markets. The second challenge is the economic crisis, which had various impacts on CEEC labour markets through unemployment, employment flexibility and austerity measures. Several recent cases will be presented in order to highlight the responses of social partners and the role of social concertation in governing post-crisis labour market challenges. Attention will also be paid to developments in public sector industrial relations in the context of exposure to post-crisis austerity.

The **fourth aim** of this chapter is to evaluate future prospects for the role of social dialogue and collective bargaining in the CEECs. In order to do this, the author will not only rely on statistical evidence on trends in associational membership and bargaining coverage, but predominantly on the potential for action, organisational capacity, resource building, and policy influence, based on recent case study evidence on how bargaining institutions have responded to the challenges raised by EU enlargement and the economic crisis and how industrial relations actors build diversified resources and are using recent economic challenges to improve their capacity and strengthen their legitimacy.

2.2. Economic performance of the CEECs

To understand the context of recent industrial relations developments in the CEECs and the motivation for comparing them with the EU-15, this section provides a brief overview of the economic and labour market performance of the CEECs. In short, the CEECs experienced GDP growth rates (see Chart 2.1), a significant inflow of foreign direct investments (FDI) especially between 2000 and 2007 (see Chart 2.2), and significantly higher collectively agreed wage increases than many EU-15 countries (see Chart 2.3).

The inflow of FDI to the CEECs was derived from an attractive investment environment, new markets, proximity to markets in the EU-15 countries and also a significant gap in wages and earnings between the CEECs and the EU-15 countries (see Chart 2.4). Although wages are constantly rising in the CEECs, labour productivity (measured in terms of GDP per hour worked) in all CEECs, while improving, systematically lags behind that of EU-15 countries (see Chart 2.5). Based on an index of EU-27=100, labour productivity per hour worked in the EU-15 reached 117.7 in 2000 and 113.8 in 2010, while labour productivity in the CEECs reached only 44.83 in 2000 and 58.23 in 2008.

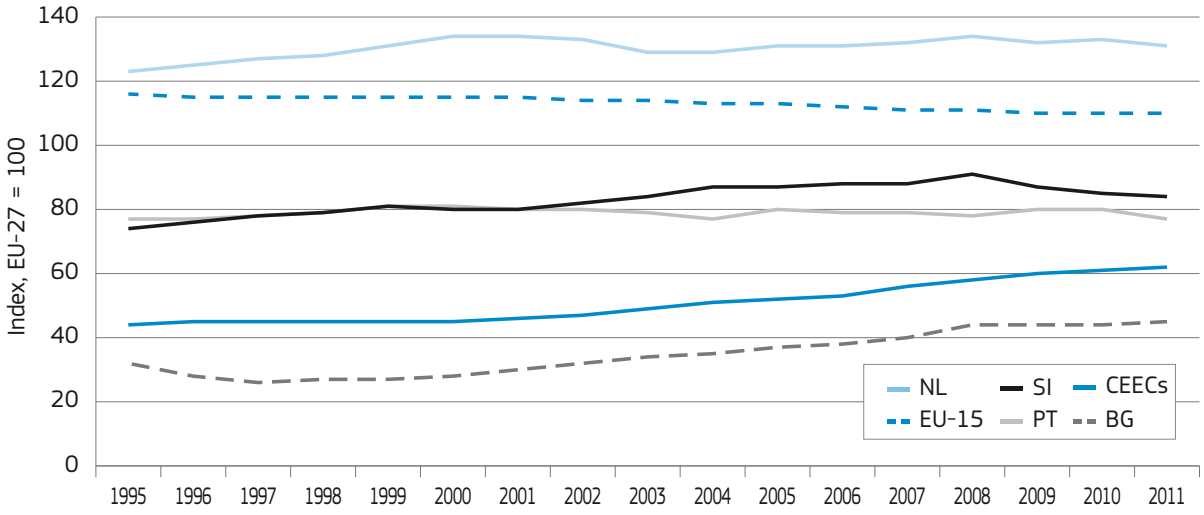
Box 2.1: Data sources

Given the general lack of comparative data on industrial relations in the CEECs, this chapter draws on several data sources. In addition to Eurostat, the most important source for indicators of union and employer density, bargaining levels and bargaining coordination is the latest version of the ICTWS (Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts) database (version 3.0, 2011). Although the coverage of CEECs is more limited in this database than the coverage of EU-15 countries, the ICTWSS is the only available source of comparative information on institutional and structural characteristics of industrial relations systems covering also the new Member States. Information in the database comes from national surveys, the European Social Survey, and administrative data obtained from unions and from the European Industrial Relations Observatory (EIRO) of the European Foundation for the Improvement of Living and Working Conditions. Regular comparative EIRO reports are also a good source of evidence on developments in the CEECs. Additional sources include Eurobarometer, Eurostat, ILO's Laborsta, the OECD Employment Outlook, and the UN Population Statistics. These data sources are supplemented by case studies of collective bargaining, trade union action, and industrial relations revitalization trends in the CEECs. Case studies derive from research conducted by the author and other dedicated researchers within various EU research projects, including the sixth and seventh framework programs (e.g., *FP6 EQUALSOC* [1] and *FP7 GUSTO* [2] and other projects contracted by the European Commission (e.g., *BARSORI – Bargaining for Social Rights: Reducing precariousness and labour market segmentation through collective bargaining and social dialogue*). Finally, the chapter draws on a number of academic articles and books (e.g. Meardi 2012, Bohle and Greskovits 2012) that analyze developments in political economy and industrial relations in the CEECs.

(1) EQUALSOC: Economic Change, Quality of Life and Social Cohesion (FP6, 2005-2011) – See: http://www.equalsoc.org/.

(2) GUSTO: Meeting the challenges of economic uncertainty and sustainability— through employment, industrial relations, social and environmental policies in Europe (FP7, 2009-2012)— See http://www.gusto-project.eu/.

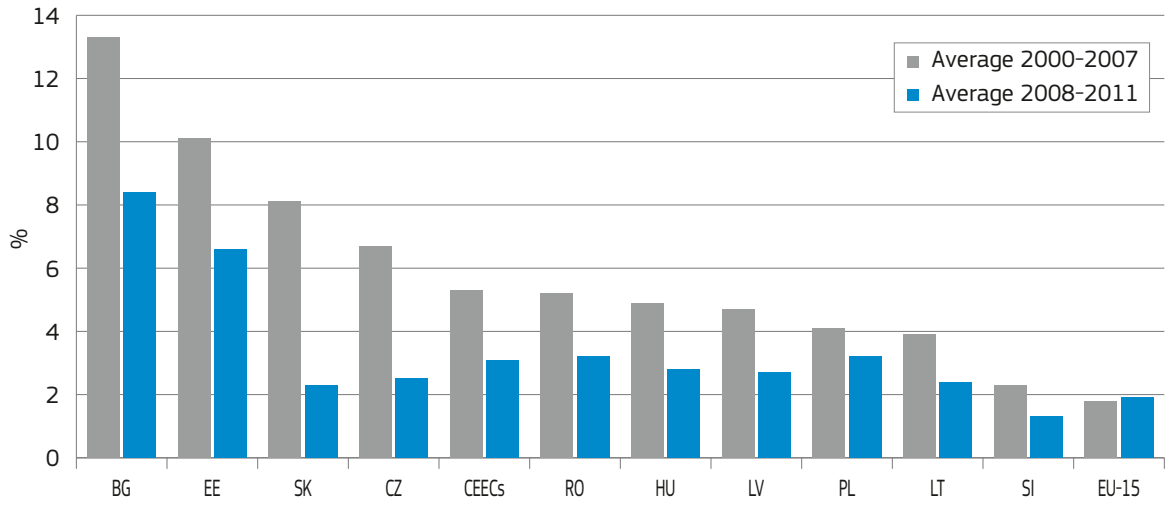
Chart 2.1: Average GDP per capita and countries with highest/lowest GDP per capita (PPS) in the CEECs and the EU-15, 1995–2011



Source: Eurostat.
NB: LU, which is included in the EU-15 total, has a much higher GDP per head as measured than NL (220 in 1995, 244 in 2000, 274 in 2007 and 271 in 2011) but the level is artificially increased by the large number of people who are employed in LU and contribute to GDP but live elsewhere and so are not counted in the calculation of GDP per head.

excel file
gif

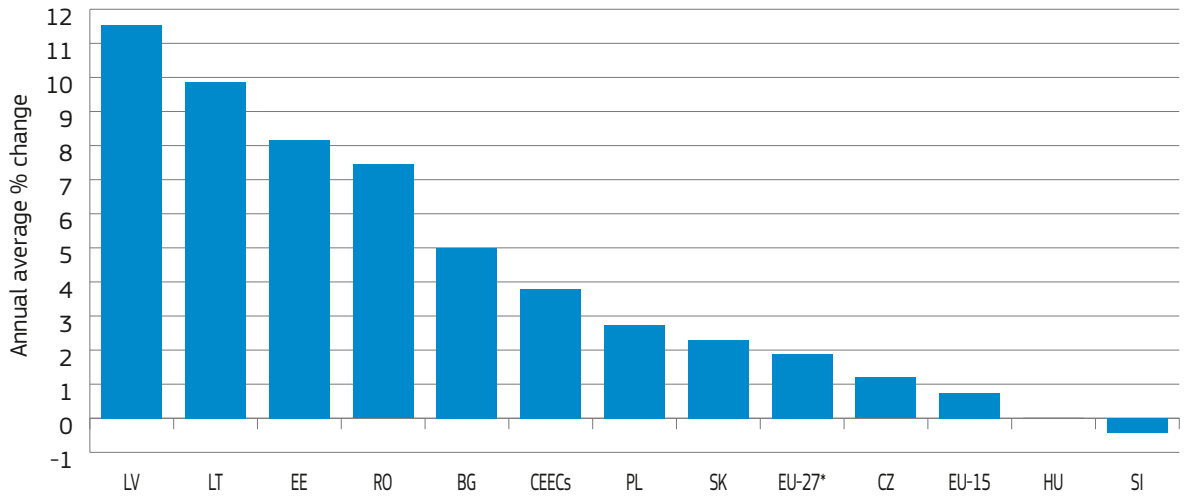
Chart 2.2: Foreign direct investment inflows into the CEECs, 2000/2007 and 2008/2011



Source: Eurostat.
NB: Average value of inward FDI flows as % of GDP.

excel file
gif

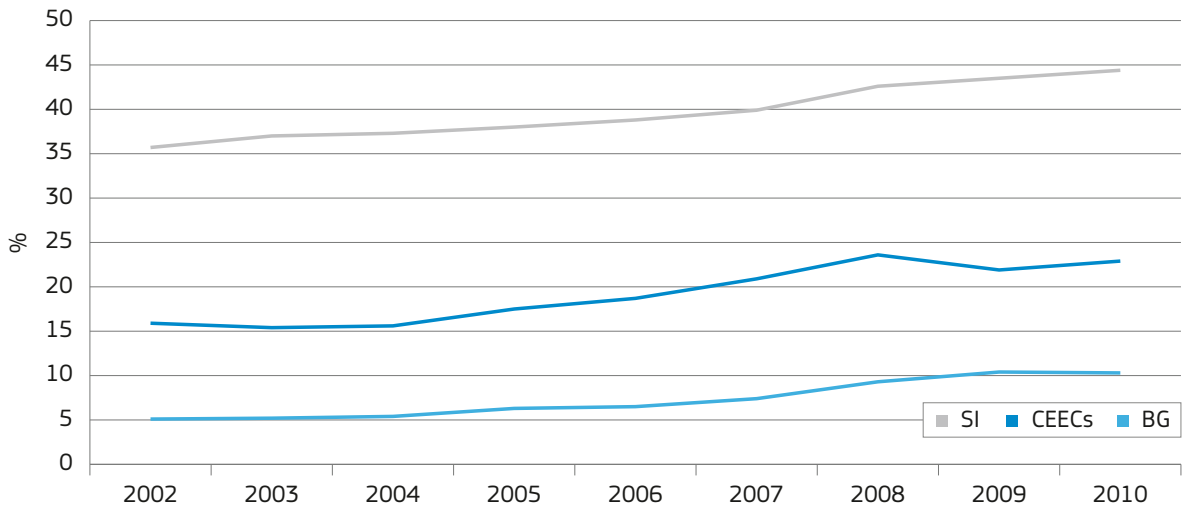
Chart 2.3: Collectively agreed wage increases in the CEECs, average 2003–2008



Source: EIRO reports on wage developments.
NB: Inflation adjusted averages; EU-27 refers to EU-25 before 2007.

excel file
gif

Chart 2.4: Annual net earnings in the CEECs as a percentage of the EU-15, 2002–2010



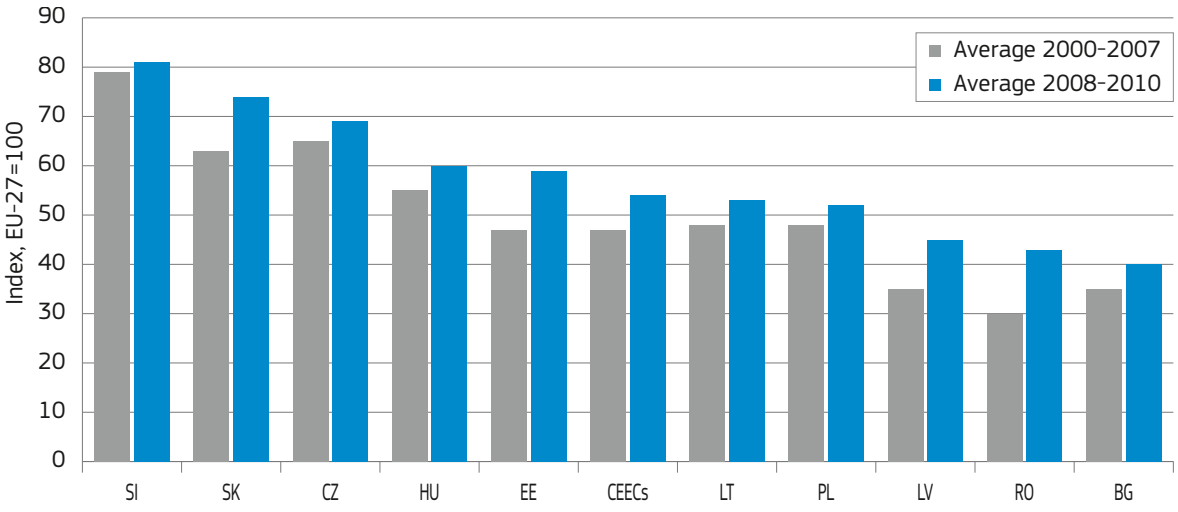
Source: Eurostat.
NB: CEECs average, SI with highest annual net earnings and BG with lowest annual net earnings in the CEECs. Earnings for two-earner married couple with two children.

excel file
gif

The average employment rate across the CEECs between 2000–2011 is lower than the EU-15 average (see Chart 2.6). Moreover, there is a dispersion in employment rates between particular CEECs, with the Czech Republic, Estonia and Slovenia exhibiting the highest employment rates, while Bulgaria, Hungary, Poland, Romania and Slovakia have employment rates systematically below the EU-15 average. The economic crisis led to a significant increase in unemployment rates in 2009–2010 in several CEECs and also in the average unemployment rate in the CEECs (see Chart 2.7). Unemployment remains systematically low in Slovenia, Romania and the Czech Republic.

In addition to the summary of the main differences in economic performance between the CEECs and the EU-15, the CEECs are interesting in terms of analysis because of their large internal diversity despite facing similar economic challenges over the past two decades. All CEECs underwent major economic, labour market and social reforms during the 1990s and 2000s, but different countries adopted different policies to attract FDI, boost economic performance and address socioeconomic questions during the transition from state socialism to a market economy and democracy (1990s), the post-transition period of development (2000s) and the period affected by the global economic crisis (after 2008). As a result, in the CEECs we find some of the best performing economies in the EU, with high GDP growth rates and low inequality rates (e.g. Slovenia (although the situation may have changed post-2010) and the Czech Republic, see Table 2.1 for income inequality coefficients in the EU), but also countries that experience the highest inequality rates within the EU (e.g. Latvia, Lithuania and Romania).

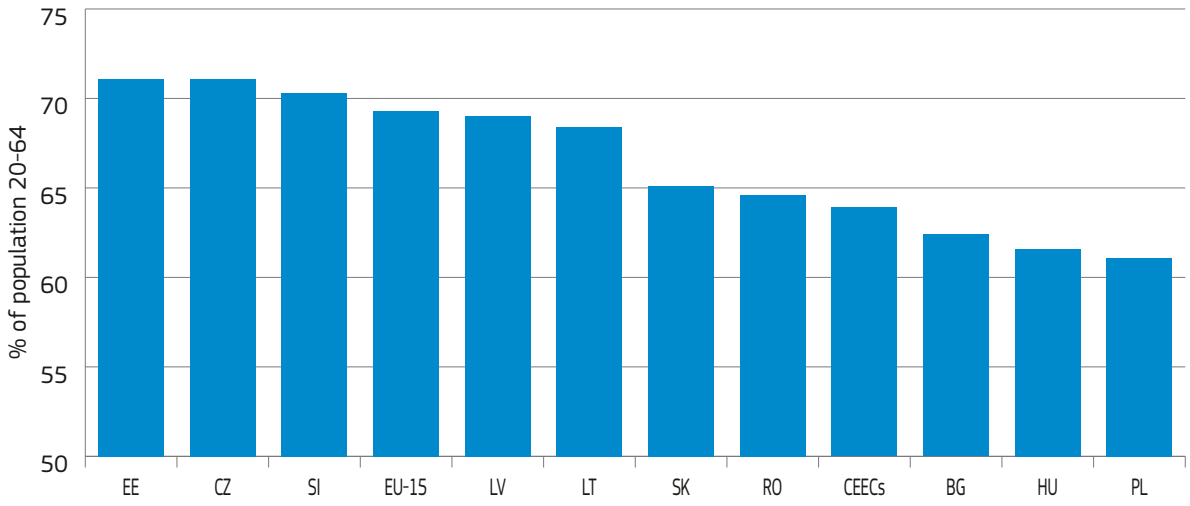
Chart 2.5: Labour productivity in the CEECs before and during the crisis, average 2000/2007 and 2008/2010



Source: Eurostat
NB: Measured in terms of GDP per hour worked.

excel file
gif

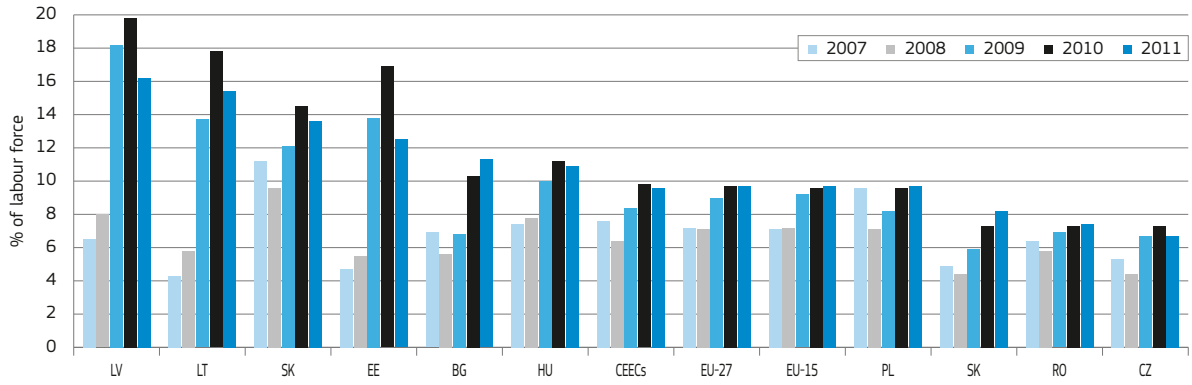
Chart 2.6: Employment rates of those aged 20-64 in the CEECs, average 2000/2011



Source: Eurostat.

excel file
gif

Chart 2.7: Unemployment rates in the CEECs, 2007–2011



Source: Eurostat.

excel file
gif

The CEECs also vary in their public sector size and employment. Table 2.2 documents the fact that Lithuania and Latvia had the highest levels of public sector employment among eight CEECs in 2008. This is mainly due to their high shares of government employment as a proportion of total public sector employment. In contrast, we find the lowest share of public sector employment in Bulgaria, the Czech Republic and Slovakia. With the exception of Slovakia, the share of government employment of total employment remained relatively stable across the CEECs between 1997 and 2008. In Slovakia, the share of government employment declined from 24 % to less than 15 % between 1997 and 2008. In contrast to government employment, all CEECs where data are available demonstrate a declining trend in the share of employment in publicly-owned enterprises as a proportion of total employment. The greatest decline has been reported in Bulgaria, from over 26 % in 1997 to 5 % in 2006 [3].

[3] Source: data on public sector employment are from the ILO Laborsta database.

Table 2.1 GINI coefficients for the total population based on equalised disposable income, 2005–2010*

	2004	2005	2006	2007	2008	2009	2010
SI	23.8	23.7	23.2	23.4	22.7	23.8	23.8
HU	26.0	25.3	25.3	24.7	25.1	24.9	25.2
CZ	26.2	28.1	24.5	23.7	24.8	25.9	25.7
SK	27.6	33.3	25.6	25.2	24.7	24.1	26.9
CEECs	33.2	33.0	31.8	31.3	30.7	30.3	30.5
EU-27	30.6	30.2	30.6	30.8	30.4	30.5	30.7
EU-15	29.9	29.5	30.2	30.7	30.4	30.5	30.8
PL	35.6	33.3	32.2	32.0	31.4	31.1	31.1
EE	34.1	33.1	33.4	30.9	31.4	31.3	31.9
BG	36.3	35.0	33.8	34.0	35.5	36.9	32.9
RO	31.0	33.0	37.8	36.0	34.9	33.3	33.2
LV	25.0	31.2	35.3	35.9	33.4	33.2	35.1
LT	36.1	39.2	35.4	37.7	37.4	36.1	35.2

* The GINI coefficient measures income inequality in a particular country. A lower coefficient means lower inequality; while a higher coefficient means higher inequality among the country's population.

Source: Eurostat, EU-SILC.

NB: Years relate to the income year in each case, the survey being carried out in the subsequent year.

excel file

gif

Table 2.2 Public sector employment as share of the total employed population in the CEECs, 2008*

	General government employment	Employment in publicly owned enterprises	Total public sector employment
LT	22.9%	5.3%	28.2%
LV	22.1%	6.4%	28.5%
HU	21.2%	n/a	n/a
EE	20.1%	3.9%	24.0%
SI	15.0%	8.6%	23.6%
SK	14.8%	6.0%	20.8%
BG	14.7%	5.3%	20.0%
CZ	13.5%	7.0%	20.5%
RO	13.0%	n/a	n/a
PL	10.8%	13.0%	23.8%

* 2007 for the Czech Republic and 2006 for Bulgaria.

Source: calculations based on ILO Laborsta. The ILO defines public sector employment as the aggregate of employment in general government and in publicly owned enterprises.

excel file

gif

The shrinking size of public sector employment is related to an important trend across the CEECs, namely, the outsourcing of public services to private providers. As a consequence, a proportion of public sector employees have lost their public servant status during recent reforms and are no longer listed under public sector employment. For example, as a consequence of healthcare reforms in Hungary and Slovakia, employees in public hospitals lost their public servant status and are no longer covered by collective agreements applicable to public sector employees (Kahancová and Szabó 2012). While comprehensive data on the extent of outsourcing is not available, evidence on the final consumption expenditure in General Government as a percentage of GDP in the CEECs gives some indication of expenditure in this particular subsector of the public sector and the share of wages in government costs (see Chart 2.8).

Finally, the government budget balance shows that almost all CEECs succeeded in decreasing their government deficit after 2009, which is a tendency shared with the EU 15 countries (see Table 2.3). In terms of the general government gross debt, all CEECs remained below the EU-15 debt average in 2001. Although debt has been growing in several countries, Hungary is the only country whose gross debt as % of GDP approximates the EU-15 average in 2011 (ibid.)

Table 2.3 General government deficit/surplus and general government gross debt as % of GDP in the CEECs, 2007–2011

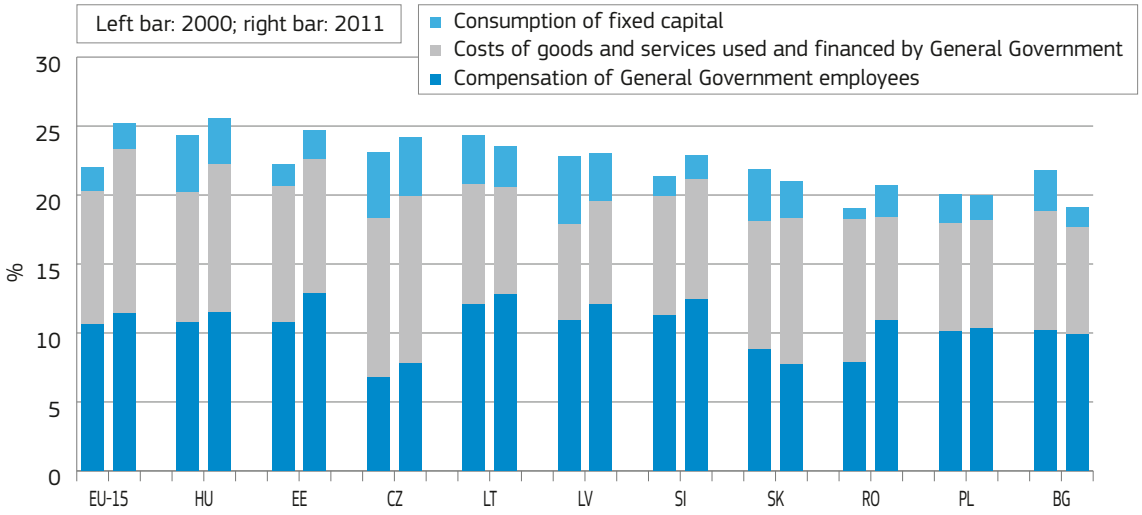
	General government deficit/surplus				
	2007	2008	2009	2010	2011
BG	1.2	1.7	-4.3	-3.1	-2.0
CZ	-0.7	-2.2	-5.8	-4.8	-3.2
EE	2.4	-2.9	-2.0	0.2	1.2
LV	-0.4	-4.2	-9.7	-8.1	-3.4
LT	-1.0	-3.3	-9.4	-7.2	-5.5
HU	-5.1	-3.7	-4.5	-4.5	4.3
PL	-1.9	-3.7	-7.4	-7.9	-5.0
RO	-2.9	-5.7	-9.0	-6.8	-5.5
SI	0.0	-1.9	-6.0	-5.7	-6.4
SK	-1.8	-2.1	-8.0	-7.7	-4.9
CEECs	-1.8	-3.3	-6.9	-6.4	-3.7
EU-15	-0.9	-2.4	-6.9	-6.5	-4.5

	General government gross debt				
	2007	2008	2009	2010	2011
BG	17.2	13.7	14.6	16.2	16.3
CZ	27.9	28.7	34.2	37.8	40.8
EE	3.7	4.5	7.2	6.7	6.1
LV	9.0	19.8	36.7	44.5	42.2
LT	16.8	15.5	29.3	37.9	38.5
HU	67.0	73.0	79.8	81.8	81.4
PL	45.0	47.1	50.9	54.8	56.4
RO	12.8	13.4	23.6	30.5	33.4
SI	23.1	22.0	35.0	38.6	46.9
SK	29.6	27.9	35.6	41.0	43.3
CEECs	35.3	36.7	43.0	47.4	49.3
EU-15	61.3	66.3	76.9	82.9	85.6

Source: Eurostat.

excel file
gif

Chart 2.8: Final consumption expenditure of General Government (% GDP) in the CEECs, 2000 and 2011



excel file

gif

Source: Eurostat, Government statistics.
NB: 'Costs of goods and services used and financed by General Government' consist of 'Intermediate consumption' plus 'Social transfers in kind supplied to households via market producers'.

Building on this brief presentation of selected economic and labour market indicators, the remainder of this chapter focuses on industrial relations developments across the CEECs and their comparison with the EU-15.

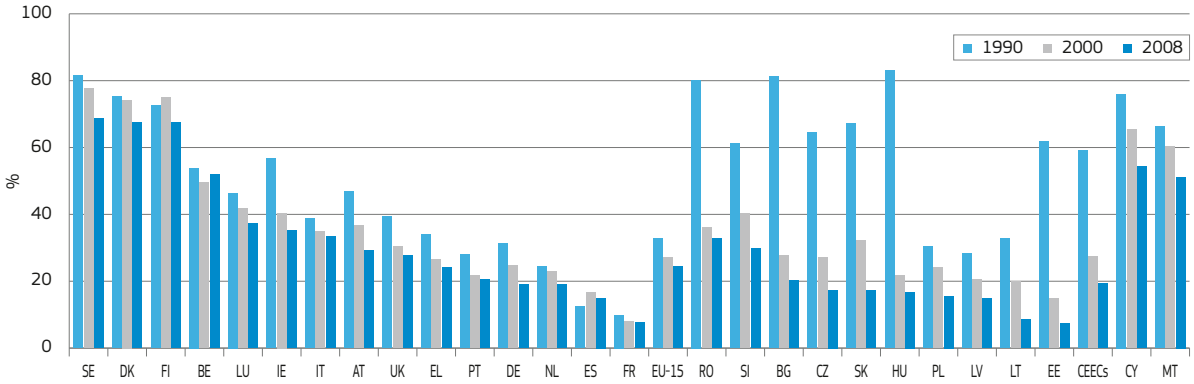
2.3. Comparing industrial relations in the CEECs and the EU-15

The incremental and long-term character of evolution of particular industrial relations features in the EU-15 and the CEECs allow an examination of variation in industrial relations and prospects for convergence between these two clusters. Historically, industrial relations arrangements and their achievements in contributing to growth and social protection in the post-war period in most Western European democratic and capitalist states have rested on at least one of **four institutional pillars**: strong or reasonably established social partners (in particular, trade unions); solidarity wage setting based on collective bargaining at the sectoral or higher level of coordination; fairly generalised arrangements of information, consultation and in some cases co-determination at the company level based on the rights of workers and unions to be involved in decision-making; and institutionalised or routinised practice of tripartite policy-making and involvement of social partners in tripartite policy arrangements (EC 2008; Streeck, 1992; Traxler, 2002; Visser, 2006a). These pillars will be used to compare the main features of industrial relations between the CEECs and EU-15.

2.3.1. Trade unions and employers' associations

A strong position and legal recognition of associations representing employees and employers is the basic precondition for a functioning social dialogue between these social partners. Legal recognition, a sufficient membership base, organisational capacity to negotiate and the populations' and companies' confidence in these associations are among key preconditions for a strong position and a functioning social dialogue. Statistical evidence most commonly reports structural indicators such as membership base.

Chart 2.9: Trade union density rates in the EU, 1990, 2000 and 2008



Source: ICTWSS database version 3.0 (2011), Eurostat.
NB: Union density is based on members of trade unions as % of total employees (averages weighted by dependent employment)
Data for 1990 relate to 1991 for RO, 1993 for CZ, SK and EE and 1995 for LV and LT.

excel file
gif

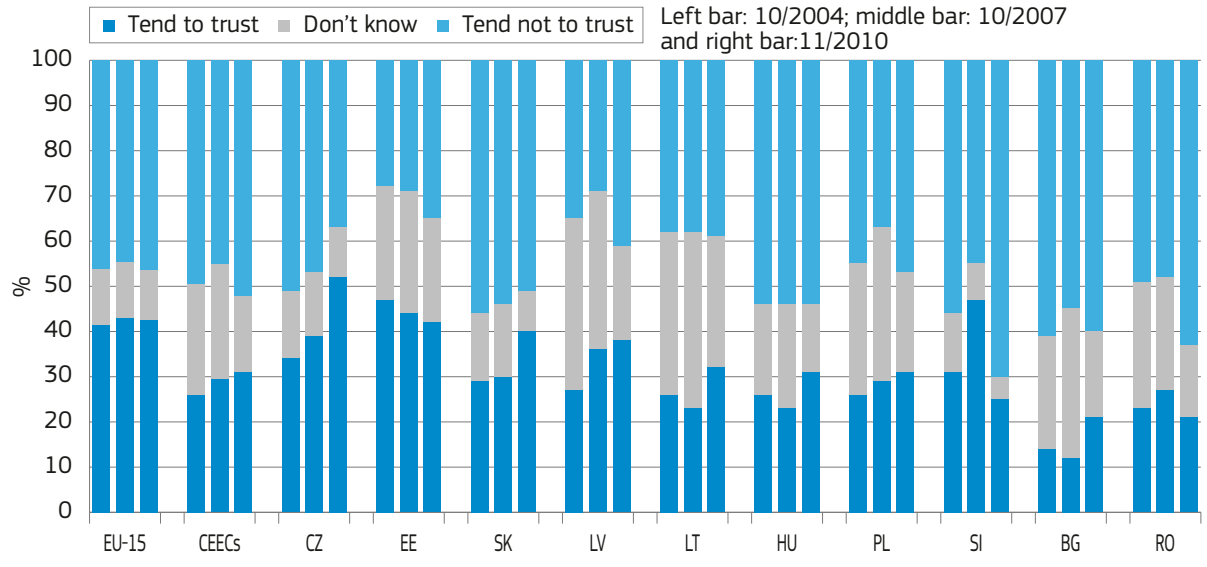
To evaluate the trade unions' position in the CEECs in comparison to the EU-15, Chart 2.9 presents the developments in *net union density rate*, which indicates union membership as a proportion of wage earners in employment in a particular country across three time periods between 1990 and 2008. Evidence suggests a number of common characteristics between the CEECs and the EU-15. First, the whole EU has been facing a trade union membership decline. However, trade unions in the CEECs lost more members from the wage-earning population than their EU-15 counterparts [4]. On average, union density in the EU-15 declined from almost 33 % in 1990 to 24.2 % in 2008. In the CEECs, however, union density declined from 59 % in 1990 to 19 % in 2008. This means that while in the EU-15 about every fourth wage earner is a trade union member, in the CEECs less than one in five wage earners join a trade union. Comparatively, CEEC trade unions are therefore weaker than trade unions in the EU-15.

A weakening membership base indicates that trade unions face a challenge in defending their position and reversing the trend in declining membership. Addressing this challenge is easier in countries where public acceptance of trade unions is higher. Chart 2.10 compares trade union confidence in the CEECs with the EU-15. In the EU-15, the social acceptance of unions remained stable on average between 2004 and 2010, with an almost equal share of the population trusting and not trusting trade unions. On average, the proportion of CEEC citizens with low confidence in unions is similar to the EU-15. In contrast to the EU-15, evidence suggests that trust in trade unions has grown in the CEECs, which contrasts with the declining union membership discussed above. The factors explaining this interesting paradox deserve further empirical research. Finally, Chart 2.10 indicates that the share of CEEC citizens indifferent towards trade unions declined between 2004 and 2010, leading to a polarisation of citizens with a pro-union and an anti-union attitude. In this regard, the CEECs and EU-15 have converged in crystallising citizen's confidence in trade unions.

An additional indicator of the strength of trade unions is the unions' capacity for industrial action. Strike activity is the most frequently used indicator of industrial action, although there is no clear relationship between strike activity and trade union strength. Trade unions opt for industrial action if striking is perceived as an influential channel of action to demonstrate union power or to reach desired results in bargaining and policymaking. In contrast, in countries with a tradition of negotiation culture, industrial action may be a sign of negotiation failure and weak bargaining capacities of trade unions. Another factor influencing strike activity is country-specific legal regulation, which may serve as an enabling or obstructing force for the extent of industrial action. Despite this complexity, a comparison of strike activity between the CEECs and the EU-15 yields evidence on the general willingness of employees to voice their claims through organised collective action organised under trade union leadership.

(4) It is however important to note that the initially high union density rates in the EU-10 in the early 1990s must be treated cautiously, because prior to the fall of state socialism in 1989, union membership was artificially high.

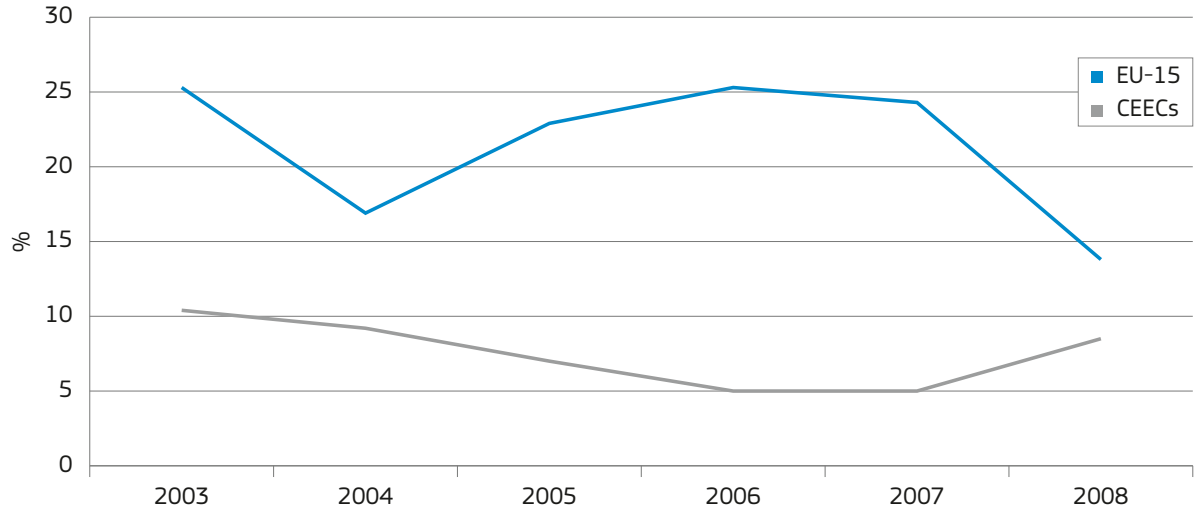
Chart 2.10: Confidence in trade unions in the CEECs, 2004, 2007 and 2010



excel file
gif

Source: Eurobarometer.
NB: Percentage of population surveyed. The EU aggregates are averages weighted by population in 2008.

Chart 2.11: Strike participants per 1000 of wage earners in dependent employment in the EU-15 and CEECs, 2003–2008



excel file
gif

Source: EIRO.

Most strike statistics report the average number of working days lost due to strike action per 1 000 employees. However, due to limited data sources covering the CEECs, Chart 2.11 reports the number of employees involved in strike activity (per 1 000 wage earners in dependent employment). Although there is a large variation in strike activity between countries, several findings can be generalised. First, strike activity declined between the first and the last year of our sample (2003 and 2008) in both the EU-15 and the CEECs. Second, despite this declining trend, employees in the EU-15 countries engaged to a greater extent in strike activities than employees in the CEECs. Finally, since 2007, there is a converging trend in strike activity between the EU-15 and the CEECs through a continuous decline in strike activities in the EU-15 and a slight increase in strike activity in the CEECs. These findings suggest that trade unions in the CEECs engaged in industrial action less frequently than their EU-15 counterparts, which supports the labour quiescence argument. However, the slightly increasing strike involvement after 2007 suggests that there are possibly new incentives for trade unions to opt for industrial action even in countries where unions traditionally chose a different strategy. At the same time, the growth in strike activities can be linked to the following factors: an improved labour market performance in the CEECs (see Section 2.3), a greater diversification of union action in the CEECs after 2007, and the fact that other more institutionalised channels of influence, such as social dialogue at the national level or collective bargaining at the sector and company levels, have not yielded satisfactory results.

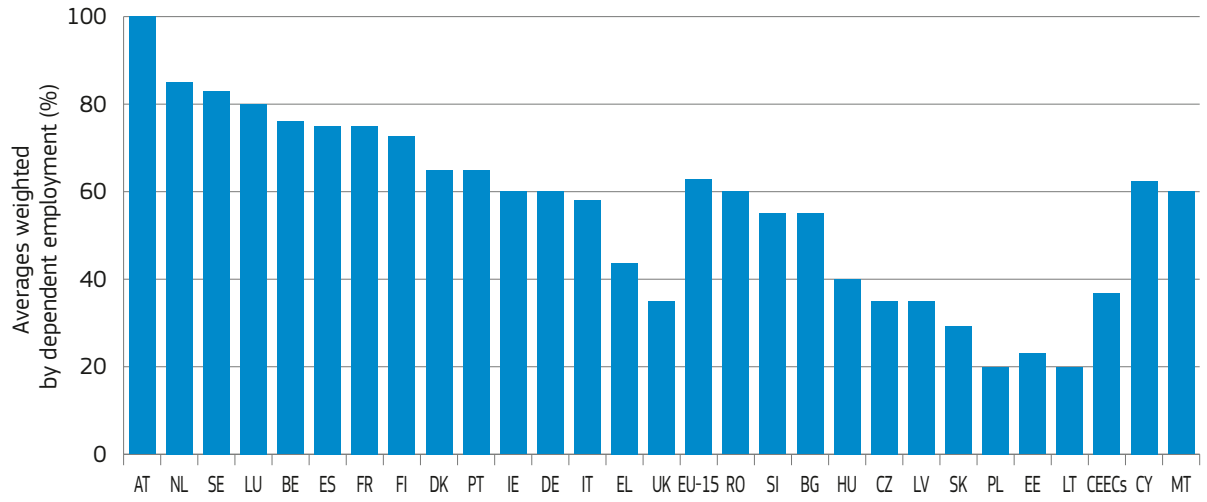
Trade unions representing the interests of employees engage in social dialogue and collective bargaining with employers' associations representing employer interests. Membership in employers' associations is more difficult to assess than trade union membership because of a lack of official statistics, employer freedom to join more than one employers' association, or because employers' associations commonly cover only the private sector while the public sector also accounts for a significant share of employment in the economy. Similar to the trade union density rate, the most common indicator to assess the spread of employers' associations over the economy is the employer organisation density rate, calculated as the share of employees working in companies that are members of employers' associations. Chart 2.12 shows recent employer organisation density rates across EU members. It indicates a variation between the CEECs and the EU-15; namely, a higher employer density in the EU-15 countries (with the exception of Greece and the UK). In contrast, in the CEECs employers are less eager to join an employers' association, or these associations do not exist in particular sectors. The lowest employer density rates can be found in Estonia, Lithuania and Poland— countries where the low degree of employer organising is among the crucial factors of extensive bargaining decentralisation.

2.3.2. Collective bargaining at the sectoral or higher level of coordination

The entrenchment of collective bargaining at the sectoral or higher level of coordination is the second pillar of that allows a comparison between the CEECs and the EU-15. Table 2.4 presents the extent of bargaining coordination across EU Member States. With the exception of Slovenia, coordination of wage bargaining in the CEECs is in general more fragmented and decentralised than in EU-15 countries. Sector or industry-level bargaining only applies to Romania and Slovakia; however, even in these countries such bargaining coordination does not account for a regular pattern setting and is based on a weak involvement of central social partner organisations. Government involvement in wage bargaining does not yield a clear difference between the CEECs and the EU-15 because in most EU Member States the government does not directly participate in (tripartite) wage bargaining.

Legally stipulated extension mechanisms supplement institutionalised bargaining procedures in most EU Member States (for an overview of extension, see Section 2.3.4 on extension of collective agreements). The aim of extensions is to broaden the coverage of collective agreements and thus foster solidarity wage setting among employees in companies outside employers' associations. Table 2.5 documents the fact that extension mechanisms are not widely institutionalised and used in the CEECs. Legal provision for mandatory extension of collective agreement coverage affecting more than 10 % of the workforce is available only in Hungary; however, at the same time, Hungary suffers from a generally weak enforceability of collective agreements (see Table 2.4). In other CEECs, legal extension mechanisms are either not available or not widely used due to various obstacles. For example, in Slovakia, extension is possible only with the consent of the employer concerned, which represents an additional institutional barrier to broadening the coverage of collective agreements (see Box 2.2).

Chart 2.12: Employer organisation density rates in the EU, 2008



Source: ICTWSS database version 3.0 (2011).
NB: FI: data 2006; CZ, LT and RO: 2007; BE and SI: 2009.

excel file
gif

Table 2.4 Degree of coordination and government intervention, 2000–2010*

Coordination of and government intervention in wage bargaining		Coordination of wage bargaining			
		1: Fragmented bargaining, mostly at the company level	2: Mixed or alternating industry- and firm-level bargaining, with weak enforceability of industry agreements	3: Industry bargaining with no or irregular pattern setting, limited involvement of central organisations and limited freedoms for company bargaining	4: Mixed industry and economy-wide bargaining: a) central organisations negotiate non-enforceable central agreements (guidelines) and/or b) key unions and employers' associations set pattern for the entire economy
Government intervention in wage bargaining	4: The government participates directly in wage bargaining (tripartite bargaining, as in social pacts)				*SI,* FI, BE, IE
	3: The government influences wage bargaining outcomes indirectly through price ceilings, indexation, tax measures, minimum wages, and/or pattern setting through public sector wages	*PL, LT,* MT	*BG, CZ, HU,* LU, FR	*RO, SK,* PT	EL, ES, NL
	2: The government influences wage bargaining by providing an institutional framework of consultation and information exchange	*EE, LV,* UK	CY	DK, SE	DE, IT, AT

* Average for 2000-2010; CEECs in italics.
Source: ICTWSS database version 3.0 (2011).

excel file
gif

Table 2.5 Collective bargaining levels and extension mechanisms, 2000 – 2010*

Dominant level of collective bargaining and the presence of extension mechanisms (average of years 2000-2010, CEECs in red)		Extension mechanisms		
		0: Legal provision for mandatory extension not available	1: Legal provision for mandatory extension available, but not regularly or widely used (<10%)	2: Legal provision for mandatory extension available, regularly applied and affecting significant share of the workforce (>=10%)
Level	4: National or central level, with additional sectoral/local or company bargaining	*SI*, IE		BE, EL, FI
	3: Sectoral or industry level	*RO*, DK, IT, NL, PT, SE	DE	AT, ES
	2: Sectoral or industry level, with additional local or company bargaining	CY, LU	*BG, CZ, SK*	*HU*, FR
	1: Local or company bargaining	*LT, LV, PL*, MT, UK	*EE*	

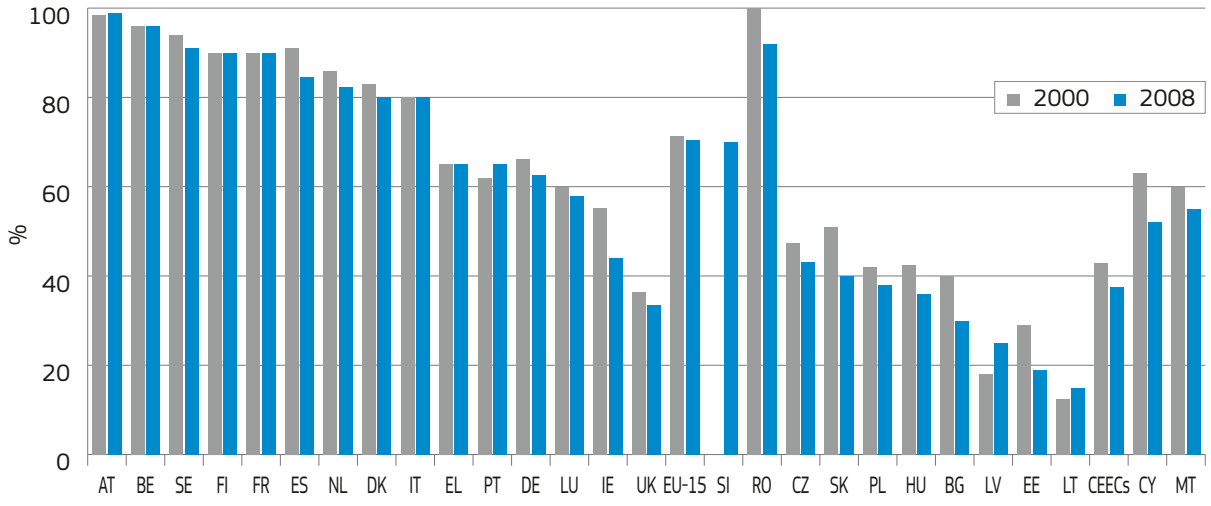
* Average for 2000–2010; CEECs in italics.
Source: ICTWSS database version 3.0 (2011).

excel file
gif

The lower degree of bargaining coordination, coupled with weaker enforcement of collective agreements and a lower legal entrenchment of extension mechanisms in CEECs accounts for the fact that bargaining coverage across the CEECs is systematically lower than in the EU-15 countries (see Chart 2.13). One exception is Slovenia, where coverage reached 100% prior to 2006 due to mandatory employer membership in chambers and the legally binding nature of collective agreements. After the introduction of free collective bargaining, employer density as well as bargaining coverage dropped and further bargaining decentralisation and decline in coverage is expected.

Besides a gap in bargaining coverage, the trend of declining bargaining coverage has been more pronounced in the CEECs than in the EU-15. On average, coverage declined in the EU-15 by 0.9 percentage points between 2000 and 2008, while the CEECs experienced on average a coverage decline of just over five percentage points.

Chart 2.13: Adjusted bargaining coverage rates in the EU, 2000 and 2008



Source: ICTWSS database version 3.0 (2011).
NB: % of employees covered. EU averages weighted by dependent employment. No data for Romania for 2000— figure is assumed to be the same as for 2008 in calculating the CEEC average. Data for 2000 relate to 2001 for PL, HU and EE, to 2002 for PT, LV, LT, CY and MT, and to 2003 for BG.

excel file
gif

2.3.3. Information and consultation of employees at the company level

Information and consultation of employees at the company level underwent major changes in the CEECs during EU accession. The Directive on Information and Consultation of Employees (2002/14/EC) established a set of minimum standards across all EU Member States, thereby fostering a certain Europeanisation of practices of company-level information and consultation. Prior to the implementation of the above Directive, in most CEECs (with the exception of Hungary and Slovenia) trade unions served as exclusive employee representation organisations. Therefore, the Directive has influenced company-level employee rights to a greater extent in the CEECs than in EU-15 countries that have established company-level information and consultation through a dual channel (involving both trade unions and works councils). Five to seven years after the eastward EU enlargements, several researchers have evaluated the state of information and consultation of employees at the company level in the CEECs. The European Commission's (2008) review of the Directive's implementation documented little impact and a difficult implementation in six CEECs (BG, CZ, EST, LIT, PL, RO) and a positive impact in three countries (LAT, HU and SK). Other research found that information and consultation of employees at the company level is still weakly established (Meardi 2012). The Directive has not yet produced the expected positive effect on employees and convergence with the EU-15 establishment of this industrial relations pillar. One of the main reasons for this is weak trade union penetration, which proved to be an obstacle in the introduction of a dual representation channel at the company level. The fact that multi-employer bargaining in most CEECs is weakly established motivates a stronger trade union presence at the company level. However, evidence shows that instead of a smooth implementation of the dual channel of employee representation at the workplace, tensions between trade unions and works councils have emerged. Even in Hungary, where the dual system was institutionalised in the 1990s, works councils failed to play the expected role in company-level information and consultation in the absence of trade unions (Tóth and Neumann 2004, Meardi 2012). Finally, in several countries the Directive has been used as a resource to weaken, rather than strengthen, employee prerogatives through the introduction of legal proposals raising thresholds for trade union representativeness or limiting trade unions rights. In sum, the state of company-level information and consultation of employees in the CEECs demonstrates that all pillars of the industrial relations systems are closely interrelated. If trade unions are weak and bargaining is decentralised, Europeanisation of industrial relations through EC Directives has been more complex and has not yet produced convergence across the EU Member States. Instead, national diversity persists in company-level representation between the EU-15 and the CEECs.

2.3.4. Tripartism and policymaking

The role of tripartite consultation and involvement of the social partners in national-level policymaking is the fourth pillar of an industrial relations system. The importance of tripartism as a channel of influence within industrial relations differs between the CEECs and the EU-15 countries. In the course of transition to democracy and a market economy during the 1990s, all CEECs established formal tripartite consultation bodies. Partly compensating for underdeveloped sectoral or other multi-employer social dialogue and collective bargaining, tripartism became the hallmark of industrial relations across the CEECs. Some commentators argued that tripartism facilitated labour inclusion in policymaking during extensive reforms and therefore is a positive sign of emerging corporatism (Tatur 1995, Iankova 1998). Others have argued that social dialogue in the CEECs does not meet basic preconditions (Mailand and Due 2004), and the formal existence of tripartite bodies across the CEECs countries failed to produce corporatist policymaking, leaving the outcomes of tripartism contested, or 'illusory' (Ost 2000, Avdagic 2005). Evidence from the ICTWSS database (see Table 2.6) documents the existence of tripartite councils across all CEECs but at the same time confirms the weak influence of tripartism, measured by social partners' impact on social and economic policy-making, in all CEECs with the exception of Slovenia.

Table 2.6 Tripartite councils and the involvement of social partners in policy-making

		Involvement of unions and employers in government decisions on social and economic policy		
		Limited	Irregular and infrequent	Regular and frequent
Existence of tripartite council concerning social and economic policy	Council with only unions, employers and government representatives or independent experts		FI, *CZ, LV, PL, RO, SK*	AT, BE, LU, NL, *SI*
	Council with various societal interest representatives	FR	IT, EL, MT, PT, *BG, EE, HU, LT*	ES, IE
	No permanent council	UK	DE	CY, DK, SE

Source: ICTWSS database version 3.0 (2011). CEECs in italics.

excel file

gif

In sum, tripartism in the CEECs is strongly established but contested in terms of its real effect on policy-making, resisting political pressures and producing enforceable agreements. Developments in the 2000s suggest a slight improvement, namely tripartite negotiations in a number of CEECs producing broad national agreements, similar to social pacts in some EU-15 countries. To evaluate the real role of tripartism, however, it is necessary to acknowledge not only the existence of tripartism as a structure, but also its outcomes, scope and enforcement. This chapter's second section offers insight into tripartite arrangements across particular CEECs.

2.3.5. Interim conclusions

The EU enlargement exercises of 2004 and 2007 increased the diversity of industrial relations systems across the EU not only because of different historical legacies, but also due to recent economic, political and societal developments across the CEECs and the EU-15. A comparison of indicators covering the main pillars of a stable industrial relations system allowed us to highlight the most important structural characteristics of industrial relations across the EU-15 and the CEECs. In comparison with the EU-15, CEECs are characterised by weaker trade unions and a faster erosion of trade union density, a lack of established employers' associations, a lack of a tradition of bipartite multi-employer collective bargaining, persistently lower bargaining coverage (partly due to the underdeveloped system of extension of collective agreements) and finally a strong formal existence of tripartism that partly replaces underdeveloped sector-level collective bargaining. At the same time, evidence suggests some convergence in industrial action between the EU-15 and the CEECs after 2007. Expected Europeanisation in company-level information and consultation of employees through the transposition of the EU law to the new Member States in the CEECs did not yet bring convergence trends with the EU-15, but rather has strengthened the tension between trade unions and works councils in CEECs.

2.4. Varieties of industrial relations within the CEECs

While several industrial relations indicators in the CEECs differ from those in the EU-15, there is also diversity in national industrial relations features across particular CEECs. This variation is the outcome of historical and recent developments, including domestic political and economic developments, interests of governments, business and labour, the particular transition trajectory on which a country has embarked, the current economic structure, international comparative advantages, and the country's mode of economic, social and political integration in the European and world economy.

To understand the emergence of current differences between industrial relations systems within the CEECs, Bohle and Greskovits (2012) identify three types of CEECs: the liberal Baltic and Balkan states (Bulgaria, Estonia, Latvia, Lithuania, Romania), the welfarist Visegrad states (the Czech Republic, Hungary, Poland, Slovakia), and the corporatist Slovenia. This comparative framework derives from particular institutions in CEECs' political economies, acknowledging a long-term evolution of relations between domestic economic and political interest groups, the structure of the economy and its comparative advantages (e.g. manufacturing vs. services), and historical path-dependency. Table 2.7 presents the initial factors that help to understand the factors behind differences in CEECs' industrial

relations. The initial conditions for incorporating employee interests and an emergence of social partnership were determined by the extent of labour mobilisation and institutionalisation of bargaining in particular countries. Bohle and Greskovits (2012: 40–43) argue that bargaining institutionalisation is a function of state strength: institutionalised bargaining structures become one of the pillars of industrial relations in those countries where the government fosters the introduction of social dialogue and corporatist decision-making.

Slovenia is the only CEEC with high labour mobilisation and high institutionalisation of bargaining. Slovenia's position is confirmed by its outlier position in most indicators on bargaining coverage, bargaining levels, and organisation of trade unions and employers. The liberal Baltic States (Estonia, Latvia and Lithuania) are at the other end of the spectrum, with low labour mobilisation and low bargaining institutionalisation. Initially strong and militant labour in Bulgaria and Romania was not matched by an equally strong state that would have been capable of building corporatism and including trade unions in policymaking. The capacity of the Bulgarian and the Romanian governments improved in the early 2000s with the prospect of EU membership to the extent that it pursued the creation of a well-functioning liberal state without a significant role for broader social partnership. However, unlike in other liberal countries (Estonia, Latvia and Lithuania), labour mobilisation rates in Bulgaria and Romania remain relatively high (typical also for a number of 'southern' countries in the EU-15, such as France and Spain). Finally, governments in the Visegrad countries (the Czech Republic, Hungary, Poland and Slovakia) initially aimed at building democratic corporatist institutions and a generous welfare state, but these efforts gradually vanished and the role of social partnership in economic governance became more limited. Instead of systematically including trade unions in policymaking, Visegrad countries' governments were more successful in compensating employees for job loss through generous welfare provisions. All these initial conditions set the base for structured industrial relations, which are characterised by a formally institutionalised but substantively rather weak system of tripartite institutions and social dialogue (Bohle and Greskovits 2012, Vanhuysse 2006).

The above preconditions shaped the emergence of variation in industrial relations systems across particular CEECs, but also accounted for some degree of regional coherence within the liberal, welfarist and corporatist countries. Table 2.8 summarises the main industrial relations characteristics within each of these country clusters. Countries located in the same cluster share broad labour market characteristics and welfare state provisions. However, indicators of industrial relations structure (organisation of trade unions and employers' associations, bargaining levels, extension mechanisms and the role of tripartite councils) and outcomes (bargaining coverage, union and employer density) document that there is variation also between countries located in the same cluster. For example, within the liberal country cluster, there are systematic differences between the Baltic States on the one hand and Romania and Bulgaria on the other hand. These differences can be ascribed to the long-term interplay of labour mobilisation and bargaining institutionalisation as presented in Table 2.7 below.

Table 2.7 Preconditions for variation in industrial relations across the CEECs

		Labour mobilisation	
		Low	High
Institutionalisation of bargaining	High	HU, CZ, SK, PL	SI
	Low	EE, LV, LT	RO, BG

Source: adaptation based on Bohle and Greskovits (2012).

excel file
gif

Table 2.8 Labour markets, welfare states and main industrial relations characteristics in the CEECs after EU accession (2004–2008)

	Liberal Baltic countries (EE, LV, LT)	**Balkan countries** (BG, RO)	**Welfarist Visegrad countries** (CZ, HU, PL, SK)	**Corporatist Slovenia** (SI)
Labour markets	Flexible, high work-related migration from these countries abroad	Flexible, high work-related migration from these countries abroad	Regulated flexibility, work-related migration high from Poland and Slovakia, lower from Hungary, marginal from the Czech Republic	Regulated, low migration abroad for work purposes
Welfare state	Minimalist	Minimalist	Generous but strict conditions, targeting the population outside of employment (mostly pensioners); lack of active labour market policies	Generous
Employee representation (trade union density, fragmentation)	Fragmented trade unions; low union density (below 15%)	Higher union density (20–33%)	Fragmented trade unions in Hungary, structured trade union hierarchy in the Czech Republic and Slovakia (historical legacy), fragmented but clearly delineated trade unions in Poland; 15–18% union density	Union density almost 30%, broader union presence, low union fragmentation
Employer representation (organisation, interests, density)	Significant foreign ownership (multinational companies), limited employer organisation, employer density 20–35%, marginal interest in cooperation with labour—'impatient capital'	Significant foreign ownership (multinational companies), limited employer organisation, employer density 20–35%, marginal interest in cooperation with labour—'impatient capital'	Significant foreign ownership (multinational companies), limited employer organisation, employer density 20–40%, medium employer interest in social partnership and cooperation with labour	Still significant domestic ownership, compulsory employer organisation (until 2006), significant interest in social dialogue, but recent decentralisation and more hostility, employer density 55%
Dominant bargaining level	Fragmented, company-level	Mixed company and sector/industry bargaining with weak enforcement of industry agreements (BG); Sector/industry bargaining (RO)	Fragmented, company-level bargaining (PL); Mixed company and sector/industry bargaining with weak enforcement of industry agreements (CZ, HU); Sector/industry (SK)	Sector/industry and economy-wide bargaining, but recent decentralisation trends raise the importance of company-level bargaining
Bargaining coverage	15–25%	40% (BG) 70% (RO)	36% (HU), 38% (PL), 40% (SK), 43% (CZ)	92%
Legal extension of collective agreement coverage	Not available (LV, LT); Available but limited use (EE)	Not available (RO); Available but limited use (BG)	Not available (PL); Available but limited use (CZ, SK); Available and extensive use (HU)	Not available
Importance of tripartite institutions	only formal institutions as a result of EU-accession pressures	More tradition of tripartism, but declining role in the 2000s	Long-standing formal tripartite institutions, in most cases with limited power (consultation); substantive role dependent upon the political environment, but in general declining importance since the early 1990s	Encompassing tripartism, following the Western European small state corporatist model; with signs of recent disintegration

Source: adaptation based on Bohle and Greskovits (2012), Stanojevic (2010) and the ICTWSS database, version 3.0 (2011).
All percentages are for 2008 and adopted from the ICTWSS database.

excel file
gif

Typical features of the liberal countries include a marginal welfare state, flexible labour markets and weakly established trade unions and bargaining. The hallmark of the welfarist Visegrad countries is a combination of flexible labour markets, liberal policies, a more generous welfare state, attraction of foreign direct investment in manufacturing and a more structured system of industrial relations. Finally, Slovenia is the only corporatist country in the CEECs, with a regulated labour market, generous welfare state provision and encompassing social partnership.

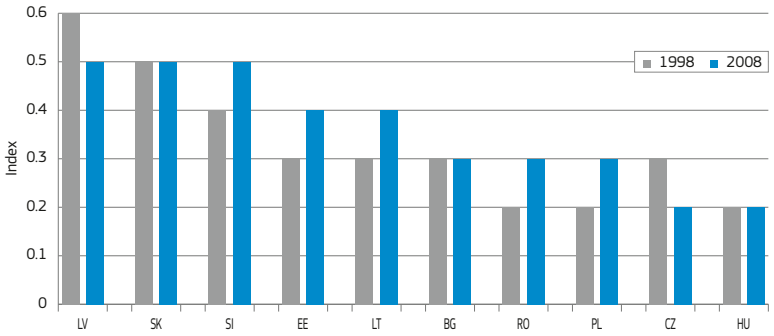
2.4.1. Trade unions

Trade unions have experienced a rapid decline in membership and density across the whole CEEC region since 1990 (see also Chart 2.9 in Section 2.2). Particular developments in union density align with the characteristics of liberal, welfarist, and corporatist country clusters. The most dramatic decline in union density took place in the welfarist countries, where, with the exception of Poland, union density was as high as 65–80% in the early 1990s. A similar trend of great declines in union density also occurred in the liberal country cluster, especially in Bulgaria (from 81% to 20% between 1990 and 2008), Estonia (from 62% to 7%) and Romania (from 80% to 22%). Finally, although union density in Slovenia halved between 1990 and 2008 to around 30%, the country still possesses one of the highest union density rates in the CEEC region.

In countries with the most extensive industry/sector-wide bargaining (Slovakia and Slovenia), trade unions are more centralised than in countries with predominantly decentralised, company-level bargaining.

Latvia, with its highest degree of union centralisation and at the same time decentralised bargaining, is an exception. Hungary, with its six recognised peak trade union confederations, is an extreme case of union fragmentation given the low union coverage in the country. Chart 2.14 shows that the challenge of bargaining decentralisation, which all CEECs face, brought further fragmentation in trade unions in the Czech Republic, Bulgaria and Latvia. By contrast, trade unions in most CEECs underwent a slight centralisation between 1998 and 2008. This trend suggests that the union landscape is stabilising, with fewer union organisations, while CEEC unions aim at strengthening their presence through concentration at the national level, e.g. through engagement in tripartite concertation or political cooperation with government and parliament representatives/factions. Coupled with weak trade union presence at the company level, these trends complicate efforts to improve trade union penetration and extend their membership base.

Chart 2.14: Trade union centralisation in the CEECs, 1998–2008



Source: ICTWSS database, version 3.0, 2011.
NB: LT: 2001-2008, EE: 1998–2007, LV: 1995–2007. Union centralisation is a summary measure derived from Iversen's (1999) centralisation index and taking into account union authority and union concentration at multiple levels. The measure ranges from 0–1 in EU-27.

excel file
gif

2.4.2. Employer organisations

Trends in employer organisation reveal a low degree of employer interest in joining or forming employers' associations. In all liberal and welfarist CEECs, foreign investors are an important factor in terms of companies and employment. Empirical evidence does not support initial expectations that foreign investors would 'import' bargaining and social dialogue standards from the EU-15 (Meardi 2012). Although some exceptions exist, for example in the car industry, in general large foreign investors (multinational companies, MNCs) tend to benefit from the flexible labour markets and economic concessions they receive from host-country governments in the CEECs. In other words, instead of the MNCs attempting to improve the structure of industrial relations and introducing collective bargaining in the CEECs, these employers adapt to local standards by not joining employers' associations or not ascribing employers' associations a significant interest representation role.

Descriptive statistical evidence (see Chart 2.12) shows that employer organisation density rates across the CEECs in 2008 were highest in Romania (60%), Slovenia (55%) [5] and Bulgaria (55%), and lowest in Poland (20%), Estonia (23%) and Latvia (20%). In Slovenia, employer density reached 100% prior to 2006 when employer membership in the Chamber of Commerce and Industry of Slovenia was mandatory. After the introduction of independent bargaining and the abolition of mandatory Chamber membership, Slovenia's employer organisation density rates are on the decline.

2.4.3. Bargaining levels and collective agreement coverage

The character and level of employer and trade union organisation shapes the dominant bargaining level. Fragmented, company-level bargaining dominates in the liberal CEECs. In Bulgaria and Romania sector/industry-wide bargaining complements company-level bargaining. In Romania, national-level bargaining also existed until 2010, when the previous four-year agreement came to an end and the social partners failed to conclude a new agreement [6].

Within the welfarist Visegrad countries, Hungary is an interesting combination of company-level and national-level bargaining. The Hungarian National Interest Reconciliation Council (*Országosérdekegyztetőtanács, OÉT*) discusses wage increases and minimum wage setting on an annual basis. For example, minimum wages for 2010 were agreed after nine rounds of negotiations [7]. In the public sector, a separate tripartite council approves the annual percentage increase and modified tariff tables for civil servants and public sector employees. However, none of the national-level agreements, including the public sector wage agreement, are legally enforceable. After extension, the national agreements therefore covered only 19% of private sector employment in companies with more than four employees. This practice leaves decentralised, mostly single-employer bargaining as the dominant bargaining level in Hungary [8]. Sector-level bargaining is relevant only in the public sector and its coverage remains limited (in 2007, a total of 17 sectoral agreements with national scope and six sectoral agreements with a regional scope were in force). Reaching 36% in 2008 and 33.5% in 2009 [9], bargaining coverage in Hungary is the lowest among the Visegrad countries.

Finally, bargaining concentration in the corporatist Slovenia is documented through 100% bargaining coverage prior to 2006 and 92% in 2008. Company-level bargaining increased in importance after decentralisation on the employer side following the introduction of voluntary membership in employers' associations in 2006.

2.4.4. Extension of collective agreements

Bargaining coverage is closely related to legal extension mechanisms that may broaden the coverage of collective agreements to employees in companies that are not members of employers' associations. In the liberal CEECs, with the exception of Romania, legal regulation of extensions does not exist or has never been put into practice. For example, the Lithuanian Labour Code provides for the extension of the coverage of sectoral collective agreements. Extension falls under the competence of the Minister of Social Security and Labour upon request of one or several trade unions or employer organisations that negotiated the sector-level agreement. Nevertheless, this provision of the Labour Code has never been put into practice and there has been no extension of a sectoral collective agreement

(5) The 55% employer organization density rate is from the ICTWSS database (adjusted for the size of dependent employment). EIRO reports that employer organization density rate for 2008 in Slovenia was as high as 80-90% (private sector density only). Source: http://www.eurofound.europa.eu/eiro/2008/09/articles/si0809039i.htm.

(6) Source: EIRO Industrial relations and working conditions developments in Europe 2010, TN1105040.

(7) Source: EIRO http://www.eurofound.europa.eu/eiro/2010/02/articles/hu1002019i.htm.

(8) Source: EIRO http://www.eurofound.europa.eu/eiro/country/hungary_4.htm.

(9) Source: EIRO http://www.eurofound.europa.eu/eiro/studies/tn1004019s/hu1004019q.htm.

in Lithuania [10]. Bulgaria is a similar case: the Labour Code stipulates the extension of collective agreements by ministerial decree. However, the labour minister, despite some 16 claims from social partners, has not yet used this procedure [11].

Hungary is, according to the ICTWSS database, one of the few CEECs where extensions are widely used (see also Table 2.5). However, only four sectoral agreements were extended in 2008 [12].

In the Czech Republic, three sector-level agreements were extended in 2008, covering about 23.2 % of all employees [13].

Legal developments concerning extension mechanisms have taken place in only two CEECs: Romania and Slovakia. Slovakia, with its legal stipulation of a horizontal extension mechanism between 2007 and 2010, is an exception to the practice of extension procedure across the CEECs (see Box 2.2). In Romania, sectoral collective agreements were obligatory for all businesses in a particular sector irrespective of their membership in employer organisations until 2011, when the new Social Dialogue Code abolished this system. In the future, sector-level agreements will apply only to companies that are members of employer organisations [14]. This new rule will mean a significant reduction in the use of extensions and a lower bargaining coverage, which aligns with the general trend in the CEECs.

Box 2.2 Horizontal extensions of sectoral collective agreements in Slovakia

Slovakia is an exception within the CEECs because it succeeded in introducing a horizontal (*or erga omnes*) extension mechanism. Although horizontal extension was used only temporarily between 2007 and 2010, it documents the capacity of the social partners, especially trade unions, to pursue favourable regulation if they have strong political support.

Prior to 2006, collective agreement extensions were voluntary and based on conditions in the relevant employers' agreement. The post-2006 government, led by the social-democratic party *Smer – sociálna demokracia,* aimed to strengthen social dialogue and bargaining coverage, remove discrimination in employment conditions and introduce equal business conditions for all employers, for example in public tenders. A horizontal mandatory extension of sector-level collective agreements seemed to be a sustainable solution. While trade unions favoured horizontal extension, employers opposed it. However, reactions differed between individual employers and peak (national, cross-sector) employers' associations. Employers requested further development of rules applicable to the practice of horizontal extensions, such as conflict resolution procedures, mediator involvement, collective redundancies, and monitoring compliance with collective agreements at the workplace. However, the National Union of Employers of the Slovak Republic (*Republiková únia zamestnávateľov SR, RÚZ SR*) appealed to the Constitutional Court with the argument that a mandatory horizontal extension does not comply with the Slovak Constitution.

Despite the above employer opposition, the principle of horizontal mandatory extensions was written into law: extensions initiated upon a joint written request of signatory parties of a sector-level agreement to the Ministry of Employment, Social Affairs and Family and approved by the Ministry were legally enforceable. The 2009 amendment to the extension rule stipulated that the extension may apply to agreements concluded by a higher-level trade union organisation, which represents the largest number of employees in the sector where extension is requested. This amendment replaced the original provision that the extension possibility applies to agreements concluded by employers' associations employing the largest number of employees in the sector where extension is requested. This amendment simplified the practice of extensions and contributed to a shift to more centralised bargaining and higher bargaining coverage.

During (2007–2010), two trends can be identified:

- The number of higher-level collective agreements declined (due to low unionisation, declining employer density rate, mergers/splits on the side of employers' associations and unions);
- The number of extensions increased compared to the pre-flat-extension period, but in general declined compared to the 1990s.

After the formulation of a right-wing coalition, the mandatory horizontal extension mechanism was revoked. An extension request is again conditioned by a joint written request of the signatory employers' association and trade union(s), applies to individual employers only and not to the whole sector, and the concerned employers' consent with the extension has been reintroduced. This stipulation resulted in fragmentation of bargaining coverage and a virtual impossibility of a flat extension across the whole sector.

(10) http://www.eurofound.europa.eu/eiro/country/lithuania_4.htm.

(11) http://www.eurofound.europa.eu/eiro/country/bulgaria_4.htm.

(12) http://www.eurofound.europa.eu/eiro/studies/tn1004019s/hu1004019q.htm.

(13) http://www.eurofound.europa.eu/eiro/country/czech.republic_4.htm.

(14) http://www.eurofound.europa.eu/eiro/2011/07/articles/ro1107029i.htm http://www.worker-participation.eu/National-Industrial-Relations/Countries/Romania/Collective-Bargaining.

To summarize, with political support, the social partners achieved the introduction of a horizontal extension mechanism, which is unique in the CEECs. However, the practice of such extensions has been limited in time and scope. The main reasons for its failure can be summarised in the following points:

- change in government;
- strong political orientation of trade unions toward support of a single party;
- employer dissatisfaction with basic legal conditions of the extension (the question of individual rights), and a diversity in employers' interests;
- particular issues in the horizontal extension mechanism lacked detailed elaboration (i.e. rules of compliance for non-unionised companies onto which extensions have been applied);
- lack of control mechanisms on compliance with extended collective agreements;
- the timing of flat extension: economic crisis and growing unemployment.

In the post-2010 practice of bargaining, extensions have not been common. It remains to be seen whether the current government, formed exclusively of the Smer party, will re-open the issue of flat extensions.

Source: Kahancová (2011).

2.4.5. Tripartism and social pacts

Although tripartism is formally established across the CEECs, its real capacity to produce enforceable agreements varies according to country. In the liberal Baltic States, EU accession facilitated the establishment of formal tripartite institutions despite the lack of any tradition of tripartite concertation. Bulgaria and Romania had more experience with tripartite social dialogue, but its importance declined over the 2000s. All welfarist Visegrad countries have long-standing formal tripartite institutions, but the power of tripartite bodies is in most countries limited to consultation rights. Finally, Slovenia follows a model of a small Western corporatist state, where tripartite concertation plays an important role for policymaking. However, with the disintegration of bargaining structures after 2006 in Slovenia, the role of tripartism has also declined.

Despite the contested role of tripartism, a number of tripartite agreements, or national-level social pacts, have been concluded across the CEECs. International factors that have facilitated the conclusion of social pacts even in countries that lack a tradition of tripartite consultations (e.g., Latvia, Lithuania and Estonia) or in countries with a weak substantive role of tripartism (e.g., Hungary, Poland and Romania) include EU accession, prospects for EMU membership and the economic crisis. In Poland, considered the weakest performer in terms of social pacts among the welfarist Visegrad countries, EU accession served as a motivating factor for the Labour Minister and later the Minister of Economics and Deputy Prime Minister (2001–2005) to attempt a conclusion of several social pacts addressing EMU convergence, reforms of public finance, employment policy, healthcare and labour law (Meardi 2012: 46–53). This initiative also involved strengthening intersectoral social dialogue and improving the coordination of sectoral bargaining committees. Social dialogue was perceived as a policy alternative to those of previous governments. The most important pact initiative, known as the 'Pact for Work and Development', was drafted in 2003. However, these proposals were later abandoned due to lack of domestic political commitment and lack of trust between the Solidarność trade unions and the post-communist party (Meardi 2012: 47). These initiatives are an important sign of the impact of EU accession and prospective EMU membership on CEEC social partners' capacity building to strengthen tripartism despite hostile domestic conditions.

In sum, Table 2.9 offers an overview of tripartite agreements, but also of failed attempts to conclude agreements, between 1991 and 2008. More pacts have been concluded in the 2000s than in the second half of the 1990s. More recent evidence confirms this trend, especially in the post-crisis years of 2009 and 2010.

Table 2.9 Social pacts in the CEECs, 1991–2008

Year	Successfully concluded tripartite agreements	Failed negotiations for tripartite agreement
2008	EE (3)**, *RO (3)**	
2007	*SI (4)*	PL
2006	BG (4), SK (3)	
2005	LT (3)	
2004	LV (3), RO (3)	
2003	*SI (4)*	PL, RO
2002	HU (3), RO (4)	
2001	RO (3)	
2000		
1999	EE (3), LT (3)	
1998		CZ
1997	BG (3)	
1996	*SI (4)*	
1995	LT (3), *SI (4)*	
1994	CZ (2), SI (4)	HU
1993	CZ (2), PL (3)	SI
1992	CZ (2), EE (4), SK (4)	SI
1991	CZ (2), EE (4)	SI

* Italics indicate pacts addressing tax-based incomes policies. In all other cases, social pacts covered broader social policy issues (regulatory, reform or symbolic pacts according to the ICTWSS database coding).
** Numbers in parentheses indicate the strength of the pact. Strength is defined as a composite measure of pact scope and pact structure. The maximum in each of these two categories is 2, therefore the maximum strength score is 4. In general, CEEC pacts are agreed upon by all the relevant peak social partners (which means a 2 in the structure score), but their scope is rather vague and do not reach to lower levels of industrial relations (1 on scope).
Source: ICTWSS database, version 3.0, 2011.

gif

2.4.6. Information and consultation of employees at company level

Company-level employee representation in the CEECs underwent significant changes upon EU accession, mainly because of implementing the dual representation structure (including both trade unions and works councils) stipulated by the Directive on Information and Consultation of Employees (2002/14/EC). Table 2.10 documents the workplace presence of employee representatives across CEECs after the implementation of the Directive.

The highest institutional representation applies to Romania, where unions, works councils or an individual employee representative was present in 51% of all establishments, covering 78% of the total workforce. In contrast, the Czech Republic has the least established workplace representation— present in only 18% of establishments. The coverage of 42% of the total workforce in the Czech Republic suggests that workplace representation is more common in large companies. The same is true for Poland and Slovenia, where employee representatives are not present in a high number of establishments, but cover a relatively large share of the total workforce.

Distinguishing between the types of employee representatives is possible only in a limited number of CEECs where evidence is available [15]. In the neoliberal Baltic States (EE, LT) with a generally weak union presence, works councils or individual employee representatives are better established than trade unions at the workplace level. The opposite is true for Slovakia, a welfarist Visegrad country with a tradition of a stronger position of trade unions. In Hungary, trade unions remain the main channel of interest representation after 20 years of experience with dual representation of employees at the workplace. Unions are present in more establishments than works councils despite the fact that the union workplace coverage dropped from 37% in 2001 to 28% in 2009, while works council presence has stagnated at around 20 per cent over the past 20 years [16].

A broader indicator of employee representation is the European Participation Index (EPI), which summarises the formal rights of workers and the extent of representation/participation at three levels: in the board, at the establishment level and through collective bargaining.The highest EPI value in the EU is 0.82 in Sweden and the lowest value is 0.11 for Lithuania [17]. Chart 2.15 shows the EPI scores for CEECs. The scores confirm that after the implementation of the Directive on information and consultation, employee participation remained weakest in the liberal CEECs (LT, LV, EE, RO and BG).

[15] Source: ETUI (www.worker-participation.eu).
[16] Source: Neumann (2010) in: http://www.employment.eutrio.be/uploadedFiles/Eutrio/events/Neumann.pdf.
[17] Source: http://www.worker-participation.eu/About-WP/European-Participation-Index-EPI.

The welfarist countries (CZ, HU, PL and SK) score higher, which aligns with their generally better institutionalised bargaining and employee representation. Finally, the corporatist Slovenia scores highest, which aligns with the general characteristics of industrial relations in that country.

To complement the above statistical evidence, Table 2.11 provides a qualitative overview of employee participation across the CEECs.

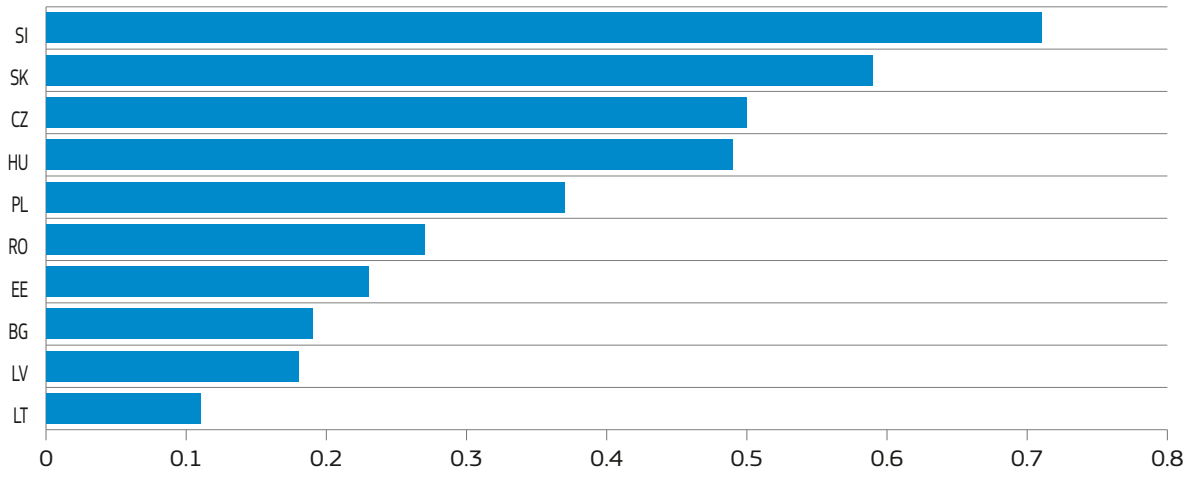
Table 2.10 Workplace presence of unions, works councils and individual employee representatives in the CEECs, 2009

Presence of institutional representation	BG	CZ	EE	HU	LV	LT	PL	RO	SK	SI
- share in the total number of establishments	35%	18%	22%	28%	39%	25%	38%	51%	42%	42%
- share in the total workforce*	50%	42%	38%	50%	45%	47%	65%	78%	60%	67%

* *Source:* European Company Survey 2009: 47–48 (data estimated from graphs), Base = establishments with 10 or more employees; EIRO, ETUI.

gif

Chart 2.15: European participation index (EPI) in the CEECs



Source: ETUI in: http://www.worker-participation.eu/About-WP European-Participation-Index-EPI.

NB: The participation index is a composite index which summarises both formal rights and the extent of participation on three levels: at the level of the board, at the establishment level, and through collective bargaining.

excel file

gif

Table 2.11 CEEC workplace representation of employees

Liberal Baltic and Balkan countries
Estonia
Workplace representation is limited. The 2007 legislation allows for the election of employee representatives both in workplaces with and without a trade union. In union-free workplaces, representatives can be involved in collective bargaining. Employee representatives can be elected with the support of a trade union or 10% of the employees.
Latvia
Unions are the main representation channel, but many workplaces have no representation at all. Since 2002 it has also been possible to elect authorised workplace representatives, but this practice is limited.
Lithuania
After the 2003 legislative changes, works councils and unions have almost identical legal powers. Since 2005, works councils have the right to organise strikes. Most workplaces have neither of the two representation forms. The system of individual employee representatives is widespread in small companies. The 2007 Labour Inspectorate report documents that out of 12 331 inspected organisations, there were 2 978 with an individual employee representative.
Bulgaria
Unions are the main representation channel. The system of individual employee representatives, available since 2001, is not widely used. Representatives are only present in about one third of multinational companies, and most of them are union-nominated. In small companies, it is unusual to find either unions or elected employee representatives. The implementation of the Directive on Information and Consultation did not significantly change the above practices. Until 2010, only 8% of companies with 50 or more employees elected workplace representatives.
Romania
Almost exclusively union-based representation. Employee representatives can only be elected in union-free workplaces. This situation has not changed after the Directive's implementation. Changes introduced by the 2011 Social Dialogue Code have made trade union operation more difficult as a union can now only be set up by at least 15 individuals in the same company instead of the same industry or occupation.
Welfarist Visegrad countries
Czech Republic
The stipulation to dissolve the work council if a union is present at the workplace was declared unconstitutional in 2008. In practice, very few works councils have been set up and trade unions remain the dominant representation channel. The majority of companies have no employee representation at all.
Hungary
Dual representation channel exists since 1992. In most cases, union members are part of works councils, especially because Hungarian legislation links union bargaining rights to the results of works council elections. The balance of power between unions and works councils also depends on the political environment, with leftist governments usually supporting trade unions, while conservative governments favour works councils.
Poland
Until the EU accession, trade unions were the exclusive workplace representation body. The 2006 legislation provided for the establishment of works councils. The slow implementation of the Information and Consultation Directive entrenched union powers in the process of electing works councils until 2009. In 2009, 72% of works councils were set up in companies and organisations with trade unions.
Slovakia
The legal possibility of establishing works councils was introduced in 2002. The recent legal change (2011) increased representativeness thresholds for trade unions. In order to be representative, unions establishing themselves for the first time in a workplace shall (upon employer requirement) demonstrate that they represent at least 30% of the workforce. Works councils are less common than unions and can be established where at least 10% of the workforce requests this kind of representation.
Corporatist countries
Slovenia
Dual channel of representation since 1993. Employees at the workplace are represented both through local union structures and, in workplaces with more than 20 employees, a works council. In practice, works council members are frequently trade union activists, although the extent of trade union involvement varies from industry to industry.

Source: ETUI (www.worker-participation.eu), EIRO.

2.4.7. Interim conclusions

Unionisation, bargaining levels and practices, the role of tripartism and social pacts, and employee information and consultation at the workplace vary across the CEECs. Over the course of the 2000s, the CEECs converged on the emergence of social pacts. The post-2008 economic crisis facilitated the conclusion of social pacts even in countries that lacked a tradition of tripartism, such as the liberal Baltic States.

To assess prospects for Europeanisation of industrial relations within the CEECs, we need to understand why some industrial relations features differ across these countries. This section has showed that the extent of labour mobilisation and the governments' interests in introducing stable bargaining structures were the main preconditions for the emergence of social partnership across the CEECs. The liberal country cluster (EE, BG, LV, LT and RO) is best characterised as countries with weakly established or weakly enforced tripartite institutions, fragmented bargaining (with the exception of Romania), and a varying union density between the liberal Baltic (EE, LV, LT) and the Balkan (BG, RO) countries. The welfarist Visegrad countries (CZ, HU, PL and SK) all have strongly entrenched tripartism, institutions for collective bargaining and employee representation. The Czech Republic and Slovakia tend to have more of a tradition of social dialogue and a higher level of bargaining coordination than Poland and Hungary. While Hungary and Poland are examples of countries with decentralised and fragmented bargaining coverage, Hungary is also characterised by its national-level concertation structure. Slovenia, which is the only corporatist country in the CEECs, has gone furthest in institutionalising coordinated bargaining, employee representation, social pacts and bargaining coverage.

2.5. Re-configuration of industrial relations in the CEECs after EU enlargement, the economic crisis and public sector austerity

While the previous two sections have focused on developments in structural industrial relations indicators in the CEECs and their comparison with the EU-15, this section looks at the particular responses of CEEC social partners to the most important domestic labour market challenges that have followed EU enlargement and the crisis. Among most the important developments affecting the majority of the CEECs is the post-enlargement mobility from the CEECs to the EU-15, causing domestic labour shortages in some countries and sectors. The second major development is the economic crisis that has led to a growth in unemployment, employment flexibility, precarious employment forms and public sector austerity across the CEECs. Finally, the crisis has also affected the public sector and fuelled austerity measures across the whole EU. For more details on austerity measures, the crisis and the effects of this on public sector industrial relations, see Chapter 4.

This section attempts to answer questions such as how have CEEC social partners dealt with these challenges in their national settings? Have they utilised opportunities derived from these developments in order to, for example, negotiate wage increases, strengthen social partnership, improve bargaining coordination and foster the Europeanisation of national industrial relations? Given the limited statistical evidence on this kind of social partner action, this section is largely based on examples and case studies that try to comprehensively cover developments across the CEECs.

2.5.1. Europeanisation of industrial relations through EWCs in MNCs

EU integration, by removing barriers to the mobility of goods, capital and labour, promotes foreign direct investment and the transfer of the tradition of social dialogue and employee participation from EU-15 to CEECs (Meardi 2012: 62). Multinational companies (MNCs) are likely frontrunners of the Europeanisation of industrial relations because of their capacity to transfer social dialogue practices across their countries of operation. Some research has detected positive efforts of MNCs to transpose social standards from the EU-15 to the CEECs. For example, foreign employers helped to develop the structure of employers' associations in Poland, Bulgaria and Latvia, where they established their own associations. In Poland, MNCs took the leading role in creating a new employer organization— the Polish Confederation of Private Employers Lewiatan (*Polska Konfederacja Pracodawców Prywatnych Lewiatan, PKPP Lewiatan*) in 1998. PKPP went on to become the leading employer confederation and now also organises a large number of Polish-owned companies (Marginson and Meardi 2009: 25). With regard to coordinated multi-employer bargaining, MNCs display a noticeably higher incidence of second-tier or company negotiations than local firms in Bulgaria, Romania and Slovakia (Marginson and Meardi 2009). Despite these efforts, the overall impression is that MNCs are not yet ready and committed to transferring forms of employee representation (Meardi 2012). Instead of offering opportunities for coordinated industrial relations, therefore, MNCs have contributed to further bargaining decentralisation in the CEECs. Industrial relations transfers from the EU-15 to the CEECs seem to be an exception rather than rule and are contingent on specific conditions (Marginson and Meardi 2006, Meardi

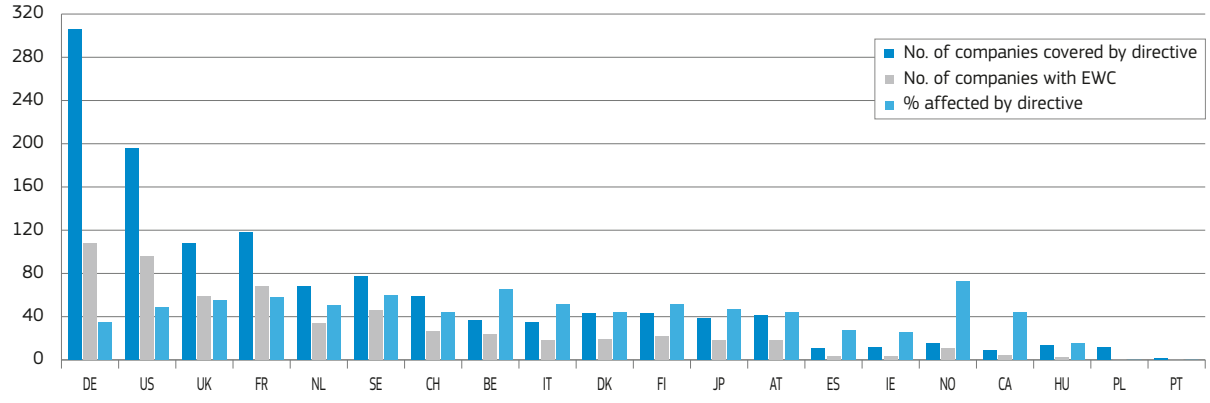
et al. 2009, Kahancová 2010). Workplace industrial relations in MNCs in the CEECs confirm a departure from the EU-15 models because of frequent anti-unionism, the absence of works councils, the use of agency work, temporary contracts and the practice of restructuring without consultation with social partners.

The 1994 European Works Council Directive (Directive 94/45/EC, updated by the recast Directive 2009/38/EC) aims to ensure that employees in MNCs are properly informed and consulted. Chart 2.16 presents MNCs by country of origin affected by the EWCs Directive. By 2008, there was still a discrepancy between the number of MNCs with operations in the CEECs and the EU-2 (Cyprus and Malta) and those that already introduced EWCs with CEEC and EU-2 representatives. In 2010, the total number of EWC bodies across the EU-27 reached 969; and the number of EWCs including one or more representatives from the CEECs and the EU-2 reached 249 [18]. This means that 25.7 per cent of EWCs have one or more representatives from the EU-12. This suggests that structural EWC implementation stretches over a long time period. It should be noted, however, that the actual role of the EWC may differ from company to company and is subject to case study research related to specific MNCs.

2.5.2. Post-enlargement mobility, labour shortages and trade union responses

Since the 2004 and 2007 EU enlargements, intense labour mobility from the CEECs to the EU-15 led initially to a decrease in unemployment rates in the CEECs and labour shortages emerged in some countries and sectors (Kahanec and Zimmermann, 2010; see also Chapter 6 of the European Commission's Employment and Social Developments in Europe 2011 review). Migrants from the CEECs were motivated by better-paid jobs in the EU-15 and most frequently targeted the UK and Ireland— countries that immediately opened their labour markets to CEEC workers (Bonin et al. 2008). Although outward mobility increased from all CEECs, cross-national differences persist. Over the period from 2003 to 2007, emigration as a percentage of the population has been highest in Romania, Lithuania and Slovakia (Brückner and Damelang 2009). In 2009, CEECs with the highest shares of migrants working in the EU-15 included Romania, Lithuania, Bulgaria, Estonia, Poland and Latvia (Kahanec 2012). Outward mobility affected employment in both private and public sectors across the CEECs and caused shortages in some occupations. Outward mobility also influenced union membership and density in the CEECs. Meardi (2012: 97) found the CEECs with the highest number of migrants between 2003 and 2007 have been those with the strongest fall in union membership, especially Slovakia and Lithuania, while those with the lowest mobility have lost fewer union members, especially Slovenia, Hungary and the Czech Republic. Post-enlargement mobility effects on net union density can only be evaluated a few years later.

Chart 2.16: Multi-national companies affected by the EWC Directive with operations in the EU-12 by country of origin, 2008



Source: European Works Councils Database, ETUI-REHS, March 2008; European Works Councils in practice: Key research findings. European Foundation for the Improvement of Living and Working Conditions (2008: 7).

excel file
gif

[18] Source: Database on European Works Council Agreements http://www.ewcdb.eu/documents/freegraphs/2010_10_EN.pdf.

However, even if net union density in these countries increases, this does not necessarily mean that unions have gained new members: an increase in net union density can originate from the fact that the total size of working age populations, over which union density is calculated, has decreased with outward labour mobility.

Nevertheless, trade unions cannot be considered to be passive victims of these developments. From the limited empirical studies available, there is evidence that unions in some countries mobilised against migration through bargaining and public protests where they used the migration argument to improve their bargaining position and legitimacy as well as domestic working conditions. Kaminska and Kahancová (2011) studied how trade unions in selected CEECs used mobility-induced labour shortages to negotiate wage increases, to reverse the trend of declining union membership/density, to improve the unions' legitimacy in relation to governments and employers and finally to strengthen bargaining institutions. This study focused on public healthcare, which lost a significant number of qualified healthcare staff and faced serious domestic labour shortages. The findings show that Polish and Slovak trade unions did consider the post-enlargement mobility trend to be a development that could improve their situation. Union leaders showed good organising capacity, facilitating active responses, while union structures proved to be of little importance in this issue (Kaminska and Kahancová 2011). In Poland, the government disregarded the unions' attempts to increase wages through collective bargaining but made financial concessions to stop massive protests and strikes in response to healthcare mobility. In Slovakia, unions placed their action within the functioning bargaining system and achieved wage increases for lower-ranking healthcare employees through sectoral bipartite bargaining in public healthcare. This evidence shows that using available organisational capacities, CEEC unions are able to mobilise and respond successfully to trends derived from EU enlargement (in this case post-enlargement labour mobility).

2.5.3. Responding to the crisis through the active involvement of social partners

One of the major recent challenges to CEEC economies is the economic crisis, which first affected the private sector and later the public sector through austerity measures. Recent evidence on how CEEC social partners have responded to crisis-induced challenges is limited to a few cases, which document two kinds of action:

- CEEC social partners engaging in a negotiated response to face various challenges induced by the economic crisis;
- CEEC trade unions mobilising members and supporters to openly voice their claims in response to government austerity measures.

First, the crisis produced a new wave of tripartite negotiations and social pacts were adopted in several CEECs (see Box 2.3). The trend of meeting the challenges of the crisis through tripartite social dialogue is accompanied by an interesting paradox. While tripartite negotiations and social pacts increasingly emerged in countries without a strong tradition of tripartism, there is less evidence for the successful conclusion of social pacts in countries that do have a tradition of social dialogue (namely, the Czech Republic, Slovakia and Slovenia). The Czech social partners demanded to be included in post-crisis reform policies, but the post-2010 Czech government made it clear that it would not endorse the anti-crisis measures agreed by the previous government with the social partners [19]. In Slovenia, the government and trade unions reached an agreement on wage moderation in the public sector (see Box 2.3), but the overall number and the character of social pacts in Slovenia did not significantly increase in the aftermath of the crisis. In Slovakia, trade unions enjoyed systematic political support from the post-2006 social-democratic government, which carried on during the crisis period until the government change in 2010.

In addition to these attempts at a coordinated response to the crisis at the national level through social pacts, there is limited evidence on other kinds of a negotiated response at the sectoral and company levels. For example, in Slovakia, the sector-level social partners in sectors most affected by the crisis, such as the metalworking sector, found new incentives to consolidate sectoral bargaining coordination to meet the challenges of the economic crisis. As a consequence, bargaining procedures, as well as social partner commitment to a negotiated response to the crisis, were not in danger of decentralisation. Sectoral and company-level bargaining continued following the same formal and informal rules and played a central role in the attempt to maintain employment during the economic downturn (Czíria 2011: 22). The most common collectively-agreed measures included wage moderation; work organisation changes, including less use of temporary/agency workers; redundancy pay; conflict settlement and prevention; and the application of flexible working accounts and short-time work. Although the social partners found it more difficult to conclude agreements during the crisis and negotiations took longer than before, in the most important subsectors of the metalworking sector (mechanical engineering, steel and electronics) the social partners managed to agree on specific anti-crisis provisions and incorporate them into collective agreements for 2008–2009 and 2010–2011 (c.f. Kahancová 2013). For more details of social partner responses to the crisis and austerity measures in the EU, see Chapter 4.

[19] Source: EIRO Industrial relations and working conditions developments in Europe 2010, TN1105040.

We can also find exceptional negotiated responses to the crisis at the company level, for example in some of the largest employers in the automotive industry in Hungary (Szabó 2013). According to the Hungarian Labour Code, trade union approval is not required for company crisis adjustment strategies such as working time reductions (Neumann and Boda 2011: 92). Nevertheless, despite the lack of legal obligation to negotiate with unions, several large automotive companies signed agreements with unions on crisis relief measures. The main motivation for employers was finding a common stance with trade unions on protecting the skilled workforce in the car industry and avoiding dismissals. For example, Audi's management cooperated on the whole spectrum of employment-related decisions with unions, striking a deal of safe jobs at a price of working time and variable pay rescheduling. Other German MNCs in high value-added sectors also engaged in voluntary bargaining with trade unions. The most recent case is Mercedes, which launched its Hungarian subsidiary in 2012 with a welcoming attitude towards unions [20].

Further company-level cases of negotiated responses to the crisis can be found in the Baltic States. In Estonia, concessions in collective agreements have been negotiated in some companies despite the general trade union strategy of maintaining the validity of collective agreements concluded prior to the crisis (Kallaste and Woolfson 2013). New collective agreements froze some provisions of existing agreements (e.g. postponed wage increases and/or bonuses) or introduced provisions to consolidate wages and employment (e.g. unpaid leave instead of wage decreases) (ibid.).

In Bulgaria and Romania, countries with historically stronger labour mobilisation than in the Visegrad and Baltic States (see Table 2.7), trade unions were more eager to engage in strikes and protest actions in the post-crisis period. For example, Romanian trade unions engaged in several protest actions and strikes during 2009 and 2010 (see the next section). The preference for mobilising members rather than attempting a negotiated response derived from recent legal changes regarding union representativeness and the fact that all existing collective agreements were declared invalid at the end of 2011. An inability to negotiate new agreements at the national and sectoral level in 2012 motivated unions to take other kinds of action. For example, FGS, the largest union federation in the construction sector, drew up guidelines regarding the procedure required to become representative for local unions and has also helped local unions to negotiate collective agreements. As a result, some company-level agreements were concluded with provisions far above the legal minimum. Moreover, unions in construction and the healthcare sector succeeded in obtaining funding from the EU's structural funds to provide training for union members and improve their competence and employability [21]. In Bulgaria, workers at the country's largest coalmines engaged in a one-week strike in 2012 in support of better bonuses and working conditions. After lengthy talks, the unions and the management of the mines found a coordinated solution to improve working conditions and award bonuses [22].

To sum up, at first glance national-level social dialogue and a negotiated response of the social partners appears to have played an important role in the adoption of anti-crisis measures. However, many of these measures, such as union co-determination on flexible working time accounts or the social partners' role in implementing crisis-related policies, have turned out to be temporary and have lasted only until the unions benefitted from political support from the government, until legal changes or until governments reverted to unilateral action instead of adopting the measures agreed with social partners. This shows on the one hand that the CEEC social partners are capable of bringing forth negotiated responses even in hostile institutional conditions. At the same time, their capacities and the substantive results of negotiated responses at the national, sectoral and company levels remain contested.

2.5.4. Responses of CEEC trade unions to public sector austerity

The crisis has also induced government responses that aim to consolidate the public sector, public debt and state budgets. As a consequence, various public sector austerity measures have emerged across the CEECs. The extent to which consultation on these measures takes place with trade unions as social partners varies across countries and governments. The most common aim of trade union responses is to protect employment and working conditions in the public sector in the context of these austerity measures. Table 2.12 and the text below review the available recent evidence on responses to public sector austerity through collective action. In a small number of cases, the social partners have succeeded in being part of negotiating or revising austerity measures that governments have adopted. Other cases, where social partners, especially trade unions, have mobilised against announced austerity measures, are in alignment with the overall view that mobilisation is the preferred strategy in conditions where social dialogue is weakly established or where the social partners are excluded from negotiating or consultation on austerity measures with the government (see also Chapter 6 for details on models of social partner involvement in the EU).

[20] Source: EIRO http://www.eurofound.europa.eu/eiro/2011/02/articles/hu1102011i.htm

[21] Source: discussion with a Romanian Industrial Relations expert Dr Aurora Trif, (City University Dublin).

[22] Source: Reuters at http://af.reuters.com/article/commoditiesNews/idAFL5E8CM03H20120122)

Box 2.3 Coping with the economic crisis through social pacts

Latvia (2008)

Since 2004, the Latvian government avoided state budget discussions with the social partners, which culminated in union protests and public demonstrations in 2007. In the context of the start of the crisis and a worsening economic situation, negotiations at the National Tripartite Cooperation Council reconvened in 2008 to discuss the state budget for 2009. Both employers and trade unions prepared and submitted to the government concrete proposals on how to improve the country's economic and social situation. Despite protest campaigns, the government, the Latvia Employers' Confederation (Latvijas Darba Devējukonfederācija, LDDK) and the Free Trade Union Confederation of Latvia (Latvijas Brīvo Arodbiedrībusavienība, LBAS) signed a tripartite agreement. This experience does not mean that tripartite negotiations will remain a standard part of Latvian policymaking, but it demonstrates that despite the government's earlier reluctance to negotiate and ongoing protests, social partners were able to engage in a constructive discussion and conclude a tripartite agreement.

Estonia (2009)

Representatives of several ministries, the Estonian Trade Union Confederation (Eesti Ametiühingute Keskliit, EAKL) and the Estonian Employers' Confederation (Eesti Tööandjate Keskliit, ETK) agreed on a pact addressing economic recession. The main purpose of the agreement was to maintain jobs and provide effective help for registered unemployed. After the pact's conclusion, unemployment still kept rising, which forced the government to take further action. The Ministry of Social Affairs, in cooperation with the Estonian Unemployment Insurance Fund, introduced a new national action plan for 2009–2010, aiming at lower unemployment and support for the creation of new jobs. About €45 million were assigned for an employment programme, which should help create over 5 000 jobs and boost the economy. This second plan was adopted with less involvement of the social partners than the first agreement. Employers welcomed the plan, but trade unions expressed some concerns on the possible misuse of subsidies by employers.

Poland (2009)

In March 2009, Polish peak national social partners reached an autonomous agreement on combating the negative effects of the economic slowdown. This agreement received public praise and was considered a successful social dialogue. The social partners' anti-crisis package, which was to incorporate its provisions into draft legislation and submit a legislative proposal to the parliament, was then presented to the government. In July 2009, the Polish parliament adopted the anti-crisis legislative package with some modifications to the general direction set out by the bipartite agreement reached by the social partners. Despite some critique by Solidarność, social partners accepted the outcome but continued to exercise pressure on the government to increase the efficiency of anti-crisis policy. The government acknowledged social partner claims and amended the anti-crisis legislation in October 2010. Changes included lowering the eligibility threshold for subsidizing the remuneration costs of part-time employees or employees that remained idle due to a temporary crisis-induced halt of their employer's operation. This example documents that an initially autonomous agreement can be upgraded to national legislation.

Slovenia (2009)

Public sector trade unions in Slovenia were engaged in bringing forth the government's austerity pay deal in 2009. The government and representatives of 23 public sector trade unions signed the austerity pay deal for the period of 2009–2010 in order to cut public sector spending by EUR 100-120 million as part of the state's anti-crisis efforts. Under the agreement, public sector wage growth in 2009 should have reached 7.1% instead of the earlier envisaged 9.9%. Most recently, in a compromise quickly agreed to by the social partners in 2011, the Slovenian government froze pensions, public service salaries and social benefits. This proved to be inadequate and had to be supplemented by further austerity measures in 2012.

Bulgaria (2010)

After intensive debates between the Bulgarian government and social partners, the National Council for Tripartite Cooperation reached an agreement on a new anti-crisis package aiming to support employment, households, business and state finances. Measures concerning employment and households were adopted mainly because of union requests, but employers also supported them. Such agreement over the proposed measures, including for example minimum wage growth, removal of the unemployment benefit upper limit, adjusting unemployment benefits and extending the system of food vouchers, enabled a constructive dialogue and the conclusion of a tripartite agreement.

Source: EIRO.

For more details on issues such as the minimum wage, pay and pensions developments in the CEECs, see Box 2.5.

Table 2.12 Public sector austerity measures in the CEECs since 2006 and social partner responses

	Wage developments in the public sector	Reform of pay system	Job cuts	Social partner responses—collective action
BG	2009–2011: wage freeze	Reform of pay system in public administration, strengthening the role of performance-related pay	Jobs were cut to ensure 10% reduction of overall costs in ministries and publicly funded organisations	06/2009: joint public-private national demonstration 03/ 2010: doctors strike over delayed funds 11/2011: three-week national railway worker strike
CZ	2011: 10% reduction in public administration	For parts of public sector (i.e. healthcare, artistic professions, manual workers and workers receiving lowest base pay rates)	As a first step for 2010, cancellation of unfilled positionsLater on, dismissals to achieve a 10% reduction of the public sector wage bill	12/2009: strike threat of Prague public transportation workers, strike averted through compromise: workers agree on wage cuts; in exchange the local government halts outsourcing 03/2010: doctors start resignation campaign 09/2010: public sector workers, led by the police trade union, protest against austerity
EE	rapid increase before the crisis 2009: wage freeze for the overall public sector, cuts in certain professions (e.g. -8% for police and border guards) 2010: some recuperation 2012: slight minimum wage increase affecting the public sector			10/2009: protest in local hospitals 03/2011: railway workers successfully demonstrate for wage hike (5 per cent) 03/2012: teachers strike for higher wages. Transportation and energy sector workers hold solidarity strikes with teachers and protest against the anti-union amendment of the labour code. Biggest strike wave in the post-Soviet history of the country. Eventually, the government concedes a 15% raise for teachers.
HU	wage freeze in the general public sector since 2006 (already before the crisis) cut of 13th month salary (2009)			12/2008 –01/2009: demonstrations in parts of the public sector (mostly healthcare and education) 05/2011: fire fighters and police demonstration against the abolitionof special pension rights 10/2011: overall (public and private) national union demonstration against anti-union measures of the new government, against the new labour code 01/2012: resignation campaign of doctors, negotiated salary increase as a result
LV	2008: withdrawal of bonuses and premiums 2009: -15 to -30% decrease in basic pay (e.g. monthly gross wages of teachers cut by almost a third)	Reform of public sector teachers' pay system as part of reform of financing system of public schools (2009) and standardisation of pay structure across public sector	job cuts in the public health services as a consequence of the reduction of healthcare budget by 21% school closures, resulting dismissal of teachers	10/2008: strike of healthcare employees b/c of budget cuts. No direct effect on the government but the tripartite council endorses healthcare workers' demands

	Wage developments in the public sector	Reform of pay system	Job cuts	Social partner responses—collective action
LT	2009— 10%-15% for the lowest qualification rating and by 30%–50% for the highest qualification rating in the public sector pay scale	Reform of pay system in some ministries		01/2009: demonstration in parts of the public and private sector 07/2009: hunger strike by public sector union activists, result: 'the main burden of the salary decrease was placed on the highest paid public sector employees 2009)
PL	2008–2009: 28% increase for teachers 2011: wage freeze for the overall public sector (planned)		Job cuts expected to reach goal of keeping public expenditure at max. of 1% above inflation	2009–2011: recurring protest against the acceleration of privatisation (mining, pharmacies, restructuring of national airline) 2009–2011: recurring protest of the police against longer service years, but finally compromise reached with the government 10/2009, railway workers' hunger strike against downsizing 09/2010: public sector protest against the cuts in the 2011 budget 03/2011: nurses stage a demonstration within the parliament building, protesting against temporary contracts and reorganisation of hospitals 08/2011: strikes in regional railways
RO	2010: -25%, cuts in bonuses and other additional payments means cuts of up to 50% (especially damaging after constant promises for pay raise before the crisis) 2012: possible recuperation with the consent of the IMF	New uniform remuneration system for employees paid from public funds (2009): limiting wage growth in highest pay scales, coupling wage increases to macroeconomic developments	123000 (-8,8 per cent, official figure)	10/2009: public sector strike 02/2010: public sector strike 05/2010: public sector strike 10/2010: major public and private sector demonstration in front of the parliament 01/2012: major nation-wide unrest triggered by proposed partial privatisation of healthcare services
SK	2011: cuts/freeze planned			10/2010: private and public sector demonstration 11–12/2011: doctors' successful mass resignation campaign for higher wages and reversal of hospital corporatisation
SI	2009: wage moderation agreement wage growth for 2009 reduced from 9.9% to 7.1% The 2012 Public finance balance act decreased wages in the public sector by 8% on average.	uniformisation of the pay scale	2010–2011: partial measures for curbing employment in the public sector 2012: Public finance balance Act: no new recruitment in the public sector foreseen	10/2010: public sector strike 04/2012: general strike of teachers and police demonstration, but major trade unions promised not to call a referendum on austerity measures (in Slovenia referendums are easy to call, this is also an often used weapon of unions against the government). In May 2012, after a month of negotiations, an agreement on austerity measures in the public sector was signed by government, employers and trade unions.

After 2010, political action and strikes further intensified in healthcare, education and other subsectors of public service. In Poland, the fire fighters' trade union voiced dissatisfaction with working time regulation concerning fire fighters. In Hungary, public sector trade unions protested against pension cuts for armed forces, police officers and fire fighters. In Slovakia, trade unions in the education sector went on strike before the government agreed to negotiated wage increases for teachers. In late 2011, the trade union representing medical doctors in Slovakia threatened a walkout of doctors in order to obtain wage increases and stop the process of transforming state-run hospitals into public corporations. Facing the threat of enormous shortages of hospital doctors, the government agreed to substantial wage increases. Following this action, the chamber of nurses and midwives also submitted a petition for wage increases, which was successful. Czech trade unions in public healthcare engaged in similar action in 2010 and 2011 to obtain wage increases and secure funding for public hospitals [23].

In Romania, public discontent with austerity measures produced a large union-led protest in 2010 against cuts in pensions and salaries. Earlier in 2010, the Romanian national trade union confederations set up a national crisis committee to harmonise the trade unions' response to the government's anti-crisis measures, especially those included in the agreement, with the IMF, the European Commission and the World Bank [24]. After the unions accused the government of ignoring social dialogue, more than 60 000 union members and supporters protested against the proposed wage and welfare cuts. The five largest trade union confederations united in calling these measures socially unacceptable, arguing that the government should not target the poorest social groups with its austerity measures. Moreover, trade union confederations formulated alternative austerity measures based on cutting state administration and related costs and more progressive taxation.[25] This union strategy proved to be successful with the government's declaration that it will not approve the list of intended austerity measures to be presented to the IMF without consensus with social partners in the country's tripartite Economic and Social Council [26]. Employer organisations initially agreed with the cuts, but two of the largest employer organisations, the Employer Confederation of Industry, Agriculture, Construction and Services Employers (CONPIROM) and the General Confederation of the Romanian Industrial Employers 1903 (UGIR 1903) later withdrew their support, arguing that cutting individual earnings would worsen the recession and the government should focus on creating jobs and generating economic growth [27].

Finally, Estonian trade unions in the education sector launched strikes and protests against austerity measures. Their action followed the government's failure to acknowledge union demands concerning wage increases for teachers (see Box 2.4). The Estonian union response to public sector austerity documents that with strong cooperation and support, unions are able to gain concessions even in a weak structural position and hostile political environment.

Box 2.4 Inter-sectoral and international cooperation of trade unions for fairer wages in Estonian education

The industrial action of Estonian trade unions in early 2012 documents that by 2012, Estonian trade unions were pushed against the wall by the government, which saw further relaxation of labour standards and increasing austerity as the only way out of the crisis. The government introduced several unilateral changes in laws governing collective bargaining, raised unemployment insurance contribution and restructured unemployment funds without social partner consent. In terms of fiscal rigor, education was among the most affected sectors. Teachers' basic salaries had not increased since 2008; therefore wages in education stood 30 per cent below the national average by 2012. The government rejected repeated calls from the teachers' union to adopt a 20% wage raise. As a response, unions decided to launch a three-day national strike, which was the first of its kind since 2004. With over 17 000 participating teachers, this event was the largest industrial action in the history of Estonia. Finally, the government agreed to a 15% raise in teachers' salaries.

Besides its sheer size, another remarkable feature of the teachers' protest was the support it gained from other sectors and from international partners. Healthcare personnel and transport workers staged a solidarity strike, drawing attention to legal changes in the collective bargaining law. On the international side, the Nordic Teachers' Council raised its voice, emphasising that a knowledge-based society cannot develop without providing fair wages to teachers. In April 2012, the Nordic Transport Workers' Federation and several other organisations announced that they would grant their Estonian counterparts over EUR 120 000 in a bid to help them implement new operating methods and recruit at least 1 000 new union members in fields related to transport. This move signals a strengthening of cross-border union cooperation within the EU, where better-off unions in the EU-15 realise that the best remedy against 'social dumping' is to help the CEEC unions to get fairer shares for the workforce.

Source: EIRO, International Transport Workers' Federation, European Trade Union Committee for Education, The Baltic Course, Estonian Public Broadcasting.

[23] Source: http://www.eurofound.europa.eu/eiro/2011/12/articles/cz1112029i.htm.

[24] Source: EIRO at http://www.eurofound.europa.eu/eiro/2010/05/articles/RO1005019I.htm.

[25] Source: http://news.xinhuanet.com/english2010/world/2010-05/19/c_13304262.htm.

[26] Source: http://news.xinhuanet.com/english2010/world/2010-05/19/c_13302283.htm.

[27] Source: EIRO at http://www.eurofound.europa.eu/eiro/2010/05/articles/RO1005019I.htm.

2.5.5. Interim conclusions

Although it does not comprehensively cover all CEECs due to lack of empirical evidence, this section has highlighted some recent actions of the social partners in response to the economic and social challenges of the post-enlargement and the post-crisis period. Among these is labour mobility from the CEECs to the EU-15, which motivated trade unions in some CEECs and sectors to negotiate improved working conditions in order to stem the emigration flow. Next, after joining the EU, MNCs and the EWCs Directive can serve as an incentive for Europeanising industrial relations across the CEECs. While MNC-based evidence on the transposition of social standards to the CEECs is fragmented, there are some positive examples of MNCs increasing the capacities of employer organisations across the CEECs. The EWCs Directive stipulates the incorporation of CEEC representatives in MNCs' EWCs. Establishing EWCs in the CEECs has proved to be a long-term structural process, which has not yet been fully accomplished.

The economic crisis has motivated social partner responses at the national, sectoral and company level both in the public and private sectors. While some of the cases presented here document a negotiated response to the crisis through a new wave of social pacts and consolidation of collective bargaining, in other cases trade unions opted for industrial action in order to voice their claims after being excluded from direct negotiations.

An examination of social actors' responses leads to the question of how such action can help to reconfigure the role of social partnership and industrial relations institutions in the CEECs. On the one hand, the evidence presented here allows acknowledgement of the potential for organised action in countries where trade unions are structurally weak and their membership base is declining. On the other hand, not all of the above action has brought substantive improvements for employees, victories for trade unions, or consolidation of bargaining institutions and social dialogue. Several of the outcomes of crisis-induced social partner responses turned out to be limited in time. Therefore, this section concludes with an argument that the CEEC social partners are capable of mobilising and engaging in various (negotiated and individual) forms of action. In turn, this may contribute to strengthening the CEECs' national industrial relations systems. At the same time, the extent to which social partners have engaged in post-enlargement and post-crisis action, as well as the substantive outcomes of such action, remain often contested or limited in time. This suggests that the CEEC social partners need to further strengthen their structural position and develop additional capacity in order to produce sustainable results in consolidating social dialogue and national industrial relations systems. As shown in Box 2.3 and 2.5, the role of international trade union solidarity and support for the demands of trade unions in a particular national context is a promising resource in terms of the capacity-building of CEEC social partners, especially trade unions.

2.6. Conclusions and prospects for the future development in industrial relations in CEECs

This concluding section evaluates the future prospects for industrial relations in the CEECs, based on past and present developments. When taking into account the structural indicators (such as union/employer density, bargaining coverage, industrial conflict), the future of industrial relations in CEECs is contested. However, the evaluation of future prospects should not be based on structural indicators alone. It is important to reflect on two key issues, which proved to have a large impact on the future of industrial relations in the CEECs. These are the coordinated Europeanisation of social standards and industrial relations across the EU Member States on the one hand, and individual revitalisation strategies of national social partners across the CEECs on the other hand.

The differences between the CEECs and the EU-15 presented in sections 2.2 and 2.3 have fuelled various discussions on coherence and convergence across the EU after recent enlargements. It became clear that Europeanisation as an upward harmonisation of social standards is unlikely to take place in a bottom-up, endogenous process. This is because differences in the national constellations of industrial relations actors and structures are too great between the EU-15 and the CEECs. In an actor-oriented perspective on convergence, Meardi (2002) acknowledged that employers in the EU-15 joined forces with trade unions in the CEECs to support the Europeanisation of social standards upon EU enlargement. CEEC trade unions welcomed an improvement of social standards for workers, while EU-15 employers welcomed Europeanisation in order to eliminate competition in wages and working conditions between the EU-15 and the CEECs. At the same time, employers in the CEECs and trade unions in the EU-15 preferred to maintain the diversity in social standards between the CEECs and EU-15 in order to protect domestic competitive advantages. Given such varying interests of the different social partners, a coordinated Europeanisation through EU-level 'hard' and 'soft' regulation aims at fostering convergence and more cohesion across the EU despite differing national standards. In particular, the transposition of the 'hard' EU law into national legal systems, the transfer of 'soft' regulation (such as the open method of coordination, engagement of national partners in European-level social dialogue, or the exchange of information through international networks of trade

unions and employer federations) and a company-level transfer of social dialogue standards within MNCs can serve as the main channels for Europeanising the industrial relations pillars presented here in the CEECs. These mechanisms certainly have the potential to improve the trade union position in the CEECs, strengthen the company-level presence of employee information and consultation, foster bipartite social dialogue and multi-employer bargaining procedures with the conclusion of sector-level collective agreements, institutionalise the use of extension mechanisms to widen the bargaining coverage to non-organised employers, and encourage a greater extent of policy-making through tripartite concertation.

However, the extent to which the potential of Europeanisation has been already translated into improvements in social standards and national-level industrial relations in the CEECs is unclear. Empirical evidence is still scarce, with the exception of two studies (European Commission 2008 and Meardi 2012), which both argue that the initial evidence after a few years of joining the EU suggests that none of the above channels could so far account for extensive convergence in industrial relations systems between the CEECs and the EU-15. European Commission (2008) raised a number of questions on the sustainability of diversity in the EU rather than straightforward convergence or Europeanisation, which proved to be difficult to achieve in the initial years after EU enlargement. He suggests that Europeanisation through extension of social standards to CEECs may be possible only if the level of these standards is at the same time adjusted to the European diversity of national industrial relations standards and their implementation in different national conditions is less contested.

Box 2.5 Selected examples of tri- and bi-partite initiatives in the CEECs

Since the beginning of the current economic crisis in Europe, Eurofound has reported on relevant activities and developments through its European Industrial Relations Observatory (EIRO [(1)]).

An analysis of recent EIRO articles focusing on tripartite and bipartite activities in the CEECs considered in this report (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) shows activity in the areas of labour market activation measures, pensions, social benefits, minimum wage agreements, education, health, improving the business climate and dealing with austerity measures. Proposals to promote economic and employment growth have been put forward by the social partners in countries such as Bulgaria and the Czech Republic. However, attempts to conclude collective agreements have not always been successful. The Estonian social partners concluded an agreement on minimum wages (see below), but negotiations in Lithuania to renew the first national collective agreement, which expired in 2011, were postponed to 2012.

Minimum wage

The minimum wage is the primary wage policy focus for many countries. This is especially the case in **Estonia** and **Slovakia**, where minimum wage rates are amongst the lowest in Europe. In **Estonia**, the social partners have agreed to increase the monthly national minimum wage by 4%, from €278 to €290, from the beginning of 2012. Employers had been quick to reject the 15% rise demanded by unions, although the minimum wage was last increased in 2007. However, the 4% increase was regarded positively by all social partners, with a view to future increases, depending on economic performance. On the other hand, a government-supported demand for a 4% rise in minimum wage (€10 per month) was rejected in **Slovakia**. Here, failure to agree meant that the government imposed a solution based on legislation. The Slovakian cabinet approved a 3.2% increase that went into effect in January 2012.

In many countries, calls for increases in the minimum wage have been rejected due to anticipated adverse effects on the economy. In **Lithuania**, dialogue on this issue is at a standstill, while the government in the **Czech Republic** refused to consider a minimum wage increase despite employer organisation requests. **Hungary** has changed the tripartite interest reconciliation system which obliged it to consult unions on matters such as minimum wages. Under the new system, a new National Economic and Social Council may only *propose* change, an innovation that has been opposed by both employers and unions. **Latvia** will not increase minimum wages for as long as the economic crisis remains. A 2003 agreement had aimed for a 50% increase of the average gross monthly wage by 2010, although this was never reached. Many public service employees receive the minimum wage in Latvia. In a complex situation that forced a cabinet resignation, **Romania** reneged on a minimum wage agreement signed by all partners in 2008.

Pay, pensions and austerity

Amongst the austerity measures implemented in many countries**, pay** and **pensions** are now arenas of conflict in the context of **government austerity measures** undertaken in response to the economic crisis. In the teeth of considerable opposition, the **Polish** government raised the general retirement age for men and women to 67 for those in army, police and uniformed services. Generalised reductions and freezes in social benefits introduced by a recent fiscal austerity bill in **Romania** provoked widespread demonstrations among wide-ranging sectors of the population, resulting in a cabinet resignation in early 2012.

Combating the effects of the crisis

More positively, interventions for economic regeneration are providing a way of **combating the effects of the economic crisis**. **Lithuania** has introduced a series of ESF-funded initiatives aimed at capacity building in social dialogue for unions and employers and designed to feed into economic growth. Additional programmes of vocational training and certification also seek to reduce unemployment. Lithuania is joined by **Bulgaria** in adopting an approach that acknowledges the importance of the social economy in stimulating the 'real' economy. Crucially, the perennial theme of young people's insertion into the labour market is also addressed by Bulgaria, not merely to ease transition from school to work and reduce youth unemployment from its current high of 30%, but to provide benefits to employers. This First Job National Agreement is supported by all social partners.

Source: EIRO.

For more information on social pacts in selected CEECs, see Box 2.3. For a round-up of public sector austerity measures and social partner responses in the CEECs, see Table 2.10.

(1) EIRO (www.eurofound.europa.eu/eiro) is a monitoring instrument aimed at providing news and analysis on industrial relations in the European Union. It is based on a network of researches and experts in all the EU countries and Norway. It also reports on developments at EU level.

In addition to coordinated Europeanisation, for the future of industrial relations in the CEECs it is important to consider the potential for action and improvements in social standards, bargaining procedures, and other industrial relations features within particular CEECs. Earlier sections of this chapter documented that in most CEECs the social partners are in a weaker position, the role of tripartite social dialogue is contested and industrial relations institutions, such as collective bargaining, are less developed than in a number of EU-15 countries. At the same time, this chapter presented evidence that even in such contested conditions for industrial relations, the CEEC social partners are not passive victims of structural developments in their particular countries. In several cases, the evidence presented here has documented potential for action where the social partners, especially trade unions, were able to voice their demands deriving from the post-enlargement labour mobility to the EU-15, the economic crisis, and crisis-induced austerity measures. Such actions of the social partners are important for building additional resources, e.g. through a capable leadership, changes to established formal and informal bargaining practices, and international cooperation with other national and EU-level social partner organisations. In turn, additional resources help to revitalise the social partners' capacity for mobilising, and in the long run also strengthen national industrial relations. The revitalisation of the social partners as central industrial relations actors in the CEECs is a particularly important issue in this regard. This chapter has offered various instances of real and possible revitalisation strategies, which we summarise below.

Revitalisation of CEEC employers' associations is possible, based on the employers' perception of increased benefits from bargaining coordination. In most CEECs, employers are fragmented and employers' associations weakly developed. Therefore, the recent crisis led commentators to assume that employers will prefer individualised, decentralised action (which was widespread in many CEECs even before the crisis). However, this chapter has provided evidence that in exceptional cases employers have shown commitment to coordinated, for example sector-level, bargaining, despite legally absent preconditions for this type of bargaining (HU, SK). MNCs as important employers across the CEECs generally prefer fragmented company-level bargaining, but at the same time have contributed to increasing the capacities of employers' organisations in a few CEECs (BG, LV, PL). Moreover, MNCs have the largest potential for Europeanising company-level industrial relations and transposing social dialogue practices across borders from the EU-15 to the CEECs. This chapter has argued that MNC actions in the CEECs have not yet brought about a significant Europeanisation of social standards because MNCs tend to prefer to adapt to local conditions. The role of EC Directives for establishing harmonised principles for employee information and consultation in the workplace also has an effect on motivating coordinated action on the side of employers. Despite this potential, the evidence has documented that the implementation of EC Directives in the CEECs is a long-term process and has not yet accomplished its goals.

Revitalisation is also central for trade unions as social partners. Frege and Kelly (2003) argued that union revitalisation can address and possibly reverse the trends of membership decline and erosion of trade union presence at the workplace, maintain and improve trade union mobilisation capacities, and bring about institutional change in the established practices of social dialogue and collective bargaining. They identified the following trade union revitalisation strategies in the EU-15: organising, organisational restructuring, coalition building, partnership with employers, political action and international links (Frege and Kelly 2003). Meardi (2012) tested the relevance of these revitalisation strategies in the CEEC context and argued that revitalisation is more

likely to appear and succeed at the company and workplace level. This is because of the rather decentralised nature of industrial relations across most of the CEECs. This chapter supports Meardi's argument in presenting workplace-level action taken by social partners, mainly, but not solely, in MNCs. Slovenia is an interesting paradox in this regard because trade unions are relatively strong overall, but not in the MNCs' sites (Meardi 2012: 151). In addition, this chapter has documented that union revitalisation can also originate through action at sectoral and national levels, targeting sectoral employers' associations (in bargaining demands) and/or the government (in austerity-related demands). In general, systematic evidence on such revitalisation in the CEECs is scarce, and the case studies presented in Section 2.4 suggest that concession unions gained at the sectoral and national level after EU-enlargement and in the post-crisis period were often temporary in character. In several CEECs, unions engaged in political action, especially where they found it more important to concentrate on national-level tripartite action instead of strengthening their position at the company and workplace levels. However, Meardi (2012) found that union popularity in the CEECs increases when trade unions stay out of politics. This has been confirmed by the growing legitimacy of the Solidarność trade union in Poland after re-configuring the unions' focus from politics to representing workers' interests at the company level [28]. Finally, international links have proved to be essential for union revitalisation, as documented in the case of Estonian unions' demands in the education subsector and the Romanian unions' efforts to obtain international funding for training union members in competence and employability.

In sum, this chapter has documented the revitalisation potential of CEEC social partners. At the same time, it acknowledges that social partner efforts to respond to post-enlargement and post-crisis developments through coordinated action at the European, national, sectoral and company levels have not yet brought forth significant changes to the decentralised, fragmented industrial relations structure in place in most CEECs. Nevertheless, activities undertaken by social partners across various CEECs, supported by EU-level efforts to harmonise industrial relations structures across the EU, may in the long run contribute to incremental changes in the state of industrial relations in the CEECs. Against the backdrop of a weakening membership base of trade unions and employers' associations and declining bargaining coverage, this is an important argument. Forces operating against revitalisation include employer and trade union fragmentation, and relatively underdeveloped international networks of CEEC social partners.

[28] See Meardi (2012) for elaboration.

References

Avdagic, S. (2005), 'State-labour relations in East Central Europe: explaining variations in union effectiveness', *Socio-Economic Review*, 3:1, pp. 25–53.

Bohle, D. and Greskovits, B. (2012), *Capitalist Diversity on Europe's Periphery*, Ithaca, NY: Cornell University Press.

Bonin, H., Eichhorst, W., Florman, C., Hansen, M.O., Skiöld, L., Stuhler, J., Tatsiramos, K., Thomasen, H. and Zimmermann, K. F. (2008), 'Geographic Mobility in the European Union: Optimising its Economic and Social Benefits,' IZA Research Report No 19, IZA, Bonn.

Brückner, H. and Damelang, A. (2009), 'Labour Mobility within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements. Final Report (IAB, CMR, fRDB, GEP, WIFO, wiiw), Nurnberg.

Czíria, Ľ.(2012), 'Collective Bargaining and Balanced Recovery: The Case of the Slovak Republic', ILO Background Paper.

European Commission (2008), *Industrial Relations in Europe 2008*, Office for the Official Publications of the European Communities, Luxembourg.

Frege, C. and Kelly, J. (2003), 'Union Revitalization Strategies in Comparative Perspective', *European Journal of Industrial Relations*, 9:1, pp. 7–24.

Glassner, V. (2010), 'The Public Sector in the Crisis', ETUI Working Papers, European Trade Union Institute, Brussels. http://www.etui.org/Publications2/Working-Papers/The-public-sector-in-the-crisis

Iankova, E. A. (1998), 'The Transformative Corporatism of Eastern Europe', *East European Politics and Societies*, 12:2, pp. 222–264.

Kahancová, M. (2010), *One Company, Diverse Workplaces. The Social Construction of Employment Practices in Western and Eastern Europe*, Basingstoke: Palgrave.

Kahancová, M. (2011), 'Slovakia: From Extension to Dilution. Experiences with the Extension of Higher-Level Collective Agreements', presentation at the WSI expert workshop on the practice of extension mechanisms across the EU, WSI Düsseldorf: September 2011.

Kahancová, M. (2013), 'The Demise of Social Partnership, or a Balanced Recovery? The Crisis and Collective Bargaining in Slovakia', *Transfer* special issue (forthcoming).

Kahancová, M. and Szabó, I. G. (2012), 'Acting on the Edge of Public Sector: Hospital Corporatization and Collective Bargaining in Hungary and Slovakia', CELSI Discussion Paper 1/2012.

Kahanec, M. (2012), 'Labor Mobility in an Enlarged European Union', IZA Discussion Paper No 6485, forthcoming in the *International Handbook of the Economics of Migration*.

Kahanec, M. and Zimmermann, K. F. (eds) (2010), *EU Labour Markets after Post-Enlargement Migration*, Berlin: Springer.

Kallaste, E. and Woolfson, C. (2013), 'Industrial relations in Baltic countries during the crisis', *Transfer* special issue (forthcoming).

Kaminska, M. E. and Kahancová, M. (2011), 'Emigration and Labour Shortages: An Opportunity for trade unions in the New Member States?', *European Journal of Industrial Relations*, 17:2, pp. 189–203.

Mailand, M. and Due, J. (2004), 'Social Dialogue in Central and Eastern Europe: Present State and Future Development,' *European Journal of Industrial Relations*, 10:2, pp. 179–197.

Marginson, P. and Meardi, G. (2006), 'EU Enlargement and the FDI Channel of Industrial Relations Transfer', *Industrial Relations Journal*, 37:2, pp. 92–110.

Meardi, G. (2002), 'The Trojan Horse for the Americanization of Europe? Polish Industrial Relations towards the EU', *European Journal of Industrial Relations*, 8:1, pp. 77–99.

Meardi, G. (2012), *Social Failures of the EU Enlargement. The Case of Workers Voting with their Feet*, Abingdon and New York, NY, Routledge.

Meardi, G. and Marginson, P. (2009), 'Multinational Companies and Collective Bargaining', European Foundation for the Improvement of Living and Working Conditions (http://www.eurofound.europa.eu/eiro/studies/tn0904049s/tn0904049s.htm).

Meardi, G., Marginson, P., Fichter, M., Frybes, M., Stanojevic, M. and Tóth, A. (2009), 'Varieties of multinationals: adapting employment practices in Central Eastern Europe, *Industrial Relations: A Journal of Economy and Society*, 48:3, pp. 489–511.

Neumann, L. and Boda, D. (2011), 'The Effects of the Crisis on Company Policies', in: Fazekas, K. and Molnár, G. (eds.), 'The Hungarian Labour Market, Review and Analysis', in *Focus: Labour Market Effects of the Crisis*. Institute of Economics, IE HAS & National Employment Foundation. Budapest. pp. 76–97.

Ost, D. (2000), 'Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and Postcommunist Class Identities', in *Politics & Society*, 28:4, pp. 503–530.

Stanojevic, M. (2010), 'The Europeanisation of Slovenian Corporatism', paper presented at the Industrial Relations in Europe Conference, Oslo, September 8, 2010 (www.fafo.no/irec/papers/miroslavStanojevic.pdf).

Streeck, W. (1992), 'National diversity, regime competition, and institutional deadlock: problems in forming a European industrial relations system', *Journal of Public Policy*, 124, 301–330.

Szabó, I. G. (2013), 'Between Polarization and State Activism — The Effect of the Crisis on Collective Bargaining Processes and Outcomes in Hungary', Transfer special issue (forthcoming).

Tatur, M. (1995), 'Towards corporatism? The transformation of interest politics and interest regulation in Eastern Europe', in Dittrich, E. J., Schmidt, G. and Whitley, R. (eds), *Industrial Transformation in Europe: Process and Context*, London: SAGE, pp.163–184.

Tóth, A. and Neumann, L. (2004), 'Works Councils Examined', EIRO (http://www.eurofound.europa.eu/eiro/2004/01/feature/hu0401106f.htm).

Traxler, F. (2002), 'Wage regulation between industrial democracy and market pressures — Towards a European model?', *European Sociological Review*, 18:1, 1–16.

Vanhuysse, P. (2006), 'Divide and Pacify: Strategic Social Policies and Political Protests in Post-Communist Democracies', Budapest and New York, NY: Central European University Press.

Visser, J. (2006), 'The five pillars of the European social model of labour relations', in J. Beckert, B. Ebbinghaus, A. Hassel and P. Manov (eds), Transformationen des Kapitalismus, Campus Verlag. Schriftenreiheausdem Max Planck Institut für Gesellschaftsforschung Köln, Band 57, Frankfurtam Main, 315–316.

Visser, J. (2008), 'Extension through Dilution? European Integration, Enlargement and Labour Institutions', in Alber, J., Fahey, T. and Saraceno, C. (eds), *Handbook of Quality of Life in the Enlarged European Union*, London and New York: Routledge, pp. 175–197.

Chapter 3: Public sector industrial relations in transition

The economic environment of recent years has had a transformatory effect on public sector industrial relations, with the crisis serving to accelerate and deepen changes that were already in train. The effects of this include a revival of unilateralism in the public sector, a recentralisation of wage-setting systems, an acceleration of the introduction of private sector-style HRM practices, and a general weakening of trade union influence over governments struggling to adapt to tough economic conditions.

Based on a draft by Lorenzo Bordogna, University of Milan and Roberto Pedersini, University of Milan.

3.1. Introduction

In most EU Member States government responses to the economic and sovereign debt crises, which had their origins in 2007–2008, have severely hit the public sector. Traditional patterns of employment relations have been challenged, past trends in employment levels have been reversed, and public sector wages and pension systems have been cut and reformed in order to curb overall public sector pay-bill and reduce public debt.

This chapter provides an overview of the structure of the public sector, employment trends and the basic features of public sector employment relations in the EU-27, highlighting transformations in collective bargaining and wage-setting systems.

The chapter is organised as follows.

Section 2 deals with the size of the public sector. Section 3 is devoted to the analysis of some structural features of public sector employees, in terms of gender, part time/full time, temporary/open-ended employment and age. Section 4 analyses the employment status of public sector employees across the EU countries, with a distinction between those whose employment relationship is (still) regulated through a special statute, often under public and/or administrative law, and those with ordinary employment contracts under civil or commercial law, like their private sector counterparts. The right to collective bargaining of public employees and possibly also the right to strike is linked to this distinction. Section 5 deals with trade unions and employers, with subsections devoted to trade union density and structure, employers' representatives, and the European sectoral social dialogue. The wage-setting systems prevailing in EU Member States are the topic of Section 6, the main distinction being made between systems based on unilateral government determination, systems where collective bargaining is the main method of wage determination, and hybrid or mixed systems. This is linked to the traditional issue of centralisation/decentralisation of industrial relations, as well as recent trends towards the differentiation and, possibly individualisation, of treatment which is addressed in Section 7. Section 8 deals with the issue of industrial conflict in the public services and the settlement of disputes. In the final Section, building on previous analyses, five country clusters are identified, summarising the main features that characterise public sector industrial relations systems across the EU-27.

3.2. Size of the public sector

For an overview of the issues surrounding the definition of the public sector, see chapter 1. In particular, Box 1.3 explains that data based on a classification of activities can only serve as a proxy and not an exact measurement of the public sector. Based on this, in this chapter we use sections O, P and Q of the Statistical classification of economic activities of the European Community NACE Rev.2, from 2008 onwards [1]. These sections include respectively: public administration and defence, compulsory social security; education; human health and social work activities [2]. The share of total employment of employees in these activities in 2008 and 2011 for the EU-27 countries plus Norway is reported in Appendix 3.1, while Table 3.1 below, first column, reports the share of all public sector activities (O+P+Q) of total employment as an average during 2008–2011.

Great variation across countries in the relative size of public sector employment is immediately apparent. Overall, four groups of countries can be identified (Table 3.2). At the two extreme poles are those with a very large public sector, with an employment share above 29% of total employment, and those with a much smaller public sector, with an employment share below 20%. The first group includes, in decreasing order, three out of four of the Nordic countries— Norway, Denmark, and

(1) A similar choice is made in Vaughan-Whitehead 2012, ch. 1, while in Glassner 2010 only section O (Public administration and Defence; Compulsory social security) is considered.

(2) In detail:
Section O – PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY
84.1: Administration of the State and the economic and social policy of the community;
84.2: Provision of services to the community as a whole (Foreign affairs; Defence activities; Justice and judicial activities; Public order and safety activities; Fire service activities);
84.3: Compulsory social security activities;
Section P – EDUCATION
85.1: Pre-primary education
85.2: Primary education
85.3: Secondary education
85.4: Higher education
85.5: Other education
85.6: Educational support activities
Section Q – HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
86.1: Hospital activities
86.2: Medical and dental practice activities
86.9: Other human health activities
87.1: Residential nursing care activities
87.2: Residential care activities for mental retardation, mental health and substance abuse
87.3: Residential care activities for the elderly and disabled
87.9: Other residential care activities
88.1: Social work activities without accommodation for the elderly and disabled
88.9: Other social work activities without accommodation

Sweden— in connection with the traditional large extension of the welfare state, immediately followed by Belgium, Luxembourg, France, the UK, and the Netherlands. The opposite group comprises five of the former communist, eastern European countries, including Poland, Slovenia, the Czech Republic, Bulgaria, and Romania, plus Cyprus.

Table 3.1 Share of public sector employment in relation to total employment: comparison between different sources

	1 LFS-Eurostat 2008–2011 average (O+P+Q)	2 OECD General Govern. 2008 [a, b]	3 OECD General Gov. + Public Corporations 2008 [a, b]	4 EIRO 2004 or 2005
EU-27	24.4			
EU-15	25.8			
EU-12	25.7			
NO	34.7	29.6	34.5	33.9
DK	32.6	28.7	31.5	30.4
SE	32.1	26.2		
BE	31.5	17.1		24.9
LU	29.8	17.6	17.6	10
FR	29.7	21.9	24.4	20.3
UK	29.7	17.4	18.6	20.2
NL	29.5	12.6	21.4	11.5
FI	27.2	22.9	22.9	27.5
MT	25.4			32.1
DE	25.1	9.6	13.6	12
IE	25.1	14.8	16.7	17.9
LT	23.1			27.6
HU	22.6	19.5	19.5	20.8
AT	22.2	11.4		10.7
EE	21.7	18.7	22.3	
LV	21.4			34.7
EL	21.2	7.9	20.7	22.1
SK	21.1	10.7	19.3	22.5
ES	20.5	12.3	13.0	15.2
PT	20.4	12.1		15
IT	20.2	14.3	14.3	14.5
PL	19.8	9.7	21.4	26.2

excel file
gif

	1 LFS-Eurostat 2008–2011 average (O+P+Q)	2 OECD General Govern. 2008 [a, b]	3 OECD General Gov. + Public Corporations 2008 [a, b]	4 EIRO 2004 or 2005
SI	19.6	14.7	22.6	23.2
CZ	19.1	12.8	19.4	14.7
CY	18.8			17.3
BG	18.5			26.2
RO	13.6			10.4

Also see Chapter 1 and Box 1.3 for a discussion of the definition, size and statistical classification of the public sector and public services. See appendix 3.2 and Chapter 4 (Table 4.6) for a discussion of the change in public sector employment.
Sources: 1) Eurostat LFS 2008-09-10-11, sections: O. P. Q; 2 and 3) OECD, Government at a Glance 2011, Fig. 21.1 and 21.2, based on ILO, LABORSTA database; 4) EIRO: Bordogna 2007.
NB: [a] France and Portugal: 2006; [b] Austria, Italy, the Czech Republic, the Netherlands and Poland: data are expressed in full-time equivalents.

excel file
gif

Of the remaining countries, four—Finland, Malta, Germany, and Ireland—are closer to the group with the largest public sector, with an employment share around 25–27%, while 10 are closer to the lowest pole, with an employment share between 20 and 24%, including Lithuania, Hungary, Austria, Estonia, Latvia, Greece, Slovakia, Spain, Portugal, and Italy; only one case within the latter group, Lithuania, is slightly over 23%.

A simplified scheme would stress a divide between a group consisting of all the central and northern European countries of the former EU-15, with the exclusion of Austria and the inclusion of Malta, characterised by a relatively large public sector in terms of employment share, and a group of all the southern and eastern European countries, which have a lighter public sector.

It should be noted that the hierarchy would change significantly if only public administration and compulsory social security are considered. In this case all the Nordic countries (DK, NO, SE, FI) would be situated in the lowest part of the ranking, along with Ireland, Romania, and Lithuania, with up to 6% of total employment, while at the top, with 8% or over, we would find Luxembourg, France, Belgium, Malta and Greece, the remaining ones being in between.

Table 3.2 Public sector employment share of total employment, average 2008/2011

Public sector share on total employment	Countries
Over 29%	Norway, Denmark, Sweden, Belgium, Luxembourg, France, UK, Netherlands.
25% — 29%	Finland, Malta, Germany, Ireland.
20% — 24%	Lithuania, Hungary, Austria, Estonia, Latvia, Greece, Slovakia, Spain, Portugal, Italy.
Below 20%	Poland, Slovenia, Czech Republic, Cyprus, Bulgaria, Romania.

The grouping of countries is based on 5 percentage-point intervals of public sector employment share as shown in Table 3.1, column 1.

Source: LFS Eurostat. NACE Rev.2. Sections O, P, Q.

excel file
gif

However, as specified in Chapter 1, while the activities included in section O should certainly belong to the public sector, with few exceptions and uncertainties, sections P and Q include also private sector providers, to an extent that might significantly vary across countries, and there is little scope for controlling for this feature (see Box 1.1 in Chapter 1).

To partly remedy these inaccuracies due to the unavailability of more focused data, the three remaining columns in Table 3.1 report data coming from different sources: the OECD *Government at a Glance 2011*, related to employment in General Government and in General Government plus Public Corporations, and a comparative study on public sector industrial relations for the European Foundation of Living and Working Conditions (Bordogna 2007). In two

cases the data of the three sources overlap almost perfectly: Norway and Denmark, at the top of the ranking, with a public sector employment share always around or above 30%. In another group of countries the available sources are also quite convergent, including Hungary, Estonia, Portugal, Cyprus, Romania, and, if public corporations are also included in the OECD data, Slovakia, Greece, Slovenia, and the Czech Republic. However, for the remaining countries there are significant differences between the three (or two) sources. Among these, particularly remarkable are the discrepancies regarding Belgium, the Netherlands, France, Luxembourg, the UK, Ireland, Italy, Spain, and Germany. Most notable is probably the case of Germany, which in both the OECD and EIRO ranking has one of the leanest public sectors in the EU, half or even less than in the Eurostat source. This feature has been confirmed by national case studies (Keller 2011; also Holm-Hadulla et al. 2010). Similar discrepancies are confirmed by case studies regarding France, Italy and the UK (Bordogna and Neri 2011; Bach and Givan 2011).

The relative size of public sector employment aside, in about half of the countries the number of public employees has decreased since 2008 in the public administration, defence and social security sub-sector. The decrease is particularly notable in Latvia, Lithuania, Cyprus, the UK, Denmark, and Portugal, at more than 8%. These countries are followed by Belgium, France, Greece, Bulgaria, and the Netherlands, with a decrease between 3 and 7%. However, in the education and health and social work activities, the number of employees has increased in many cases, so that, overall, only seven countries registered in 2011 a reduction in aggregate public sector employment levels compared to 2008, namely Latvia, Lithuania, Bulgaria, Greece, the Netherlands, and, to a very limited extent, Italy and France. Only in two countries, Cyprus and Luxembourg, was the public sector employment share in 2011 (slightly) lower than in 2008. In France and Italy the share remained unchanged, while in all the other countries it was higher, to a varying degree, which might also be due to the fact that job losses have affected the private sector in particular (for details, see Appendix 3.2; see also Glassner 2010: 8). Arguably the main effects on employment levels, and possibly on employment share, of the austerity programs that many countries have recently adopted will be felt in the years to come (see Chapter 4).

3.3. Employment structure

A number of features traditionally characterise public sector employment in comparison with the entire economy: a higher female employment share, a greater proportion of part-time work, more widespread use of temporary employment and a relatively older workforce. Further, the proportion of employees with tertiary education is relatively higher in the public sector (for similar considerations, Giordano *et al.* 2011: 14–5).

Female employment. The participation of women in public sector employment is much higher than in the entire economy: in all countries the public sector female employment share is at least 10 percentage points higher than in the entire economy, and in many cases more than 20 percentage points higher. While in the economy as a whole female employees always represent less than 50% of total employment, with the notable exceptions of the three Baltic countries, the percentage of women in the total public sector is always significantly higher than 60%, with the exception of Greece, Luxembourg, and Malta. In the three Baltic countries, the four Nordic countries, the UK, Ireland, Slovenia and Slovakia the figure is over 70% (Table 3.3).

There is, however, wide variation between the three subsectors of the public sector. In public administration, defence and social security, the percentage of female employees is in most countries is close to that of the entire economy, and in several cases even lower. This is due to the significant presence of some functions and roles that are traditionally exercised by men and where women are usually still a minority— not only police, armed forces and defence in general, but also prison guards, diplomatic services, and in some countries, the judiciary. By contrast, education, health and social work activities are characterised by occupations with a very high female density— teachers, social workers, nurses, and increasingly medical doctors. In such sectors women are in all countries the absolute majority. In education, female employees (mostly teachers) always represent at least two thirds of the entire workforce, with the exception of Finland, Malta, Spain, Greece, Denmark, Luxembourg, and the Netherlands. This feature is even more marked in the health and social work sector, where in 14 countries more than four out of five employees are women. Further, in another nine countries women represent more than three out of four employees.

In some cases this is linked to employment and welfare policies deliberately aimed at promoting female participation in the labour market, as is the case in the Nordic countries. Nevertheless, a very high female density can also be observed in the UK and in several Central and Eastern European countries, such as the three Baltic countries, Slovakia, Slovenia, Bulgaria, and Poland.

In most of the Mediterranean countries— Greece, Italy, Cyprus and Malta— this tendency is less pronounced, although with differences between the education and the health and social work sector.

Part-time employment. A feature connected with the high female share of public sector employment is the widespread use of part-time work, although

with wide variations across countries and between the three subsectors (Table 3.4). Looking at the public sector as a whole, only in eight out of the 23 countries that provide relevant data is the percentage of part-time workers lower than in the entire economy, including five Mediterranean countries (Portugal, Spain, Italy, Malta and Greece), two Eastern European countries (Poland and Slovenia), and Finland, which, with its modest 14%, is a peculiarity for a Nordic country. In all the remaining cases part-time work is more widespread than in the entire economy, and in some countries markedly more so. At the top of this ranking we find the Netherlands, with an astonishing 64% of part-timers. But also in many central and northern European countries at least one out of three public sector employees has a part-time job, including Norway, Sweden, Belgium, Germany, the UK, and, at a little distance, Austria and Denmark. A comparative assessment of the weight of public sector employment on total employment should therefore take into consideration these differences.

Variations across subsectors are also very relevant. The incidence of part-timers is predictably lower in the public administration, defence and social security sector, given the roles and occupations prevailing in these activities. In effect, in all the countries that provide data, with the only exception of Slovakia and Hungary, the percentage of part-time work is systematically and notably smaller than in the public sector as a whole, in several cases even less than half (Norway, Finland, Denmark, Poland, Ireland, Spain, Greece, Czech Republic). Likewise predictable, for the same reasons, is the higher incidence of part-timers in the education, health and social work sectors, especially in the latter sector. A sort of polarisation between countries is, however, observable. At one extreme, in a country like the Netherlands, these sectors appear to be the real reign of part-time workers, as these employees represent by a large margin the absolute majority, with respectively six and almost eight units of personnel out of every 10. But, this outlier apart, in another group of countries the incidence of part-time work is also very significant, close to or above 30% and 40% of the workforce, respectively. This group contains all the Nordic countries (with the exception of Denmark and Finland) Germany, Austria, Belgium, and the UK. At the opposite pole, however, there are countries where the percentage of part-timers is surprisingly low even in these activities— it is below, and in some cases significantly below, 10%. These countries are Greece, Portugal, Slovakia, Hungary, Poland, Lithuania, Slovenia and in part Latvia, Cyprus and the Czech Republic. The line of division is apparently between central and northern European countries on the one hand, and southern and eastern European countries on the other hand.

Part-time employment increased between 2008 and 2011 in most countries where data are available. While in many cases there is apparently still a large margin for a greater use of part-time work, in some countries its presence is so high that there seems to be little room for any further significant increase.

Finally, in all countries, part-time work in the public sector is mostly, and in some cases almost exclusively, a female phenomenon, especially in the education, health and social work activities, where women are often 90% of all part-timers, or even more (Table 3.5).

Temporary employment. The incidence of temporary employment in the public sector as a whole varies strongly across EU countries, ranging in 2011 from around 7–8% in the UK, Luxembourg, and Greece to more than 20% in Spain, Portugal and Finland (Table 3.6). This reflects more general differences in national economic structures and regulatory systems across Europe. Despite these variations, temporary employment is systematically more widespread in the public sector as a whole than in the entire economy, with the exceptions of Estonia, Latvia, Lithuania, Romania, the Netherlands and Poland. The difference between the public sector and the entire economy is particularly high in countries such as Finland (8 percentage points in 2011, 21.6% and 13.5%, respectively), Germany (16.8% and 12.9%), Norway, Denmark, Portugal, in part Austria and Belgium and until recently Cyprus, Greece and the Czech Republic. One obvious hypothesis for why this is the case could be the search for numerical flexibility in contexts where the regulatory framework of the employment relationship is particularly rigid, including employment security. A second hypothesis could be linked to attempts to contain labour costs. In other cases, the use of temporary employment could be a way of bypassing strict rules on hiring new employees on permanent contracts, as in some periods in Italy (Pedersini and Coletto 2009).

However, wide variations also exist between the different public sector activities. While temporary employment is in all countries less widespread, in the public administration, defence and social security sub-sector, it is usually notably more commonly used in the education, health and social work activities, with only three exceptions regarding education (Spain, Hungary and Slovakia) and a few more cases with reference to health activities.

In some countries, such as the Czech Republic, Greece, Spain, Cyprus, France, Italy, Poland (with wide variations over time), and Norway, a decreasing trend in the proportion, and at times also in the number, of temporary employees can be observed in recent years. This might have occurred because of two very different reasons, converging however towards the same result. On the one hand are government 'stabilisation' policies adopted within programs to reduce precarious employment, at times under trade union pressure, as has been the case to some extent in France and Italy, in the latter country especially in the education sector. On the other hand, and more recently (2011 and 2010),

are job cutting measures adopted within austerity programmes as a reaction to the economic crisis that have first of all affected temporary employees whose contracts have not been renewed (see also Chapter 4). Some countries, such as Italy and France, have experienced both measures in different years.

In other countries, however, the incidence of temporary employment has significantly increased, for example in Slovakia, Hungary, Portugal, Austria, and, to a lesser extent, Germany and the UK. In Slovakia, Hungary, Portugal and Austria this increase has been greater than in the entire economy. As already mentioned, this may be linked to the search for numerical flexibility within particularly rigid regulatory frameworks (including hiring rules) and to attempts to contain or reduce labour costs.

Age. A final feature with regard to the structure of public sector employment is age. In Table 3.7 this feature is measured by the ratio between young employees, from 15 to 39 years of age, and older employees of 50 years of age or over. Three characteristics are worth stressing. First, in the large majority of countries the ratio between young and older employees is lower in the public sector as a whole than in the entire economy, and in several cases much lower. This means that public sector employees are relatively older (see also OECD, *Government at a Glance 2011*: 106–07). The exceptions are Romania and partly Luxembourg, while Portugal, Cyprus and Slovenia in recent years have markedly reversed their previously younger public sector employment structure; in Cyprus this coincided with a sharp decrease in temporary employment. A few countries, including Bulgaria, Estonia, Italy, Lithuania, Finland, and, until 2010, Sweden, display a ratio of below 1, which means an employment structure clearly biased towards older employees. This bias is particularly marked in Italy. Second, in all countries there is wide variation within the public sector between the different activities. While in several EU-15 countries the public administration, defence and social security activities have an older employment structure than the education and health subsectors (Belgium, Denmark, Germany, France, Spain, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, and Norway) the opposite is true for all eastern European countries, plus the UK. In other cases the picture is less definite, such as in Italy, where the oldest employment structure is found in education activities. Third, in the majority of countries a decreasing trend in the public sector young/older employees ratio is observable, resulting in part from cuts in temporary employment and in the replacement ratio, albeit not always more pronounced than in the entire economy. The few exceptions include the Czech Republic, Estonia, Malta, and in part Sweden, while in another group the ratio remains stable (Denmark, Luxembourg). Exceptions aside, on the whole younger workers seem to be harder hit by the crisis than their older counterparts.

In connection with measures recently adopted by many governments in response to the crisis— such as replacement freezes, cuts in temporary employment, worsening wage and working conditions that make public sector jobs less attractive, cuts in training expenditure, reforms of the pension systems that raise the general retirement age of public employees (see also Chapter 6) while at the same time temporarily encouraging early retirement to reduce employment levels and labour costs— this age structure might lead to unexpected and problematic consequences. Depending on the national conditions and the specific mix of measures, one consequence could be a further ageing of the public sector workforce. A second consequence might be a change in the skills composition of public sector employees, with a loss of human capital. Other possible consequences include staff shortages, mobility to the private sector or migration abroad, which has happened in the case of health professions in several eastern European countries such as Estonia, Hungary, Romania, Poland, the Czech Republic and Slovakia (Masso and Espenberg 2012: 69; Hámori and Kölló 2012: 175). A final consequence is a potential worsening of the quality of public services (Vaughan-Whitehead 2012: 15, 17, 20). Some of these potential outcomes, of course, depend on how reforms are designed and implemented, while the expected results are enhanced levels of efficiency.

Table 3.3 Employment of women, 2011

% total employed in sector, 15 years and over

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	45.5	66.9	46.1	71.3	78.0
EU-15	45.5	66.7	45.7	69.9	77.7
CEECs	45.4	66.3	45.5	69.8	77.3
Belgium	45.4	67.0	47.9	69.7	77.7
Bulgaria	47.9	66.7	45.1	80.9	81.0
Czech Republic	43.0	68.5	47.8	76.5	81.5
Denmark	47.4	70.3	54.0	58.2	81.0
Germany	46.1	66.9	47.6	69.4	76.8
Estonia	50.5	75.8	54.3	85.3	84.8
Ireland	46.6	72.2	47.8	74.7	81.3
Greece	40.3	52.8	34.8	65.0	64.3
Spain	44.8	61.5	42.3	65.8	77.2
France	47.5	66.9	51.2	66.4	78.6
Italy	40.7	60.5	34.0	76.3	68.6
Cyprus	45.3	59.9	38.3	72.3	74.1
Latvia	50.7	75.5	56.6	82.5	84.7
Lithuania	51.4	73.9	51.3	78.4	87.0
Luxembourg	43.4	56.8	34.7	65.2	76.0
Hungary	46.0	67.7	49.3	76.7	77.8
Malta	34.6	51.7	31.5	65.4	57.7
Netherlands	46.2	68.8	39.1	62.8	83.1
Austria	46.2	65.3	43.6	70.4	77.3
Poland	44.9	69.7	50.3	77.4	81.7
Portugal	46.8	66.3	37.0	76.7	80.7
Romania	45.0	62.4	38.6	74.6	78.3
Slovenia	45.9	70.8	49.3	79.0	82.1
Slovakia	44.3	70.3	51.6	79.9	83.2
Finland	48.3	76.2	54.0	66.3	87.2
Sweden	47.4	73.9	54.9	72.9	82.0
United Kingdom	46.4	70.2	50.0	72.0	78.4
Norway	47.5	71.9	48.8	63.7	81.2

Source: LFS Eurostat.

excel file
gif

Table 3.4 Part-time employment, 2011

% in each sector, 15 years and over

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	19.5	24.8	13.1	25.9	32.1
EU-15	22.5	28.2	15.2	30.0	35.2
CEECs	22.4	28.1	15.1	30.1	35.1
Belgium	25.1	35.4	23.5	31.2	46.1
Bulgaria	2.4				
Czech Republic	5.5	8.0	3.8	12.2	8.2
Denmark	25.9	31.3	15.0	24.6	39.3
Germany	26.6	34.1	17.9	40.7	40.1
Estonia	10.6	18.9	3.5	19.8	17.5
Ireland	23.5	26.3	11.6	24.4	33.8
Greece	6.8	4.9	1.6	9.6	3.9
Spain	13.8	12.0	5.4	17.0	14.5
France	17.9	23.8	17.9	24.0	28.1
Italy	15.5	13.7	7.3	12.6	20.1
Cyprus	10.0			16.8	8.8
Latvia	9.2			10.3	10.1
Lithuania	8.7			11.9	7.6
Luxembourg	18.3	26.7	18.1	23.2	39.6
Hungary	6.8	7.6	10.0	6.6	6.0
Malta	13.2	12.9	5.4	13.5	20.4
Netherlands	49.1	63.9	32.6	61.0	77.4
Austria	25.2	32.2	19.9	30.5	42.2
Poland	8.0	7.2	3.0	9.7	8.9
Portugal	13.3	6.0	2.1	10.4	5.0
Romania	10.5				
Slovenia	10.4	8.9	5.1	11.1	9.7
Slovakia	4.1	7.8	13.8	4.8	3.6
Finland	14.9	14.0	6.0	15.6	15.7
Sweden	25.9	36.5	18.2	32.2	46.7
United Kingdom	26.8	33.4	18.4	38.4	36.6
Norway	28.1	37.5	13.3	31.0	46.5

Source: LFS Eurostat.

excel file

gif

Table 3.5 Women as a percentage of total employed part-time in each sector, 2011

15 years and over

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	74.8	85.6	80.1	81.0	89.7
EU-15	76.1	86.0	81.4	81.4	89.8
CEECs	76.3	86.0	81.5	81.3	89.9
Belgium	78.6	88.0	83.7	82.6	91.9
Bulgaria	52.4				
Czech Republic	73.8	80.7	65.3	81.5	86.6
Denmark	68.9	83.2	77.1	71.3	87.5
Germany	79.2	86.4	87.3	80.9	88.9
Estonia	73.6			82.3	
Ireland	70.8	88.5	84.9	83.1	91.4
Greece	60.7	75.1	62.1	77.2	76.6
Spain	76.0	80.5	70.7	75.1	89.4
France	79.8	86.1	81.9	81.2	90.2
Italy	77.2	83.3	71.8	83.4	86.8
Cyprus	59.0			83.7	92.3
Latvia	59.5			75.0	
Lithuania	61.6			72.0	91.4
Luxembourg	85.2	89.4	83.3	85.7	94.4
Hungary	62.3	64.4	55.2	70.5	74.2
Malta	67.3			76.2	86.2
Netherlands	72.2	86.0	71.3	76.1	91.7
Austria	80.9	88.2	85.7	85.0	90.6
Poland	62.3	75.6	63.8	71.8	85.6
Portugal	57.3			71.5	71.9
Romania	49.5				
Slovenia	58.9	69.4	60.0	65.5	81.1
Slovakia	62.6	65.0	51.9	87.3	94.8
Finland	63.5	81.8	78.6	74.2	85.6
Sweden	72.1	85.4	75.1	82.6	88.4
United Kingdom	74.7	87.4	83.1	84.7	90.7
Norway	72.3	84.4	62.7	73.7	88.8

Source: LFS Eurostat.

excel file
gif

Table 3.6 Number employed in temporary jobs as % of total employees in each sector (15 years and over)

	All sectors				Public sectors				Public administration				Education				Health			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
EU-27	11.8	11.3	11.6	11.7	13.3	13.3	13.2	13.1	11.4	11.7	11.6	11.2	15.7	15.5	15.4	15.4	13.0	12.8	12.8	12.8
EU-15	12.2	11.7	11.8	12.0	14.1	13.9	13.8	13.8	11.7	11.9	11.7	11.5	17.3	16.9	16.8	16.9	13.6	13.4	13.3	13.3
CEECs	12.3	11.7	11.8	12.0	14.0	13.8	13.7	13.7	11.8	12.0	11.8	11.6	17.2	16.8	16.7	16.7	13.3	13.1	13.0	13.0
Belgium	7.1	7.0	7.0	7.7	8.9	9.3	9.0	9.5	5.4	5.8	5.6	5.9	15.7	16.7	16.2	16.8	7.0	6.8	6.4	7.0
Bulgaria	4.4	4.1	3.9	3.6					5.2	5.1	4.3	6.1					4.7	5.1	4.6	5.4
Czech Republic	6.7	7.0	7.3	7.0	10.2	10.1	9.3	8.9	10.2	10.0	10.5	10.0	12.1	12.3	10.6	9.6	8.7	8.2	7.0	7.2
Denmark	7.8	7.9	7.7	8.0	10.8	11.0	10.2	10.7	7.1	7.0	7.7	8.3	13.8	13.0	12.5	13.3	10.8	11.5	9.9	10.2
Germany	13.0	12.8	12.9	12.9	16.3	16.6	16.6	16.8	12.7	12.9	12.9	13.2	20.3	21.4	21.1	21.3	16.4	16.4	16.5	16.5
Estonia	2.2	2.3	3.4	4.1																
Ireland	6.9	7.0	7.7	8.2	9.7	9.7	9.6	9.6	4.2	2.8	2.9	2.7	14.8	14.8	14.8	15.6	8.9	9.5	9.3	9.0
Greece	7.4	7.8	7.9	7.3	9.3	9.6	9.4	7.7	9.0	9.7	8.7	6.2	10.0	10.5	10.4	8.6	8.9	8.4	9.0	9.0
Spain	24.1	21.1	20.7	21.1	26.4	25.1	23.7	24.3	22.1	22.6	20.7	21.5	26.4	24.9	22.9	23.3	30.7	28.0	27.4	27.9
France	13.3	12.8	13.3	13.5	16.0	15.7	15.6	15.0	15.7	15.4	14.8	14.1	18.1	18.2	18.3	18.4	15.0	14.6	14.8	14.0
Italy	9.9	9.3	9.5	10.0	11.9	10.9	10.3	10.3	8.2	7.4	7.3	7.1	18.2	17.1	15.9	15.6	8.9	7.9	7.5	8.1
Cyprus	11.1	10.7	11.0	11.1	18.0	16.8	14.6	13.8	16.7	15.9	13.5	11.3	21.0	19.8	17.9	19.2	15.3	13.6	11.0	7.5
Latvia	3.0	3.8	6.0	5.7																
Lithuania	2.1	2.0	2.2	2.5																
Luxembourg	5.8	6.5	6.5	6.5	7.4	8.5	8.6	7.6	4.6	6.5	6.7	5.3	10.6	12.0	11.6	9.9	7.9	8.0	8.3	8.4
Hungary	6.9	7.4	8.5	7.9	8.2	10.7	12.8	10.7	14.7	20.2	23.9	19.2	5.3	6.7	8.2	7.3	4.5	4.6	5.3	5.0
Malta	3.7	4.2	4.9	5.7																
Netherlands	15.6	15.6	15.6	15.5	12.4	13.3	13.2	12.3	9.7	10.4	10.1	7.8	13.6	13.6	15.2	14.1	12.9	14.3	13.6	13.4
Austria	7.7	7.9	8.1	8.2	8.9	9.7	9.7	10.1	6.8	7.1	6.6	7.5	13.1	14.2	14.8	14.7	7.7	8.7	8.4	8.9
Poland	20.8	20.4	21.1	20.8	15.4	15.9	16.0	14.1	15.4	16.1	15.3	12.8	14.5	15.6	15.6	14.3	16.5	16.2	17.4	15.3
Portugal	17.4	16.8	17.8	17.5	20.1	20.8	22.9	21.8	14.4	14.7	19.8	16.3	24.0	25.7	26.5	27.2	22.2	21.7	21.9	21.1
Romania	0.8	0.7	0.7	1.0					2.1	1.5	1.4		2.1							
Slovenia	14.9	13.7	14.3	15.1	16.5	16.2	15.7	16.4	15.9	16.8	12.8	13.5	18.0	17.3	17.9	18.5	15.0	13.9	15.7	16.6
Slovakia	4.0	3.7	4.8	5.6	3.9	5.4	6.9	8.4	5.1	9.1	11.9	16.2	3.0	3.8	4.8	4.6	3.4	2.7	3.1	2.9
Finland	13.1	12.6	13.4	13.5	21.8	21.9	21.7	21.6	12.4	12.4	11.9	13.2	28.5	28.1	27.3	25.9	21.8	22.1	22.0	22.2
Sweden	14.4	13.6	14.1	14.7	17.1	16.2	16.1	17.2	12.9	12.3	12.3	12.4	17.7	16.5	16.3	18.1	18.2	17.5	17.6	18.6
United Kingdom	4.7	4.9	5.2	5.3	6.8	6.7	7.1	7.1	4.4	4.8	4.8	4.7	10.7	9.5	10.6	10.5	5.4	5.5	5.3	5.5
Norway	8.3	7.4	7.7	7.4	12.5	11.0	10.8	10.8	8.9	8.0	7.4	6.5	13.8	12.1	11.4	13.2	13.0	11.5	11.5	11.0

Source: Eurostat. LFS.

gif *excel file*

Table 3.7 Ratio of number employed aged 15–39 relative to number employed aged 50 and over in each sector, 2008–2011

	All sectors				Public sectors				Public administration				Education				Health			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
EU-27	1.9	1.8	1.7	1.6	1.4	1.3	1.3	1.2	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.1	1.5	1.4	1.4	1.3
EU-15	1.8	1.7	1.7	1.6	1.3	1.3	1.2	1.2	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.1	1.5	1.4	1.4	1.3
CEECs	1.9	1.7	1.7	1.6	1.3	1.3	1.2	1.2	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.1	1.2	1.4	1.4	1.3
Belgium	2.1	2.0	1.9	1.8	1.7	1.7	1.5	1.5	1.2	1.3	1.1	1.1	1.9	1.9	1.8	1.6	2.1	1.8	1.7	1.6
Bulgaria	1.7	1.7	1.6	1.5	1.0	0.9	0.9	0.8	1.7	1.6	1.5	1.4	0.7	0.6	0.6	0.5	0.8	0.7	0.7	0.6
Czech Republic	1.7	1.7	1.7	1.7	1.2	1.2	1.3	1.3	1.5	1.4	1.6	1.7	0.9	0.9	0.9	1.0	1.2	1.3	1.3	1.2
Denmark	1.7	1.7	1.6	1.6	1.2	1.3	1.2	1.2	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	1.3	1.3	1.2	1.2
Germany	1.6	1.5	1.4	1.3	1.3	1.3	1.2	1.2	1.1	1.0	1.0	0.9	1.1	1.1	1.1	1.2	1.6	1.5	1.4	1.4
Estonia	1.6	1.5	1.5	1.5	0.9	0.8	1.0	0.9	1.5	1.4	2.0	1.5	0.7	0.6	0.7	0.6	0.7	0.5	0.7	0.9
Ireland	2.5	2.3	2.1	2.0	1.7	1.6	1.6	1.5	1.6	1.7	1.8	1.8	1.6	1.5	1.6	1.6	1.7	1.7	1.5	1.4
Greece	1.9	1.8	1.7	1.6	1.7	1.7	1.6	1.5	1.9	1.9	1.6	1.7	1.5	1.6	1.5	1.3	1.6	1.7	1.8	1.5
Spain	2.5	2.2	2.1	1.9	1.5	1.4	1.3	1.2	1.4	1.3	1.2	1.1	1.5	1.5	1.4	1.3	1.7	1.5	1.4	1.3
France	1.9	1.8	1.8	1.7	1.5	1.4	1.3	1.3	1.5	1.3	1.2	1.1	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.3
Italy	1.9	1.8	1.7	1.6	1.0	0.9	0.8	0.8	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.6	1.3	1.2	1.1	1.0
Cyprus	1.9	1.8	1.8	1.8	2.1	2.1	1.7	1.6	2.3	2.3	1.9	1.6	2.5	2.7	2.1	2.2	1.2	1.3	1.0	0.9
Latvia	1.6	1.6	1.7	1.6	1.2	1.1	1.3	1.1	1.9	2.3	2.6	2.7	0.9	0.8	1.0	0.9	0.8	0.6	0.8	0.7
Lithuania	1.9	1.7	1.7	1.5	1.1	1.1	1.0	0.9	2.3	2.1	2.1	1.9	0.9	0.9	0.7	0.7	0.9	0.8	0.8	0.8
Luxembourg	2.4	2.3	2.1	2.1	2.1	2.3	2.1	2.1	2.2	2.1	2.0	1.8	2.2	2.2	2.3	2.4	1.9	2.8	2.2	2.2
Hungary	2.0	1.9	1.9	1.8	1.5	1.4	1.3	1.3	2.5	2.1	2.0	2.1	1.0	1.0	0.9	0.9	1.5	1.4	1.2	1.1
Malta	2.5	2.5	2.4	2.5	1.9	1.8	1.8	2.1	1.8	1.8	1.9	2.4	2.1	2.4	2.0	2.3	1.8	1.4	1.6	1.6
Netherlands	2.0	1.8	1.8	1.7	1.3	1.2	1.3	1.2	1.3	1.2	1.1	1.0	0.9	0.9	1.1	1.1	1.4	1.4	1.5	1.4
Austria	2.3	2.2	2.0	2.0	1.7	1.6	1.5	1.5	1.5	1.3	1.2	1.1	1.4	1.2	1.2	1.3	2.4	2.3	2.2	1.9
Poland	2.2	2.2	2.1	2.0	1.9	1.9	1.8	1.6	2.6	2.7	2.6	2.6	1.7	1.7	1.5	1.3	1.6	1.5	1.3	1.2
Portugal	1.6	1.6	1.5	1.6	1.7	1.6	1.6	1.5	1.4	1.4	1.5	1.3	1.7	1.6	1.6	1.4	1.9	1.7	1.8	1.9
Romania	1.8	1.8	1.8	1.8	2.1	2.1	2.1	2.1	3.2	2.9	2.7	2.8	1.5	1.6	1.6	1.5	1.9	1.9	2.1	2.1
Slovenia	2.2	2.0	1.9	2.0	2.3	2.1	1.9	1.8	2.6	2.2	2.5	2.1	2.2	2.0	1.5	1.6	2.2	2.0	2.1	1.7
Slovakia	2.2	2.1	2.0	1.9	1.3	1.3	1.4	1.3	1.6	1.7	1.8	1.7	1.0	1.0	1.1	0.9	1.3	1.1	1.3	1.2
Finland	1.4	1.4	1.3	1.3	1.0	1.0	0.9	1.0	0.9	0.8	0.7	0.9	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Sweden	1.4	1.3	1.4	1.4	1.0	1.0	1.0	1.0	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
United Kingdom	1.8	1.7	1.7	1.6	1.3	1.3	1.3	1.2	1.5	1.6	1.5	1.4	1.1	1.1	1.2	1.1	1.3	1.3	1.3	1.2
Norway	1.7	1.6	1.6	1.5	1.3	1.2	1.2	1.2	1.0	1.0	0.9	0.9	1.0	0.9	0.9	1.0	1.5	1.5	1.4	1.4

Source: Eurostat. LFS.

gif excel file

3.4. Employment status and the right to collective bargaining

The nature and regulation of the employment relationship of public employees are crucial features that directly affect collective bargaining and industrial relations in the sector. Put simply, it makes a difference whether all or a significant part of public employees are denied the right to collectively negotiate terms and conditions of employment or the right to take industrial action. These features, in turn, are linked to the legal and administrative tradition in each country.

In the comparative public administration literature, a standard distinction is made between countries with a *Rechtsstaat* tradition, either of Napoleonic or Prussian origin, and the Anglo-Saxon model (Kickert 2007, 2008; Peters 2010; Painter and Peters 2010; Ziller 2003). Within the first tradition, typical of many continental European countries, despite considerable differences among them, a basic feature was the primacy of the law, whereby laws and regulations were the exclusive source of administrative action and administration was mainly restricted to executing legislation and administering regulations based on the law (Kickert 2007: 28–9). Linked to this strongly legalistic conception was a body of state officials whose tasks were to fulfil sovereign functions on behalf of the authority of the state (external defence, internal order, administration of justice, administration of taxes). Within such a framework, it was hardly conceivable that these functionaries could have interests in contrast to the general interest of the state of which they were servants. Hence a distinctive model of employment regulation was derived, separated from that prevailing in the private sector and characterised by two essential elements. On the one hand, they were denied collective bargaining rights (and at times also the right to strike and the right of association) in favour of the unilateral regulation of terms and conditions of employment through laws or administrative measures. On the other hand, they enjoyed a special employment *status* consisting of various substantive and procedural prerogatives, in terms of recruitment procedures, employment security, a career path based on seniority, pension treatment, and other guarantees. In case of dispute, their regulation was subject to administrative law and administrative tribunals. The employment relations approach linked to this framework is often labelled in the literature as the 'sovereign employer model' to stress the unilateralism that characterises it (Beaumont 1992).

By contrast, within the common law tradition of the British experience, there is no fundamental division between public and private sector employment legislation: the legal boundaries between the two areas of employment have never been clearly demarcated. The distinction between administrative law and administrative tribunals, on the one hand, and civil law and ordinary courts, on the other hand, is absent. Also the formal *status* of civil servants has been uncertain for many decades, until the High Court in 1991 recognised that they were employed by the Crown under contracts of employment (Winchester and Bach 1999: 22–3). Despite this absence of legal distinction, even in the British public services, for decades employment relations followed a different pattern from that prevailing in the private sector, often summarised as the 'model employer' approach (Beaumont 1992). The main feature of this model is the preference for joint regulation and a generally more 'benign' attitude of the employer towards the employees and trade unions than in the private sector (see Section 5).

In no country has either of these two approaches been implemented in their full ideal-type configuration (Bordogna 2003 and 2007). Leaving aside important differences, however, both models identified a distinctive relationship between the state and its employees which differed in important respects from the regulation of employment in the private sector. This distinction is based on the acknowledgment of the unique role of the State as employer, and of the particular context— the set of incentives and constraints— in which the public sector employer operates (Ferner 1985; Beaumont 1992).

This distinctiveness of public sector employment regulation partly weakened in the 1960s and 1970s as the number of public employees involved in education, health and social work activities increased rapidly in connection with the expansion of the welfare state and soon exceeded the workforce employed in the traditional functions of the state (Treu 1987). As a consequence, in several countries where collective bargaining was previously banned, the right to bargain started to be recognised for various groups of public employees, although at times with a number of limitations.

Further challenges to this separate regulation came in connection with the bureaucratic reform agenda pursued in many countries in the 1980s and 1990s, often along the guidelines of the New Public Management (NPM) doctrine. NPM aimed to remove any difference between the public and the private sector as a way of increasing the efficiency and effectiveness of public services (OECD 1995; Hood 1991 and 1995; Bordogna 2008; Pedersini 2009; Pollitt and Bouckaert 2011; Pollitt 2011). Beside the UK, moves in this direction have taken place in several continental European countries, such as Italy and the Nordic countries. Italy, for example, used to share the legalistic administrative tradition of France and of German *Beamte*, with a separate system of employment regulation and the unilateral determination of pay and working conditions. However, after a partial change in 1983, Italy went through a major reform in 1992–1993, reinforced in 1997–1998. The employment relationship of more than 80% of Italian public employees was privatised and contractualised, including for managers

(and top level managers since 1998). Collective bargaining became the main method of regulating terms and conditions of employment, and the exclusive method with regard to pay, possibly supplemented by individual negotiations for top managers. Jurisdiction shifted from administrative law and courts to the civil code and ordinary tribunals, reducing the scope of the special prerogatives enjoyed by public employees in relation to the private sector workforce. The traditional career-based system for managerial staff was also partially amended, allowing the recruitment of a certain proportion of personnel on a contractual basis from outside the public administration (Bordogna and Neri 2011).

Similar developments have taken place in the Nordic countries, with reductions in special statutory employment protection for civil servants and the determination of parts or all of their terms and conditions of employment via collective negotiations at central and local level (Ibsen *et al.* 2011). In the Netherlands as well, a shift from unilateral regulation of terms and conditions of employment on the part of the government (Minister of the Interior) towards collective negotiations at sectoral level have taken place since 1993, meaning that that central government can no longer unilaterally change existing conditions (Steijn & Leisink, 2007).

However, despite several institutional and policy changes implemented over the past three decades along the above-mentioned guidelines, it is generally recognised that the 'set of rules that govern pay and working conditions still differ significantly across private and public sectors in most EU countries', as recently stressed by an ECB working paper (Giordano *et al.* 2011: 7). Other comparative studies confirm this feature, stressing that the NPM-inspired reforms were less widespread than expected (Pollitt *et al.* 2007; Goldfinch and Wallis 2010; Pollitt and Bouckaert 2011; Pollitt 2011), and have had differentiated effects on public service employment relations (Bordogna 2008; Bach and Bordogna 2011). In particular, in several countries the special status of employment has not been abolished for large sections, or even the totality of public employees. The clearest examples if this are Germany and France. In Germany, civil servants, or *Beamte*, to whom the right to strike and the right to collective bargaining are denied, still make up around 38–40% of total public employees, unevenly distributed in all the three levels of government— federal, state and municipal, with a greater density at the first two levels (Keller 2011; EPSU 2008). This group is still governed by public law, with a special service and loyalty relationship with the administration. Career public servants are appointed with, in principle, permanent tenure, not hired on a contractual basis. Their status is clearly separated from the group of white- and blue-collar employees (*Angestellte* and *Arbeiter* [3], governed by private law and with the same rights as their private sector counterparts. The ratio between the two groups has been relatively stable over time (Keller 2011). Even after privatisation, a large number of German railways and postal service employees retain the status of *Beamte*, with the privileges and restrictions attached to this (ETUI 2008). In France, all the *fonctionnaires publiques titulaires*, which are almost the totality of public employees, still have a special employment status subject to administrative law and with rather weak bargaining rights, even after the 2010 law on the renewal of social dialogue in the public sector (Bordogna and Neri 2011; EUROFOUND 2010b). To a lesser extent, in many other continental European countries there is a group of public employees with a special employment status (Austria, Spain, Portugal, Greece, Belgium, Bulgaria, Hungary, Estonia, Latvia, Lithuania, the Czech Republic, Poland, and Romania), although precise employment conditions may vary from country to country, and a reduction in special prerogatives in the direction of harmonization with the private sector has recently taken place, driven partly by economic pressures (see for instance Greece, in Ioannou 2012). Further, the proportion of this group in terms of total public sector employment, while usually higher in the central government/public administration sector, varies across countries (see also various national studies in Vaughan-Whitehead 2012).

In brief, while the right to organise is most unproblematic and the right to strike is most problematic for public sector employees throughout the different countries, the picture is more varied and uncertain with regards to collective bargaining rights. In many countries this right, at least for certain groups of public sector workers, 'is widely restricted or is embedded in specific structures and procedures that do not allow for the same bargaining rights, coverage and results as in the private sector' (Clauwaert and Warneck 2008: 22–23; also Gernigon 2007; Casale 2008).

3.5. Trade unions and employers

Public sector industrial relations often display peculiar features not only in terms of the regulation of employment relations, but also with reference to representation, both on the employee and employer sides.

First, union densities are systematically higher than in the private sector (see for instance Visser 2006, Pedersini 2010a). Of course, this concerns the sections of public sector employment with full right of association (which, as mentioned above, is the least problematic element of industrial relations in the public sector and can be regarded as generally available). The main reason for this is the positive attitude that public employers typically have with respect to recognition

[3] The legal distinction between white and blue-collar employees (*Angestellte* and *Arbeiter*) was abolished in 2005 by collective agreement (TVöD), and since then a new uniform classification system exists for the two groups (*Arbeitnehmer*), separated from career civil servants (*Beamte*).

of the role of trade unions, which often takes the form of promotional measures in terms of special union rights and prerogatives, for example, time off to carry out union activities (Clegg 1976). In practice, public employees are unlikely to encounter negative attitudes concerning union affiliation from their employer (while this can happen in the private sector), which may affect their career prospects. Moreover, given the traditional homogeneous character of terms and conditions of employment in the public sector, with less room for individual bargaining— although increasing in recent decades, at least for certain occupations— improvements in terms of higher wages and better working conditions can be attained essentially by collective action and representation through trade unions. In other terms, in the public sector, participation costs are lower and the 'free riding' alternative is weaker as individual advancements are difficult to achieve. In some cases, being part of a union can also bring specific benefits in terms of a better capacity to protect individual interests through the pressure union representatives can exert on a politically sensitive employer.

Second, union representation tends to be more segmented than in the private sector. This reflects, on the one hand, the significant presence in the public sector of relatively strong professional groups and identities, such as those involved in the medical professions, teachers and professors, and higher functionaries. On the other hand, the absence of market constraints, the political sensitivity of employment issues and the relevant bargaining power that certain groups of public employees hold, such as those of a particular contract type, can encourage the creation of a plurality of professional trade unions, which in some cases may pursue particularistic objectives, that is, the improvement of the conditions of their specific constituency without considering the impacts of their demands on other groups of workers or on the public at large.

Third, on the employer side, with particular reference to the bargaining table, there are political entities and representatives (such as ministries and ministers) or independent agencies. Again, the absence of market constraints makes political decisions crucial, for instance in terms of the economic resources available for wage bargaining. However, there can be important differences depending on whether the responsibility of negotiations and consultation with trade unions lies with direct political representatives or administrative officers and managers (the 'employers' in practice) or independent agencies. This latter solution increases the distance between the political sphere and the regulation of public employment relations— and it is therefore often proposed in order to emulate private sector conditions; however, this has some potential drawbacks linked to the loss of direct knowledge of organisational features and day-to-day work issues and practices.

3.5.1. Trade union density

The issue of trade union density in the public sector was introduced in Chapter 1 of this report. Table 3.8 shows trade union density in the public and private sectors at the end of 2000s and, where available, variations since the beginning of the decade. As the data illustrate, trade union density in the public sector is systematically higher than in the private sector. The difference can be very wide, as in the UK (57% vs. 15%), Greece (64% vs. 19%), and Ireland (67% vs. 21%). The difference is particularly significant in some of the Nordic countries: in Norway it is more than 40 percentage points (80% compared with 38%) and in Finland it is over 30 percentage points (82% compared with 50%).

Further, the trend in the most recent decade seems to indicate a stronger capacity of public sector unions to contrast the erosion of density. However, in this case there are several exceptions and the difference is not always wide. The stronger position of the public sector is clearly evident in Denmark, Finland (where private sector unionisation fell by nearly 20 percentage points in the 2000s) and Norway (two percentage points less in the public sector and five in the private sector). Ireland even shows a positive trend in the public sector (+ 11 percentage points) and a negative trend in the private sector (-10 percentage points). But in the other cases there is no substantial difference (Austria, Germany, the Netherlands, Sweden, and the UK). France shows a decrease of public sector union density, compared to stability in the private sector. However, this takes place in the context of a very low density rate in the private sector (4.5%), which may be considered a sort of minimum level with limited scope for further decrease. The importance of the public sector for trade unions is also apparent when looking at the share of members in total national union membership. It is usually above one third of all union members, with a peak of 61% in the UK and other countries where it exceeds 50% (Greece, France, Ireland, the Netherlands and Norway).

Table 3.8 Trade union density in the public and private sectors in selected EU countries, 2000–2009

	Public sector (% employees)	Private sector (% employees)	Public sector (% national union membership)	Public sector %-point change 2000–09	Private sector %-point change 2000–09
AT	53.0	33.0	40.0	-7.0	-6.0
BE	n.a.	n.a.	25.0	n.a.	n.a.
DE	36.0	17.0	40.0	-6.0	-6.0
DK	83.0	62.0	40.0	-3.9	-9.6
EL	63.8	19.4	55.9	n.a.	n.a.
ES	n.a.	n.a.	31.2	n.a.	n.a.
FI	81.6	50.4	40.1	-7.4	-19.6
FR	15.0	4.5	57.0	-2.0	0.0
IE	66.6	21.1	54.2	10.6	-9.9
IT	50.0	32.2	n.a.	n.a.	n.a.
LU	n.a.	n.a.	30.7	n.a.	n.a.
NL	38.0	15.0	51.0	-4.0	-4.0
NO	80.0	38.0	52.0	-2.0	-5.0
PT	45.0	37.0	n.a.	n.a.	n.a.
SE	84.0	65.0	49.0	-8.0	-9.0
UK	56.6	15.1	61.1	-3.7	-3.7

Source: ICTWSS (Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts), http://www.uva-aias.net/208.

excel file

gif

It must be mentioned however that density rates are often lower in the countries not covered by Table 3.8, because data are not available. According to a recent study (Bordogna 2007), unionisation, at least in central government, is 'quite often close to zero [...] in most of the former communist countries of central and eastern Europe'. This refers in particular to the three Baltic countries (Estonia, Lithuania and Latvia), where union membership was practically non-existent in 2006, and to the Czech Republic, Poland (3%) and Slovakia (10%). The exceptions are Hungary, Slovenia, Bulgaria and Romania, where union density was generally above 25% and exceeded 50% in Romania.

3.5.2. Trade union structure

An indication of the fragmentation of trade union representation in the public sector can be derived from the representativeness studies carried out by the European Foundation for the Improvement of Living and Working Conditions. In recent years, a number of sectoral representativeness studies have been published, including three on significant parts of the three sectors under review here: public administration (2011), education (2011) and hospitals (2009). Table 3.9 indicates the number of trade unions covered by the studies. All three studies include a high number of trade unions (private sector studies usually include a far lower number of unions, often under 100 and in rare instances only slightly above this threshold). The fragmentation of representation is particularly evident in public administration and the health sector. It is also interesting to note that the representational domain of the trade unions in both sectors is often 'sectional' (50% in public administration and 62% in education), that is, it includes only part of the sector, for instance some special occupational groups. This is contrary to the tendency emerging in the private sector, where, following mergers between industrial unions and in presence of broad

representational domains (such as all blue- or white-collar workers), the most common situation is 'overlap', with membership spanning different sectors. Multi-unionism is particularly present in certain countries (Italy, Portugal, and Denmark), but especially in the public administration sector it appears as a common feature across EU countries. See also Chapter 1 of this report for details of the individual unions operating in the public sector.

Table 3.9 Number of trade unions covered by the Eurofound representativeness studies (Public administration, Education, Hospitals)

	Public administration	Education	Hospitals
AT	4	4	5
BE	4	12	8
BG	6	4	2
CY	1	8	7
CZ	5	3	3
DE	7	6	5
DK	24	10	18
EE	2	3	4
ES	6	9	5
FI	8	8	7
FR	7	12	8
EL	2	4	5
HU	8	7	6
IE	9	6	8
IT	56	24	19
LT	4	4	4
LU	5	6	2
LV	6	1	2
MT	4	4	4
NL	15	10	3
PL	7	5	4
PT	14	36	11
RO	17	4	4
SE	9	10	10
SI	9	3	5
SK	8	3	1
UK	9	10	12
Total	*256*	*216*	*172*
Mean	*9,5*	*8,0*	*6,4*

Source: EIRO, Representativeness studies, http://www.eurofound.europa.eu/eiro/representativeness.htm

excel file
gif

3.5.3. Employer representatives

As suggested above, the nature of the bargaining party in the public sector can be quite different and this can have important consequences on the negotiation process and outcomes. Basically, we can distinguish between 'technical' bodies, established either as an independent entity or within a government structure; 'managerial' representatives, which means that the relevant senior manager of the public organisation is directly responsible for negotiations; or 'political' representatives, when the bargaining process is conducted directly by a political representative (such as a minister or mayor).

If we concentrate, in this case, on the public administration, the above mentioned representativeness study (Eurofound 2011a: p. 33) shows that the presence of 'independent agencies/separately managed bodies' which bargain on behalf of public authorities is quite limited and involves only Denmark, Finland, Italy and Sweden. In other countries or for distinct sections of the public administration, 'associations of regional/local state level administration' are present. This is the case, for instance, in Denmark, Finland, Germany, Ireland, Latvia, Luxembourg and Sweden. It is interesting to note that some of these bodies and associations are public law bodies with compulsory membership. This is the case in Italy, where Aran bargains on behalf of all public administrations at the national level; Denmark, with SEA, the State Employer's Authority; Finland, where KT groups together local authorities and VTML covers central government; and Sweden, where AV is the Swedish Agency for Government Employers.

However, in 17 of the 26 countries covered by the study (France was excluded from the study), 'it is the central state or regional authorities themselves rather than separate employers' associations which conduct negotiations with organised labour or unilaterally determine

the employment conditions' (Eurofound 2011a, p. 33). Therefore, we can consider that, in the majority of cases, the regulation of the employment relationship within the public administration sector remains very close to political responsibility and authority.

3.5.4. European sectoral social dialogue

In addition to national bargaining, there are a number of European sectoral social dialogue committees which cover the public sector. For example, the committee for Local and Regional Government involves the European Federation of Public Service Unions (EPSU) and the Council of European Municipalities and Regions (CCRE-CEMR). Although it started to work formally in 2004, the parties had already been working together since 1998. For example, CEMR and EPSU adopted a joint declaration in 1998 on equality between men and women at work. Building on this experience and on the actions taken by member organisations following this joint declaration (such as positive action programmes, diversification of women's educational and professional choices, campaigning against sexual harassment, encouraging work-life balance and supporting equal pay for work of equal value), CCRE-CEMR and EPSU agreed in 2007 a set of joint guidelines for equality action plans in local and regional government. In 2004, they identified four themes to structure their cooperation over the following years: strengthening social dialogue in local and regional government in the new Member States and in candidate countries; supporting the reform process in local and regional government; promoting diversity and equality in local and regional government; and evaluating experience in various forms of service provision.

This sectoral social dialogue committee has also agreed a series of joint statements on the economic crisis on the occasion of different European Council meetings (February 2009, February 2010, December 2010, October 2011). In the face of increasing austerity measures, the European social partners have consistently stressed the need to adequately fund local authorities in order to enable them to provide services to citizens. They maintain that a coordinated and well-organised public sector is a key element to be 'better able to react to the crisis and deliver or contribute to solutions for citizens' (February 2010 Joint Statement). Indeed, CCRE-CEMR and EPSU underline that it is 'unacceptable that many local and regional governments are confronted with decreasing revenue at a time when demands are increasing', and they highlight 'the capacity to maintain and develop competent and motivated staff' (February 2010 Joint Statement). Moreover, the 2011 Joint Statement states that 'resources for local and regional government are continuously cut, which leaves local and regional government with new and greater obligations to maintain quality local public services', with greater risks of exclusion for 'the most vulnerable, the young, the elderly, the low-skilled or the unemployed'.

They are also demanding a more prominent voice and the recognition of the role of the public sector in EU policies. In their response to the European Commission's Green Paper on *Restructuring and anticipation of change: what lessons from recent experiences?* of 30 March 2012, EPSU and CCRE-CEMR express their concern that austerity measures and labour law reforms may weaken social dialogue when it is most needed to accompany restructuring in the public sector and emphasise the positive contribution that social dialogue has played in certain countries. They maintain that 'the financial crisis has highlighted the important leading role of local and regional governments in providing support [...] for new jobs, education, training, employment, social protection and adapted service provision to their region/area'. Moreover, they argue that 'the best anticipative long term approach to restructuring and changes is through Social Dialogue based on trust'.

For hospitals and healthcare, a social dialogue committee was established in 2006 and includes EPSU and the European Hospital and Healthcare Employers Association (HOSPEEM). EPSU and HOSPEEM signed in 2008 a code of conduct and follow up on Ethical Cross-Border Recruitment and Retention in the Hospital Sector. The implementation phase was expected to last three years and at the end of the fourth year an assessment of the project will be undertaken. This sectoral social dialogue committee has not addressed the economic crisis directly, concentrating instead on specific issues such as the prevention of sharp injuries in 2009 or the recognition of professional qualifications in 2011, as a response to the European Commission's Green Paper on *Reviewing the Directive on the Recognition of Professional Qualifications 2005/36/EC*.

In education, a sectoral social dialogue committee was set up in 2010 with ETUCE (the European Trade Union Committee for Education) on the employee side and EFEE (the European Federation of Education Employers) for the employers. The committee adopted its first joint texts in January 2011. The first is a joint declaration which supports investing in education, training and research as an 'investment in the future' to foster sustainable growth and social well-being. The second covers a set of 'Joint Guidelines on Trans-regional cooperation in Lifelong Learning among education stakeholders', which are to be implemented in 2011–2012 and assessed in 2013. In addition, the social partners in this sector have engaged in joint work on a number of projects, including on work-related stress, recruitment and retention, and skills development.

Most recently a new sectoral social dialogue committee was launched for Central Government Administrations in December 2010. It brings together

TUNED (the Trade Unions' National and European Administration Delegation), which is an EPSU-led trade union delegation consisting of affiliates of EPSU and CESI, and EUPAE (European Union Public Administration Employers). In June 2011, these social partners agreed on a 2011–2013 work programme which includes responses to European Commission initiatives such as the revision of the working time Directive, the free movement of workers in the public sector, gender equality and skills and training, improving the image and attractiveness of the civil service, and moves to 'develop further a joint reflection on the effects of the crisis and the measures taken in the central government administrations, in particular in collecting and analysing data with regards to the impact on well being at work, the civil service attractiveness, and the challenges of recruitment in times of demographic changes' (Social Dialogue Committee for Central Government Administrations 2011: 3).

In December 2011, TUNED and EUPAE released a statement on the 'Effects of the Crisis in the Central Government Administrations' which recalled that austerity measures were affecting the sector's workforce, its remuneration and potentially its working conditions. The statement underlined the importance of public administration in addressing the crisis and providing citizens with adequate services as well as the crucial role of workers in achieving these goals. The response of this sectoral social dialogue committee to the European Commission's Green Paper on *Restructuring and Anticipation of Change: What lessons from recent experiences?* underlines how the financial crisis has on the one hand 'highlighted the important role central government administrations play in regulating the market, providing employment and social protection and jobs', and on the other hand has led to 'programmes of pay, pensions and job cuts or freezes, reforms of working conditions as well as changes of labour law'. The social partners in this sector also state that 'a major feature of restructuring in the public sector is that the social dialogue has been sidelined', although there are cases where social dialogue has contributed to settling disputes and overcoming tensions— for example in Ireland, Lithuania and Slovenia— thereby showing 'that it is possible for social dialogue to deliver results in tense national contexts'. In Slovenia, there are rising tensions in the area of social dialogue— for example, no new social agreement has yet been adopted since the expiry of the previous one in 2009 due to the differing expectations of the social partners. Further, there is continuing opposition from public sector unions to government plans for additional public sector pay cuts.

As can be seen, the economic crisis has been addressed in some of the sectoral social dialogue committees in the public sector by means of joint statements. These documents have reviewed the impact of the economic downturn on the relevant sectors, notably central and local administrations, and stressed the importance of supporting public service provision through adequate funding and staffing, in terms of both employment and skill levels, and promoting social dialogue to accompany reform and restructuring. In this sense, although they have contributed to the debate, they have not directly affected policy implementation.

3.6. Wage setting systems

In connection with the above-mentioned specific regulation of the employment relationship in the public sector, which persists in many EU countries, three formally different wage-setting systems can be found in the public sector: a) unilateral determination on the part of the government or public authorities, through laws or administrative acts; b) free collective bargaining, along the lines of wage setting in the private sector; c) mixed or hybrid arrangements, that are neither unilateral determination nor collective bargaining. The latter mechanism refers mainly to the UK experience of the pay review bodies, which must be considered as a special case as they cannot be equated with either of the above systems of pay determination, although they share some elements of both.

A further issue arises when the outcomes of negotiations need a decision of the government to be implemented. One possibility is that this decision is just a procedural formality that can be taken for granted, in which case this system can be classed as *de facto* collective bargaining (the Italian experience between 1983 and 1993, for instance, or Cyprus). A different possibility is when the outcomes of negotiations are never binding for the government and can be substantially amended or totally disregarded, as in France, in which case the system is closer to unilateral regulation than to collective bargaining.

In general terms, free collective bargaining prevails in the UK (except for the groups of employees under the pay review body system), all the Nordic countries, Ireland, the Netherlands, Belgium, Italy, Spain, and, with qualifications, Cyprus, Malta, Luxembourg, Greece and Portugal. In Portugal the government has the power to decide unilaterally in the case of a stalemate in negotiations. In Greece also, civil servants under public law have been permitted since 1999 to negotiate their terms and conditions of employment (training, health and safety, mobility, trade union prerogatives), but pay issues are excluded, while public sector employees under private contracts enjoy full bargaining rights in line with rights enjoyed by private sector employees (Ioannou 1999; 2012). In Luxembourg, wage agreements must be confirmed by law.

In most Eastern European countries, the state plays a strong role in relation to trade unions and collective bargaining, with the exception of Slovenia, even when forms of joint consultation take place (ETUI Warneck

& Clauwaert 2009). In some cases, collective bargaining in a strict sense does not take place (Bulgaria, Poland), or its viability is very uncertain and indeterminate, as in the Baltic countries and Hungary (Masso and Espenberg 2012; Hámori and Köllő 2012). In others, negotiations take place, but they do not cover pay issues, and pay mechanisms are established by the state (the Czech Republic, Romania). In others, negotiations are allowed, pay issues included, but agreements do not have validity until a formal decision is taken by the government or relevant authorities (Slovakia). On the whole, various restrictions on collective bargaining apply, and these have in many cases been further strengthened during the economic crisis. A case in point is Romania, where a 2011 law seriously reduced the scope of social dialogue, to the advantage of legislative regulation, limited the extension of negotiated provisions, and tightened representativeness criteria, further weakening the role of trade unions, despite their relatively high density rate (Vasile 2012).

In many cases, the above-mentioned institutional mechanisms co-exist in the same country, with a varying balance between them, applied to different segments of the public sector workforce; in other cases modified forms or contaminations between them can be observed.

Germany, as already mentioned, is the clearest example of the co-existence of the first two wage-setting systems, with its dualistic regulatory model separating civil servants from the rest of public employees (and from private sector employees). Until the 1990s these legally different mechanisms could be considered to some extent functionally equivalent, leading to similar working conditions despite different forms of employment and interest representation, thanks to the pattern-setting role of negotiations regarding white- and blue-collar workers. However, in recent times, pressed by the economic crisis and budget constraints, government and public employers have often used their legally guaranteed, unilateral regulatory powers to significantly change the working conditions of civil servants, uncoupling bargaining processes and outcomes in the two domains (Keller 2011: 2344). These developments show that it would be misleading to interpret this system as *de facto* negotiations between the state and the unions, assimilating it into collective bargaining, as is at times assumed (Glassner 2010): this would overlook the fact that, in critical circumstances, such a regulatory model gives the public employers a much greater degree of freedom than collective bargaining.

A similar co-existence characterises most continental European countries, connected with groups of employees, especially in the public administration sector, with separate, distinct rules that prevent or limit collective bargaining. What is distinctive about Germany, however, is the size of this group and the fact that such rules and restrictions are not limited to specific functions, as in the majority of other market economies, but to the group of *Beamte* as a whole (Keller 2011: 2333). Austria is a similar case, with restrictions to collective bargaining rights extended to an even larger group of public employees (EUROFOUND 2008). In Italy, on the contrary, groups with limited bargaining rights (but public law status) are a minority of public employees, as the large majority have terms and conditions of employment that are regulated via collective negotiations since 1993.

The last two wage-setting systems, as mentioned above, co-exist in the UK. Along with widely diffused collective bargaining practices, the proportion of employees covered by pay review bodies, whose chair and members are appointed by the government, has been increasing steadily, now including more than two million employees, which is around or above 35% of total public employment. There are currently six such bodies covering armed forces, doctors and dentists, the National Health Service, prison officers, school teachers, and senior salaries (high level holders of judicial offices, senior civil servants, senior officers of the armed forces, and top senior officers of the NHS); police officers have partially distinct advisory and negotiating boards (www.ome.uk.com). This system differs both from unilateral regulation and collective bargaining in that wages and salaries are directly determined by neither the government nor the employers, nor collectively negotiated by the interested parties (Bordogna and Winchester 2001). Rather, these bodies make annual recommendations to the government and relevant authorities (of England, Scotland and Wales) about pay increases based on independent research and evidence received from both the employers and representative organisations of the employees and other interested parties. Although in most cases the government accepts the recommendations of the pay review bodies, in particular circumstances it can use its nominal power to reject or amend them, as it did in 2009. It may happens that on such occasions trade unions, interpreting the system as a form of unilateral regulation, accuse the government of imposing a 'diktat', jeopardising the independence of the review bodies, as in 2011 and 2012.

France is an example of contamination between the first two systems. Legislation dating from 1983 introduced a right to limited forms of collective negotiations (*colloques préliminaires*, *négociations préalables*) concerning pay issues for all public functionaries. The government, however, retains the ultimate power to unilaterally determine pay increases, not only in the sense that the outcomes of these negotiations need to be formally approved by the government or the parliament, but primarily in the sense that the outcomes are not binding for the government, which is not obliged to even open the negotiations, let alone to reach an agreement, as has been the case for possibly the majority of years since 1983. This ultimate decisional power of the government has not been removed even after the important reform relating to the renewal of social dialogue in the public sector, approved in July 2010. Nevertheless, the prerogatives of social dialogue have to some extent been strengthened and the scope of negotiations has been enlarged to several issues other than pay (Bordogna and Neri 2011;

EUROFOUND 2010). Given these characteristics, France is certainly closer to the model of unilateral determination than to a model where the right to collective bargaining is fully established, although forms of joint regulation are not excluded.

Against this background, a clearly observable trend in recent years, under pressure from the economic crisis, is a strong and widespread revival of unilateralism, even in countries where collective bargaining rights and practices are well established. Austerity packages affecting public sector salaries, employment levels and pension systems have been adopted by many governments without negotiations, and often not even consultation with trade unions (for more details, see Chapters 4 and 6 of this report. See also Vaughan-Whitehead 2012; and European Commission 2011: Ch. 3). In addition to employment, salaries and pensions, the tradition of free collective bargaining or of a broader social dialogue, where it has existed, has also been a victim of governments' policies in response to the crisis.

Box 3.1 Comparing the influence of public-private sector pay on the procurement of local government services

Based on a draft by Damian Grimshaw and Jill Rubery (Manchester Business School).

Understanding pay patterns among workers in the public and private sectors is important in the analysis of factors influencing procurement decisions. However, direct comparison of pay for similar occupational groups is only one part of the analysis. Other factors include: coverage of collective bargaining (which may be uniform across public and private sectors or divided); the level of the statutory minimum wage (especially for services that involve low-wage workers); and segmentation in the legal employment status of workers (varying for example with the public, private and joint ownership character of the organisation). We consider these inter-related issues drawing on case studies of municipalities undertaken for an EU-financed project involving experts from five countries who have produced five national reports listed in the references [1].

A meta-analysis of the results of a sample of decomposition studies comparing public and private sector pay reveals significant inter-country differences in public-private pay patterns. The results suggest a public sector pay premium at the median wage for men and women in France and the UK and for women only in Germany, but a public sector pay penalty in Hungary and Sweden. Of particular interest is evidence of pay gaps among the lower paid (Table 3.10). Quantile regression studies suggest those countries with public sector pay premiums at the median experience even higher premiums among the lower paid, especially for women (although for female part-timers in the UK the public sector premium increases with the level of pay). In Sweden, the size of the wage penalty among public sector workers is fairly consistent along the pay distribution, while in Hungary both sectors tend to pay the minimum wage at the bottom (possibly with a higher incidence of minimum wage workers in the public sector) and there are large pay penalties for professional groups.

Evidence from local government case studies in France, Germany, Hungary, Sweden and the UK tests the extent to which this portrayal of pay gaps is a realistic reflection of the experiences of procurement. The evidence is mixed (Table 3.10).

Table 3.10: Comparing decomposition results with case-study evidence on the public sector pay premium

	Summary results of decomposition studies		Local government case-study evidence	
	Public sector pay premium at the median wage?	**Larger premium for the lower paid?**	**Private sector contractors offer lower pay?**	**Worse private sector pay a cause of union resistance to outsourcing?**
France	Yes	Yes (larger for women)	No	No (some examples of resistance to insourcing)
Germany	Yes for women only	Yes (large for women, small for men)	Yes (although the gap has reduced)	Yes
Hungary	No (penalty since 2007, but premium during 2002–6)	No (higher low pay incidence in public sector)	No	No
Sweden	No	No (similar sized penalty at all wage levels)	No	No
UK	Yes	Yes (larger for women)	Yes	Yes

Source: Grimshaw et al. (2012).

excel file

gif

(1) Project reference VS/2011/0141, 'Public sector pay and social dialogue during the fiscal crisis: the effects of pay reforms and procurement strategies on wage and employment inequalities', coordinated by Damian Grimshaw.

In France, the case studies in fact paint a picture of better conditions among private contractors than in local government and reluctance among employees to move back into local government despite some political initiatives within municipalities to insource services. Nevertheless, the picture is complicated by the presence of varying public-private organisational forms and differences in public and private employment law. An example of outsourced school catering records better pay prospects for the catering workers in a public-private organisation (with majority public ownership) than in the municipality, and thus limited trade union support for proposals to re-internalise services. By contrast, an example of in-house waste services finds low pay and a compressed seniority-related pay-scale, but with some trade-offs with working hours and work effort. The situation is further complicated by penalties associated with the re-municipalisation of services and workers: insourced workers lose private sector fringe benefits (such as healthcare and other benefits negotiated by the works council of the private sector company), and they lose at least half their accumulated seniority entitlements, meaning they miss out on seniority-related pay rises until their experience in the municipality has caught up with their protected position in the payscale. These factors help explain the reluctance of workers (and unions) in target private sector companies in some of the case study examples to agree to proposed insourcing.

In Germany, the case studies generally accord with the pattern of public-private sector pay differences, with lower pay offered by private sector providers of local government services. However, the pattern is changing rapidly following the introduction of a new low pay grade (grade 1) in the national collective agreement for federal and municipal workers designed explicitly to reduce cost incentives to outsource. When combined with the introduction of a patchwork of sector minimum wages, these institutional changes have weakened the strength of pay differences as a driver for procurement decisions. Four new binding sector minimum wages are especially relevant to local government— those set in the sectors of elderly care, commercial cleaning, waste services and temporary agencies.

In West Germany, the public-private gap in minimum pay is now very limited for cleaning and care services, slightly wider for waste services (at 54 cents per hour) but of a significant size for temporary agency workers (around €1.50). In East Germany, there is much wider differential for cleaning and care services, a narrow gap in waste services (caused by a unified base rate for East and West Germany in the collective agreement) and a very wide public-private gap for temporary agency workers. The negligible pay differential for provision of cleaning services in West Germany is one reason why some municipalities have taken cleaning activities back in-house, although under alternative mixes of public-private ownership; both case-study examples involved the hiring of cleaners on grade 1. The picture for waste services provision is more complex, since despite a lower sector minimum wage in West Germany, the collective agreements in the private sector set much higher wages, close to those prevailing in the public sector. This diminishes the cost incentives for procurement involving private sector firms covered by the collective agreement, but we do not know the share of waste service workers in the private sector who work in firms outside the sector collective agreement, nor what share are paid the statutory minimum wage for the sector. The case-study data suggest that companies outside the collective agreement provide less generous bonuses, pensions and employment protection. A further dampening pressure on conditions (as well as the low sector minimum wage) derives from the very low minimum for temporary agencies, which supply workers in this (and other) sectors.

In Hungary, the pay gaps revealed by the case studies also fit with the results of econometric decomposition studies. The financial precariousness of many municipalities has dampened local government pay during the austerity crisis and acts as an incentive for employees (and unions) to accept transfers to the private or third sector. In one case study, elderly care workers accepted the outsourcing to a church organisation following a period of severe financial problems within the municipality and the revoking of a raft of supplementary wage benefits. However, while basic pay may be higher in private sector contractors delivering local government services, overall employment conditions are more vulnerable due to a switch in legal employment status from public to private sector. In practice, this means that coverage of the legal system of wage tariffs set out in the public sector pay arrangement is replaced by the thin protection associated with the Labour Code, limited to application of the two statutory national minimum wages (a standard and skilled minimum wage). In one municipality, the perception among interviewees was that everyone was paid the minimum wage regardless of whether they worked for the municipality, a municipal-owned company or a private sector or third sector (e.g. church) subcontractor.

Sweden's relatively inclusive system of industrial relations means that pay differences are not a strong driver of outsourcing and insourcing decisions in local government. With high collective bargaining coverage, strong union membership and a convergence of trends in wage setting in both public and private sectors ('negotiated decentralisation'), outsourcing and insourcing decisions are not motivated by differences in pay and industrial relations. Public and private sector collective agreements exist for all five areas of investigated services (public transport, school catering, cleaning, waste services and elderly care); moreover, the sector agreements for school catering and cleaning are in fact integrated across public and private sector organisations. Also, the minimum annual wage rises in 2012 were very similar across the public and private sector agreements.

In the UK the industrial relations model divided between strong collective bargaining coverage for public sector workers and weak coverage for private sector workers means that workers in private sector contractors delivering elderly care, cleaning and school catering services are paid at, or only slightly above, the statutory national minimum wage. At first sight the national

collective agreement for local government would appear to set a wage that is increasingly competitive with private sector companies; a pay freeze and increases in the national minimum wage have combined to shrink the gap with the collectively agreed base rate from 9% to 2% during 2009–2012.

However, case studies of six UK municipalities reveal evidence of local interventions to improve pay for the lowest paid. These respond to varying combinations of political, managerial and union interests to address problems of poverty (particularly by introducing a 'living wage'), improve staff retention and compensate for higher work effort in a reduced workforce following downsizing. These interventions conflict with the strongly ideological central government demand for a revision of public sector pay to become 'more market facing', which would reduce pay among low paid public sector workers. Our evidence suggests pay is pushing in two directions— towards reducing local government workers' pay as a result of a failure of the national agreement to win pay rises and yet a widening gap with the private sector for the very lowest paid following local level collective agreements. The overall effect on the role of pay differences in influencing procurement of low-wage services in UK local government would thus appear to be neutral.

References

Grimshaw, D., Rubery, J. and Marino, S. (2012) *Public Sector Pay and Procurement in Europe during the Crisis: The Challenges facing Local Government and the Prospects for Segmentation, Inequalities and Social Dialogue*, www.mbs.ac.uk/research/europeanemployment/.

Five national reports on 'Public sector pay and procurement', available for download at www.mbs.ac.uk/research/europeanemployment/:
Anxo, D. and Ericson, T. (2012) Sweden; Audier, F., Bacache, M., Courtious, P. and Gautié, J. (2012) France; Berki, E., Neumann, L., Edelényi, M. and Varadovics, K. (2012) Hungary; Bosch, G., Mesaros, L., Schilling, G. and Weinkopf, C. (2012) Germany; Grimshaw, D., Marino, S. and Rubery, J. (2012) UK.

3.7. Centralisation, decentralisation, differentiation

As in the private sector, over the last two decades public sector collective bargaining and wage-setting systems in many countries have undergone two connected trends, albeit with important exceptions and qualifications: decentralisation of pay negotiations (European Commission 2011: Ch 1), and (partial) substitution of automatic, collective, seniority-based pay and career systems with more selective and discretional systems, often based on performance or merit criteria, leading to differentiation of careers and terms and conditions of public employees. In several cases these trends represent a significant break with a tradition of centralisation and nationally uniform procedures and terms and conditions. Where decentralisation has occurred, moreover, an important difference from an industrial relations perspective is whether this process has taken place within or outside of a centrally coordinated framework (Traxler 1995).

The reasons for these changes differ according to country. In some they are linked to the federal form of the state (Belgium, Germany), in others they are linked to processes of administrative and institutional decentralisation and increased managerial autonomy, connected to the transfer of services and tasks to lower levels of government or external agencies, as in Austria, Denmark, Norway, Finland, Sweden, Hungary, Ireland, Italy, Portugal, Spain, Slovenia and the UK.

From an employment relations and HRM perspective, the main purpose of this has been to achieve flexibility in pay and terms of employment, making these more responsive to variations in local/sectoral labour market conditions and organizational needs. An additional reason, strongly stressed in the NPM approach and inspired by moral hazard theory, has been to reduce opportunistic behaviour within public organisations by making agents more responsive and responsible to their principal and more exposed to the potential costs of their actions. Selective pay systems, such as performance-related pay, are expected to transfer the costs of hypothetical opportunistic behaviour at least partially onto the individual employee, through the denial of pay increases or promotions that were previously granted automatically. A similar effect is expected in the case of decentralisation of pay bargaining, by linking the level where collective negotiations take place and resources are distributed more closely to the level where resources are ideally produced.

Theory and international comparison suggest however that the expected beneficial effects of decentralisation of bargaining and differentiation/individualisation of pay cannot be taken for granted but depend on appropriate institutional conditions. If these are absent, as it is often the case in public services and public sector employment relations, unintended and even perverse effects may follow. For example, the gains in terms of agency costs may be offset by the rise in transaction costs; collusive behaviours between the decentralized bargaining parties may occur instead than more responsible strategies (Rexed *et al.* 2007; Bordogna 2008).

These considerations apart, the consequences of the recent economic crisis and government austerity packages on such trends are not univocal. In general, the effects appear to be greater on decentralisation processes than on the differentiation/individualisation of pay and career systems. In various cases, bargaining decentralisation has been halted or even reversed.

The second trend, on the contrary, has apparently been strengthened in several countries, along with the adoption of more private-sector-style HRM practices, although it has been to some extent hampered by the scarcity of resources. In both cases, a stronger recourse to unilateralism on the part of public employers has been instrumental in these changes. Significant differences are, however, observable across countries, depending on the gravity of governments' financial difficulties but also on the appropriateness of the institutional arrangements under which decentralisation and differentiation were previously pursued. Comparisons of public and private sector pay practices should also take into account qualification levels, which tend to be higher in the public sector (IFO 2004).

The Nordic countries are examples of coordinated decentralisation, with a two-tier collective bargaining system in state and regional/municipal sectors, where the main public service unions form cartels to negotiate with a centralised bargaining agent on the employers' side (Ibsen *et al.* 2011). This two-tier structure allows a certain percentage of wage increases to be decentralised to local bargaining, with coordinating mechanisms that differ from country to country but are rather effective in all, including the possibility of partial allocations on the basis of merit, qualifications, results and responsibilities and therefore differentiation on an individual or group basis. In Denmark, these changes were linked to a major public sector reform in 2007 which merged 13 counties and 271 municipalities into five regions and 98 municipalities, enlarging the coverage of both the municipal and state agreement areas. A strong role of coordination is played by the Ministry of Finance, which controls the budgets of state and regions/municipalities and conducts collective bargaining in the state sector. In addition, in Denmark wage developments in the public sector are linked to developments in the private sector.

In Norway the process of coordinated decentralisation took place within a framework of structural devolution to agencies that started in the 1980s, accompanied by the creation of large state-owned companies in various services and by a system of management by objectives centrally monitored through strict budget allocations both in the state and municipal sectors. A regional reform to merge counties into larger regional units has also recently been implemented in Norway, although more modest compared to the Danish example. Since the 1990s the main agreements of the state, county and municipality sectors allow the distribution of wage supplements at the local level of bargaining, to align structural devolution of responsibility with managerial tools of personnel management, although this autonomy may be curbed by budgetary constraints and centralised controls. Differentiation/individualisation of pay has also increased in recent years in both the state and municipal sectors, partly breaking with the high uniformity of the past, although in this case as well within limits imposed by budget constraints.

Through three waves of reform inspired by the NPM approach— based on efficiency gains, privatisations and free consumers' choice— Sweden has the most decentralised wage bargaining system. In some respects it is even more decentralised than in the private sector, with significant possibilities for individualised remuneration systems and lighter central controls than in Denmark and Norway. Despite this, sectoral agreements still play a coordinating role, albeit weakened, and mechanisms exist to align local level responsibilities with local autonomy (Ibsen *et al.* 2011).

Cases of coordinated decentralisation, although in different forms than in the Nordic countries, are also seen in Ireland, partly in the Netherlands after 1993, and also in the Czech Republic and Spain. A 1993 reform in the Netherlands moved the determination of pay and working conditions of all public sector employees, which was previously the central responsibility of the Minister of the Interior, to sector-level negotiations between employers and employee organisations (Steijn and Leisink 2007), meaning a shift both from unilateral to joint regulation and from centralised determination to decentralised negotiations.

Italy represents a case of decentralisation within a two-tier bargaining system, albeit less coordinated than in other countries, following amendments to the 1993 reform adopted in 1997–98. As a consequence, the number of national sectoral agreements for non-managerial staff has increased from eight to 12. More importantly, centralised controls on local-level negotiations have been significantly weakened and individual employers have been allowed to add financial resources in local-level pay negotiations above the amounts decided upon by national agreements. However, this process of bargaining decentralisation has occurred without adequate mechanisms to align actors' autonomy and responsibilities at local level and in particular the financial responsibilities of public employers. Such a misalignment between autonomy and responsibility has facilitated collusive rather than responsible behaviours of the decentralised bargaining parties, leading in the following years to local-level pay increases largely exceeding those of the private sector in the same period. This in turn prompted the re-establishment of centralised controls on the part of the government over the entire bargaining machinery and new amendments in 2009 (the so-called Brunetta reform) to reduce

the scope and autonomy of local-level negotiations and partially re-centralise the bargaining structure at national level, with the legal obligation to move from the previous 12 sectoral bargaining units at national level to no more than four.

In Spain also, a trend towards decentralisation took place in the 1990s and 2000s, in connection with the process of greater administrative autonomy given to regions and local governments, in turn giving rise to relatively complicated and at times overlapping regulations. To partly contrast these trends, in 2006 a reform of legislation on employee representation and determination of employment conditions in the public administration (LORAP, *Ley de Órganos de Representación, Determinación de las Condiciones de Trabajo y Partecipación del Personal al Servicio de las Administraciones Públicas*, approved in 1987 and amended in 1990 and 1994) was adopted to coordinate the regulation of some common issues for salaried employees and civil servants across the various administration levels (state, autonomous communities and local entities; EIRO 2011).

A process of decentralisation of the determination of employment conditions and, where it was permitted, of collective bargaining, took place also in many Eastern European countries after the end of communist regimes, at times in a rather disorganised way. In some countries, collective bargaining, for the groups of employees for which this is permitted, takes place only at the company or individual employer level. This is due either to the weakness of trade unions (Estonia, Latvia) or the lack of employers' association at sectoral level (the Czech Republic), or both reasons. In Romania, the wages of public employees were until recently determined by a large number of rules, with significant variations between different parts of the system, giving rise to more than 400 wage levels with a 1:29 ratio between the minimum and maximum wage. This complicated and dispersed system was reformed by a 2009 framework law, amended in 2010, to harmonise the wage system of public sector workers within a comprehensive design to restructure public sector employment and pay. This new legislation, initially agreed upon by trade unions, was eventually unilaterally imposed by the government (Vasile 2012: 274–76).

The clearest example of uncoordinated, decentralised single-level bargaining structure is probably that of the UK central government during the period of Conservative cabinets between 1979 and 1996. Here, the highly centralised civil service system and civil-service-wide pay determination were replaced with around 90 semi-autonomous executive agencies, each with its own wage and grading system, and forms of performance-related pay. However, this break-up of previously unified conditions of employment in locally-based systems, aimed at increasing flexibility, had unintended consequences in terms of fragmented career pathways, staff transfer problems, and rigidities. Under subsequent governments, forms of devolution of pay determination have been maintained to support modernisation, albeit embedded within coherent national frameworks, in an attempt to reduce pay dispersion (Bach and Givan 2011). Considering, moreover, that bargaining decentralisation has always been weaker in other parts of the public sector and the increased role of the pay review bodies, it is probably inappropriate to identify the present public sector wage-setting system in the UK as a case of uncoordinated decentralisation. In any case, within this framework, the recent economic crisis has favoured, as in other countries, forms of recentralisation and unilateralism.

France and Germany are traditionally credited with the most centralised wage-setting systems among all the EU-27 Member States (Bordogna and Winchester 2001). This is still the case in France, whereas recent developments in Germany require qualifications.

In France negotiations on wage increases, when they take place, are held between the representative trade unions and the Minister of Public Function, within limits set by the Minister of Finance. One bargaining unit covers all the employees of the three public functions (central government, including education; local government; and hospitals). When a decision is taken by the government to increase wages and salaries by a certain percentage, whether agreed with trade unions or not, this decision affects in a uniform way all six million public functionaries. It is hard to find in Europe an equally centralised system, either in the public or the private sector. The above-mentioned recent law on the renewal of social dialogue in the public sector may have effects on the representative trade unions which are admitted to negotiations and on the number of matters that can be negotiated (Eurofound 2011c), but not on the extreme centralisation of the system of pay determination. Forms of performance-related pay and individualisation of terms and conditions have been introduced in recent years, initially for functionaries of the higher grades, and then partially extended to the lower grades. On the whole, however, this does not seem so far to have significantly altered the traditionally uniform HRM practices that characterise French public bureaucracy.

The German wage-setting system used to be almost as centralised as the French system, despite the federal constitutional structure of the state. Centralisation was granted by a unitary bargaining coalition on the employers' side covering all three levels of government— federal level (*Bund*), federal states (*Länder*) and municipalities—, led by the Ministry of the Interior. Thus, in the German case also, only one collective agreement covering a major bargaining unit is used to set pay and working conditions for all public employees. The substantive components of the agreements were usually transferred to civil servants by formal decisions of the Federal Parliament. Thus, despite different forms of employment

and interest representation, changes to working conditions were basically the same for all public employees, civil servants included (Keller 2011: 2344). Recently, however, two factors have partially altered this highly centralised structure. First, in 2003 the Bargaining Association of German states (TdL) left the unitary bargaining coalition and started independent negotiations, concluding in 2006 an important separate agreement with state-specific arrangements. Second, a break up also occurred within the Bargaining Association at the state level with the exit of the state of Berlin and the state of Hesse, which started a form of single employer bargaining. So, in a short period of time, changes in horizontal and vertical integration altered the highly centralised bargaining structures that characterised the German system, with its uniform and standardised employment conditions (Keller 2011). It remains to be seen whether these developments are isolated events or signal more structural transformations. The economic crisis seems to reinforce this trend towards a greater differentiation. This is also pursued through a wider use of the regulatory powers of public employers to first unilaterally enforce changes in pay and working conditions of civil servants and then attempt to extend them via collective bargaining to other public employees. Greater decentralisation and differentiation *via* stronger unilateralism seem to be the effects of the crisis on German public sector employment relations.

Connected to, but analytically distinct from, decentralisation trends are processes of differentiation and even individualisation of pay and terms and conditions. This has occurred in most countries under programmes of modernisation of public administrations, inspired to a greater or lesser extent by the NPM doctrine. However, there is great variation across countries with regard to the extent to which these measures, in the form of performance-related pay (PRP) or similar mechanisms, have been implemented, especially among non-managerial staff (Bach and Bordogna 2011). They are more diffused among managers and senior civil servants, although the incidence of pay linked to performance should not be emphasised [4]. These trends towards the differentiation of terms and conditions have not been halted, in principle, by the recent economic crisis; rather, the scarcity of resources has often created obstacles to their practical implementation— recent developments linked to part of the 2009 reform in Italy is a case in point (Pedersini 2010b).

3.8. Industrial conflict and settlement of disputes

As noted above and introduced in Chapter 1 of this report, the right to strike is the most problematic issue for public sector employees throughout the EU (Clauwaert and Warneck 2008: 22-23). Restrictions often apply, although with notable variations across countries and different groups of public employees. In general, central government employees (defence, police, magistrates) and career civil servants are more frequently subject to limitations, if not simply forbidden to take industrial action. However, special regulations can also be found in various countries for other groups of employees, especially those providing essential public services such as health services, education, and transport. In the latter case, restrictions usually apply irrespective of the public or private nature of the provider and of the legal employment status of employees; moreover, they have different characteristics depending upon whether the right to strike is constitutionally protected (as in Italy, France, Spain and Greece) or not.

Apart from the armed forces, police and the judiciary, severe restrictions or explicit prohibition on taking strike action in the case of career civil servants exist in several countries such as Germany, Austria, Belgium, Bulgaria, Denmark, Estonia, Hungary, Latvia, and Poland. The case of German *Beamte* is probably the clearest example of this, while in Estonia and Austria the right to strike is either banned or has a very uncertain status for all public employees. Contractual employees can usually take industrial action related to contract renewal, although they are often subject to peace obligation clauses during the period of validity of collective agreements (as in Germany, Denmark and other Nordic countries, Bulgaria, the Czech Republic, and Ireland). Such clauses do not exist in countries such as Italy, France, Luxembourg, Slovakia, the UK, and, of course, in countries where formal collective agreements are excluded for all or groups of public employees.

In several countries special rules exist, for instance regarding advance notice before taking industrial action or the provision of minimum services to be guaranteed in case of a strike, as in Italy, Luxembourg, Slovenia, Lithuania, and Hungary. These rules may refer to 'essential public services' or to services of 'special public interest', irrespective of the public or private nature of the employer and the legal status of the employees. The Italian legislation, for instance, defines as essential public services, irrespective of the legal status of the provider, all those services which aim to satisfy the constitutionally protected rights of the person to life, safety, health, mobility, education, and information, to name but a few (law 146/1990, amended in 2000). A similar regulation was approved in France in 2007. In Hungary, the right to strike was curtailed in 2011 by requiring prior agreement between the parties on 'adequate services' (Hámori and Köllő 2012: 183).

Other special regulations or institutions relate to the procedures used to handle collective disputes in the public sector.

(4) According to a OECD study on performance-based arrangements for senior civil servants (including Germany, Italy, Netherlands, Ireland, Spain and Sweden among other OECD countries), this component is never higher than 8%, and in several cases significantly lower (OECD 2007: Table 5).

In some countries special conciliation, mediation and arbitration procedures for the civil service exist, as in Denmark, Finland, Ireland, the Netherlands, Norway, and Greece (Bordogna 2007). In Norway, where not only employees with ordinary contracts but also civil servants have the right to strike, mediation is always compulsory in the state sector and arbitration is compulsory for senior civil service (Stokke 2002). In the Netherlands, a special Advisory and Arbitration Board (Aac) dates from 1994. In Denmark two arbitration systems for all public servants exist, based on different laws: one is a disciplinary court for statutory civil servants (the Civil Servants' Disciplinary Court), while the other is an industrial relations court for staff covered by collective agreements. For contractual staff there is, moreover, the Independent Public Conciliator, to which social partners can take a matter concerning a conflict of interest if they are unable to reach an agreement (Andersen *at al.* 1999; Stokke 2002). In Ireland, a scheme of conciliation and arbitration for the civil service was introduced in 1950, with a third party dispute resolution institution (the Civil Service Arbitration Board) and joint councils for conciliation purposes. Such formal mechanisms of conflict resolution for collective disputes do not exist in Germany, where mediation agreements are concluded by the autonomous social partners or by decisions of the courts (Keller 1999).

In other countries, such as Malta, Romania, Slovakia and Slovenia, the institutions and mechanisms to handle collective disputes are the same in the public and private sector.

Within this web of rules, or despite it, over the last decades there has been a shift of the relative weight of labour disputes from the industrial/manufacturing sectors towards the (public) services sector (EU Commission 2011; EUROFOUND 2010; Bordogna and Cella 2002; Shalev 1992). In recent years, as a response to the economic crisis, this trend has intensified in several countries, especially where austerity packages have particularly hit public employees, although with some exceptions, such as many Eastern European countries (see also Chapter 4 of this report). Often, however, workers' protests have occurred in form of mass demonstrations, street violence and riots, rather than strikes in the strict sense (Bordogna 2010).

3.9. Conclusions: Identifying clusters

From the point of view of public sector industrial relations, the European Union is a 'mosaic of diversity'. Despite some trends towards convergence both between countries and between the public and private sector within each national case, to a greater degree than in the private sector employment and industrial relations are here deeply rooted in country-specific legal, normative and institutional traditions that contribute to this diversity and make comparison difficult.

However, in summarising the key features of public sector industrial relations, five main country clusters can be identified. Some have relatively strong common features, and are therefore clearly identifiable, while in others marked diversities exist within the group.

A first, clearly identifiable group is that of the Nordic countries: Denmark, Sweden, Finland and Norway. The main characteristics of this group are: the largest, or among the largest (Finland), size of public sector employment in the EU-27, with a high female presence and a strong welfare state; significant harmonisation processes between career civil servants and employees employed on ordinary contracts, although differences do persist in these countries; very high trade union density, though declining slightly in recent years, and wide collective negotiations practices within a rather decentralised, two-tier bargaining system with strong and effective coordination mechanisms; and few restrictions on the right to strike but special machinery for collective dispute resolution. Elements of the NPM doctrine have been adopted, including forms of performance-related pay, but incorporated within public administration systems that maintain some (neo-) weberian characteristics (Pollitt *et al.* 2007; Ibsen *et al.* 2011). Partial differences relate to the incidence of part-time workers (comparatively low in Finland), of temporary workers (very high in Finland and Sweden), and of young workers (ratio with elder workers below 1 in Finland and Sweden). From an industrial relations point of view, Ireland shares some features with this group of countries rather than with the UK, to which it is often associated. The rate of unionisation is quite high, there is special machinery for handling collective disputes in the civil service, and national 'tripartite concertation' has an important regulatory role for central government employees, as in Finland. This is despite difficulties in recent years and the fact that the single level bargaining system is in itself more centralised than in the Nordic countries. Ireland has a public sector employment share that is relatively high but lower than the Nordic countries, the UK and the Netherlands. The incidence of women, part-time workers and, especially, young employees is relatively high, while the presence of temporary employees is relatively low. The Netherlands also has some features in common with this group, although its union density rate is notably lower and its two-tier collective bargaining system is characterised by a weaker degree of coordination; other features of the Netherlands, however, are probably closer to those of the following group.

Germany, France, Austria, and in part Belgium, Luxembourg and the Netherlands, with a Rechtsstaat tradition of Napoleonic or Prussian origin, have in common a strong component of career civil servants, which make up a large proportion of central government employees, and in France almost all public employees. Career civil servants do

not have the right to bargain collectively (in France and in Belgium this right has a weak status), and in Germany, Austria and, with some uncertainty, Belgium, career civil servants are also excluded from the right to strike. This right is instead constitutionally protected in France without distinction between private and public sector employees, as in Italy, which creates somewhat common regulatory problems.

Germany, Belgium (at least in central government) and, to an even greater extent, Austria, have a medium-high trade union density. Density rates are relatively low in France, although notably higher than in the private sector. In Germany the union density rate of *Beamte* is probably higher than that of public sector employees under ordinary contracts, which have the same bargaining rights as private sector employees. In all countries wage determination is relatively centralised, particularly in France and Germany, although in Germany there have been some decentralising trends in recent years. The public sector employment share is high in Belgium, Luxembourg and the Netherlands, but comparatively low in Germany and Austria. The female employment share is rather high in all cases (just below 70%), although lower than in the Nordic countries. Part-time working is widespread in Germany, Austria, Belgium and of course the Netherlands, but less so in Luxembourg and France. The incidence of temporary workers is high in France and Germany, but notably lower in Austria, Belgium and Luxembourg. The ratio between young and older workers is higher than 2 in Luxembourg and significantly higher than 1 in the other countries, with the partial exception of Germany, but in most cases has been decreasing since 2008. In the comparative public administration literature, these countries have recently been included within the 'neo-weberian state' model (Pollitt *et al.* 2007).

A third cluster, although with significant internal differences, is that of the Southern European countries— Italy, Spain, Portugal, Greece, Malta and Cyprus. With regard to the employment structure, the public sector share is in this cluster comparatively medium-low, with the partial exception of Malta and, to a lesser extent, Greece. The female share in public employment is around 60% in Italy, Spain and Cyprus, higher in Portugal, and notably lower in Greece and Malta. The incidence of part-time working, where data exist (Italy and Spain), at 12–14% is much lower than in all the countries of the previous clusters, while the incidence of temporary workers, well above 20%, is in Spain and Portugal the highest of the EU-27 (along with Finland). It is medium-high in Cyprus, and lower in Italy and Greece. The ratio between young and older workers in Malta is the third highest in the EU-27, well above 1 in all the other countries, and the lowest by far in Italy, which has the oldest age structure in the EU. Trade union density is high in Greece (64%) and medium-high in Italy and Portugal (45–50%); data are not available for the remaining countries. As for employment relations, most of these countries (Italy, Greece, Spain, Portugal) used to share several features (with France as well), such as the special employment status of a large part of public employees and no or limited scope for collective bargaining rights, especially for civil servants. Since the early 1990s, however, Italy has moved towards the Nordic countries cluster, although with difficulties and specificities, adopting several NPM-inspired measures, at least the rhetoric of this [5]. Special employment status has been abolished for the large majority of public employees; jurisdiction has moved from administrative law and tribunals to private law and ordinary courts; collective bargaining, with a two-tier structure, has become the main method for determining terms and conditions of employment, including pay, and is widely practiced with some form of central coordination, however ineffective, between 1998 and 2007. Bargaining coverage, with regard to national collective agreements, is 100% due to the sole and compulsory employers' representation in ARAN. Forms of performance-related pay have been introduced since the late 1990s especially for managerial positions, although subject to weak assessment procedures, while they have less importance for non-managerial employees; the effects of the 2009 reform have still to be proven. The right to strike is constitutionally protected without distinctions between public and private employees, with limitations only for employees (both private and public) of the essential public services. In Greece, where union density is relatively high (64%, more than three times higher than in the private sector), the right to collective bargaining was introduced by legislation in 1999 for civil servants, although their public law status has not been abolished and pay issues are still excluded from negotiations; collective negotiations have greater influence for contract employees and in local government. In Portugal also, the special status of a relevant part of public employees has not been abolished, and although collective negotiations play a significant role in determining terms and conditions of employment, including of career civil servants, if they reach a stalemate the government maintains the power to act unilaterally. The union density rate is around 45%. The special employment status of a significant part of public employees, with the connected prerogatives, also survives in Spain, although, as in Portugal, almost one in four public employees has a temporary or fixed-term contract. Union density in the sector is around 30–31% (Muñoz de Bustillo and Antón 2012). In both countries NPM-inspired reforms have been introduced to a limited extent, at least until recently.

A final group with specific features consists of the former communist Central and Eastern European countries— Estonia, Lithuania, Latvia, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria and

[5] Kickert (2007) interprets Italy as a case of New Public Management failure.

Romania. All these countries, with the partial exception of Hungary, have a comparatively small public sector employment share with a relatively high presence of women, particularly in the Baltic countries (around or above 75 %), with few exceptions (mainly Romania). As far as available data show, there is a limited incidence of part-time and of temporary workers, with the partial exception, in the latter case, of Poland and Hungary. The share of young employees is very high in Romania, Slovenia and Poland, to a lesser extent in Hungary, the Czech Republic and Slovakia, but low in the Baltic countries and especially Bulgaria. No systematic, comparative data on unions are available, but trade unions are generally weak, with the exception of Romania and Slovenia. This is especially the case in central administration, where career civil servants with special employment status are still important and the practice of collective bargaining is limited or totally absent, either because of formal restrictions or because of the weakness of trade unions. Where collective negotiations exist, they often take place only at the individual employer level, in some cases also because of the absence of the relevant employers associations, as in the Czech Republic. Bargaining coverage is consequently very low. Social dialogue institutions exist in some countries, such as Hungary and Romania, but their role has been significantly restricted in recent years. Restrictions exist also with regard to the right to strike, especially in central administration. Overall, this group stands out for the weakness of industrial relations institutions and practices, with Slovenia as probably the main exception. For more details on industrial relations in the new Member States, see Chapter 2 of this report.

The UK can perhaps be considered a separate case, although some features of its employment structure are similar to those of other clusters. The share of public sector employment is comparatively rather high, with a high presence of women and part-time employees. The percentage of temporary workers, however, is the lowest in the EU-27, while the ratio between young and older workers, although not particularly high, is well above 1. Some peculiarities in employment relations stand out. For example, there is no special status for public employees in general and civil servants, no special limitations on the right of association and the right to strike, with the exceptions of a few groups, although since the 1980s strike action is subject to general, rather strict procedural rules. Trade union density is medium-high in comparative terms and almost four times higher than in the private sector. Collective negotiations are widely practiced, within a single level bargaining system, but a significant proportion of public employees are covered by pay review bodies. Negotiations are rather decentralised in the civil service, although measures to reduce fragmentation and pay dispersion have been put into place since the late 1990s. Forms of performance-related pay are in operation, linked to various waves of NPM-inspired reforms adopted since the 1980s, but attention is also paid to equal pay and low-pay issues. The traditional model employer approach has been abandoned under the Thatcher governments, but employment relations in the public sector are still different from those in the private sector.

Within this framework, the measures adopted by many EU governments in response to the global economic crisis that began in 2007 not only have affected the employment levels, salaries and pension benefits of public employees (see evidence in Chapter 4 of this report), but in some instances have also strained the traditional regulatory system prevailing in the country. Sometimes these strains have halted or reversed consolidated patterns; in other cases they appear to have accelerated and deepened changes already underway. Four main problematic features can be mentioned here (for an extensive analysis of the impact of the crisis on public sector industrial relations, see Chapter 4 of this report).

First, there has been a general revival of unilateralism, with few exceptions. In many cases measures affecting public employees and public service employment relations have been decided on relatively urgently without negotiations with trade unions and sometimes even outside consultative procedures. Where powers of unilateral determination formally existed, they have of course been utilized (France and Germany for *Beamte* are cases in point, but also various central and eastern European countries like the Baltic countries, the Czech Republic, Hungary, Romania— see Vaughan-Whitehead 2012); where collective bargaining or forms of social dialogue were allowed and practiced, these have been suspended or were less effective (Italy is a clear example, Ireland is another one, at least in the first phase of the crisis, but also the UK, Spain, Portugal, and Greece could be mentioned). It should also be noted, however, that where the social dialogue is not well-embedded in the public sector it is much more difficult to find consensus, particularly in a difficult economic context. For a more detailed examination of the tension between the role of government and the development of social dialogue, see Chapter 4.

Second, we have seen a process of recentralisation of wage-setting systems in many countries, as a consequence of centrally defined horizontal measures applied in a generalised and undifferentiated way to all services and all employees (Italy, France, UK, Ireland, Greece, Portugal, some central and eastern European countries), although in some cases the break-up of centralised systems has opened the way to processes of decentralisation and differentiation of procedures and terms and conditions, as in Germany.

A third point regards the traditional issue of the distinctiveness of public

service employment relations compared with the private sector. The removal of this feature was a crucial target of the NPM approach, within a wider programme towards a leaner and less distinctive public sector. In this respect, recent measures adopted in response to the economic crisis seem to have had ambivalent effects. On the one hand, probably the main distinctive feature of public sector employment relations, namely the power of public employers to unilaterally determine the terms and conditions of civil servants, has been reaffirmed and possibly further strengthened, also influencing dynamics and outcomes related to public employees under private contract (like in Germany). On the other hand, these peculiar prerogatives have in some cases been used to accelerate the introduction into the public sector of private-sector-style HRM practices and managerial techniques (like in Italy).

The final feature concerns public sector trade unions. While they remain the stronghold of national trade union movements almost everywhere, their role has generally been weakened by the crisis, at least in terms of capacity to influence governments' and public employers' policies.

Acknowledgements

Berndt Keller, University of Konstanz, Paul Marginson, University of Warwick, and Jelle Visser, University of Amsterdam, are gratefully acknowledged for their comments on an earlier draft of this chapter. We thank also Daniel Vaughan-Whitehead, ILO, and other comments from European Commission staff.

References

Adaptation and Alternatives, New York: Palgrave MacMillan.

Andersen S.K., Due J., Masden J.S. (1999), 'Negotiating the restructuring of public service employment relations', in Bach *et al.* (eds), pp. 198–235.

Bach S., Bordogna L., (2011), 'Varieties of new public management or alternative models? The reform of public service employment relations in industrialized democracies', *The International Journal of Human Resource Management*, 11, June: 2281–2394.

Bach S., Bordogna L., Della Rocca G., and Winchester D. (eds) (1999), *Public Service Employment Relations in Europe. Transformation, Modernization or Inertia?,* London: Routledge.

Bach S., Kolins Givan R. (2011), 'Varieties of new public management? The reform of public service employment relations in the UK and USA', *The International Journal of Human Resource Management*, 11, June: 2349–2366.

Beaumont P. (1992), *Public Sector Industrial Relations,* London: Routledge.

Bordogna L, Cella G.P. (2002), 'Decline or transformation? Change in industrial conflict and its challenges', *Transfer*, Vol. 8, No 4 (Winter): 585–607.

Bordogna L. (2003), 'The Reform of Public Sector Employment Relations in Industrialised Democracies', in J. Brock and D. Lipsky (eds) *The Role of Labor–Management Relations in Delivering Quality Government Services*, pp. 23–67. Urbana-Champaign: University of Illinois-Cornell ILR Press, IRRA Series.

Bordogna L. (2007), 'Industrial Relations in the Public Sector', Dublin, EIROnline.

Bordogna L. (2008), 'Moral Hazard, Transaction Costs and the Reform of Public Service Employment Relations', *European Journal of Industrial Relations*, 14: 381–400.

Bordogna L. (2010), 'Strikes in Europe: Still a Decade of Decline or the Eve of a New Upsurge?', *Indian Journal of Industrial Relations*, Vol. 45, No 4 (April), pp. 658–670.

Bordogna L. and Winchester D. (2001), 'Collective Bargaining in Western Europe', in Dell'Aringa *et al.* (eds): 48–70.

Bordogna L., Neri S. (2011), 'Convergence towards an NPM programme or different models? Public service employment relations in Italy and France', *The International Journal of Human Resource Management*, 11, June: 2331–2330.

Casale G. (2008), *Public service labour relations: A comparative overview*, Geneva: ILO, Social Dialogue, Labour Law and Labour Administration Branch, Working Paper no. 17.

Clegg, H. (1976) *Trade Unionism under Collective Bargaining*. Oxford: Blackwell

Dell'Aringa C., Della Rocca G., Keller B. (eds) (2001), *Strategic Choices in Reforming Public Service Employment*, New York: Palgrave.

Della Rocca G. (2012), *Employment relations in the Public Services: between hierarchy and contract*, paper.

Demmke C. and Moilanen T. (2010), *Civil services in the EU of 27: reform outcomes and the future of the civil service,* Frankfurt: Peter Lang.

Doherty. M. and Erne. R. 2010. 'Mind the gap: national and local partnership in the Irish public sector'. *Industrial Relations Journal*. Vol 41. No 5.

EIROnline (2011), 'Spain: Representativeness study of the European social partners organisations – Public administration sector', 20 June, (by Maria Caprile and Pablo Sanz de Miguel).

Eurofound (2008), 'Industrial relations in the public sector — Austria', Dublin, EIROnline.

Eurofound (2009), 'Representativeness of the European social partner organisations: Hospitals', Dublin, EIROnline.

Eurofound (2010a) 'Developments in industrial action 2005–2009', Dublin (http://www.eurofound.europa.eu/docs/eiro/tn1004049s/tn1004049s.pdf).

Eurofound (2010b), 'Act on renewal of social dialogue in the public sector', Dublin, EIROnline.

Eurofound (2011a), 'Representativeness of the European social partner organisations: Public administration', Dublin, EIROnline.

Eurofound (2011b), 'Representativeness of the European social partner organisations: Education', Dublin, EIROnline.

Eurofound (2011c), 'New public sector union elections claim first victims', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2011/10/articles/fr1110021i.htm).

EPSU (2008), *Trade unions, collective bargaining and social dialogue in local and regional government in the EU Member States, EEA and Candidate Countries*, Brussels: November.

EPSU-Labour Research Department (2010), *The wrong target – how government are making public sector workers pay for the crisis*, Brussels: European Public Service Unions.

ETUI-REHS (2008), *Better defending and promoting trade union rights in the public sector. Part I: Summary of available tools and action points*, Brussels: ETUI, edited by S. Clauwaert and W. Warneck.

ETUI-REHS (2009), *Better defending and promoting trade union rights in the public sector. Part II: Country reports*, Brussels: ETUI, edited by W. Warneck and S. Clauwaert.

European Commission (2011) *Industrial Relations in Europe 2010*, Luxembourg: Publication Office of the European Union, available at http://ec.europa.eu/social/BlobServlet?docId=6607&langId=en.

European Trade Union Confederation (2009), *Bashing public sector wages and public sector jobs,* Brussels: European Trade Union Confederation.

Ferner A. (1985), 'Political Constraints and Management Strategies: The Case of Working Practices in British Rail', *British Journal of Industrial Relations* 23(1): 47–70.

Gernigon B. (2007), 'Labour relations in the public and para-public sector', Geneva: ILO, International Labour Standards Department, Working paper No 2.

Giordano R., Depalo D., Pereira M., Eugène B., Papapetrou E., Perez J., Reiss L., and Roter M. (2011), 'The public sector pay gap in a selection of Euro area countries'. Frankfurt: European Central Bank, Working Paper Series No 1406, December.

Glassner V. (2010), *The public sector in the crisis*, Brussels: ETUI, Working Paper 2010.07.

Goldfinch S., Wallis J. (2010), 'Two Myth of Convergence in Public Management Reform', *Public Administration*, 88, 3.

Hámori S. and Köllő J. (2012), 'Hungary: Public sector labour market from crisis to crisis', in Vaughan-Whithead (ed), pp. 165–185.

Hayter. S. and Stoevska. V. (2010), *Social Dialogue indicators. Trade union density and collective bargaining coverage. International Statistical Inquiry 2008–09*. (Geneva. ILO).

Hermann. C. and Atzmüller. R. 2008. 'Liberalisation and privatization of public services and the impact on employment, working conditions and labour relations', in Keune M., Leschke J. and Watt A. (eds), *Privatisation and liberalisation of public services in Europe— An analysis of economic and labour impacts*.

Holm-Hadull F., Kamath K., Lamo A., Pérez J., and Schknecht L. (2010), 'Public Wages in the Euro Area. Towards Securing Stability and Competitiveness'. Frankfurt: European Central Bank, *Occasional Paper Series* No 112, June.

Hood C. (1991), 'A Public Management for All Seasons?', *Public Administration* 69: 3–19.

Hood C. (1995), 'The 'New Public Management in the 1980s: Variations on a Theme', *Accounting, Organizations and Society* 20(2/3): 93–109. http://www.eurofound.europa.eu/eiro/studies/tn0912027s/es0912029q.htm.

Ibsen Ch.L., Larsen T.P., Steen Madsen J., and Due J. (2011), 'Challenging Scandinavian employment relations: the effects of new public management reforms', *The International Journal of Human Resource Management*, 11, June: 2295–2310.

IFO (2004), ifo Standpunkt Nr. 56: Sieben Wahrheiten über Beamte. 4 October 2004.

Ioannou Ch. (1999), *Trade Unions in Greece. Development, Structures and Prospects*, Athens: Friederich Ebert Foundation.

Ioannou Ch. (2012), 'Greek Public Service Employment Relations in the Era of Sovereign Default: A Gordian Knot?', paper presented at the Ilera 2012 World Congress, Philadelphia, 2-5 July, Special Symposium on 'Public Service Employment Relations in an Era of Austerity: Cutback Management or Structural Reform?'.

Keller B. (2011), 'After the end of stability: recent trends in the public sector of Germany', *The International Journal of Human Resource Management*, 11, June: 2331–2348.

Keller, B. (1999) 'Germany. Negotiated Change, Modernization and the challenge of unification', in Bach *et al.* (eds), pp. 56–93.

Kickert W. (2007), 'Public Management Reform in Countries with a Napoleonic State Model: France, Italy and Spain'. in Pollitt Ch., van Thiel S., and Homburg V. (eds), *New Public Management in Europe. Adaptation and Alternatives,* London: Palgrave, 26–51.

Kickert W. (ed) (2008), *The Study of Public Management in Europe and the United States. A Comparative Analysis of National Distinctiveness*. London: Routledge.

Masso J., Espenberg K. (2012), 'Early application of fiscal austerity measures in the Baltic States', in Vaughan-Whitehead (ed), pp. 45–70.

Muñoz de Bustillo R., Antón J.I. (2012), 'Those were the days, my friend: The public sector reform and the economic crisis in Spain', in Vaughan-Whithead (ed), pp. 283– 300.

OECD (1995), *Governance in Transition: Public Management Reforms in OECD Countries,* Paris: OECD.

OECD (1997), *Measuring Public Employment in OECD Countries: Sources, Methods and Results*, Paris: OECD.

OECD (2006). *Glossary of Statistical Terms — Public Sector*, available at www.stats.oecd.org/glossary/detail.asp?ID=2199, data retrieved on 25 May 2012.Working

OECD (2007) 'Performance-based Arrangements for Senior Civil Servants. OECD and Other country Experiences', OECD Working Papers on Public Governance, 5, Paris (authors: Manning N. and Turkish E.).

OECD (2011), *Government at a Glance 2011*, Paris: OECD.

Pedersini R. (2009), 'La riforma dei servizi pubblici: oltre le istituzioni', *Stato e Mercato*, n. 85 (1): 95–128.

Pedersini P. (2010a), 'Trade union strategies to recruit new groups of workers', Dublin, EIROnline.

Pedersini R. (2010b), 'Novità e discontinuità nella contrattazione italiana', *Quaderni rassegna sindacale — Lavori*, n. 4: 167–182.

Pedersini R., Coletto D. (2009), 'La flessibilità numerica nei settori privato e pubblico fra strategia e contingenza', *Giornale di Diritto del Lavoro e di Relazioni Industriali*, n. 124 (4): 673–706.

Peters B.G. (2010), *The Politics of Bureaucracy: an Introduction to Comparative Public Administration,* 7th edition. London: Routledge.

Pollitt Ch. (2011), *30 Years of Public Management Reforms: Has There Been a Pattern? A Background Paper for the World Bank Consultation Exercise*, Washington: World Bank.

Pollitt Ch., Bouckaert G. (2011, 3rd ed.), *Public Management Reform: a Comparative Analysis. NPM, Governance and the Neo-Weberian State*, Oxford: OUP.

Pollitt, C., van Thiel, S., and Homburg, V. (eds.) (2007), *New Public Management in Europe.*

Rexed, K., Moll Ch., Manning N., Allain J. (2007), 'Governance of Decentralised Pay Setting in Selected OECD Countries', *OECD Working Papers on Public Governance*, 2007/3, Paris: OECD Publishing.

Shalev M. (1992), 'The Resurgence of Labour Quiescence', in Regini M. (ed.), *The Future of Labour Movements*, Sage, London: 102–32.

Social Dialogue Committee for Central Government Administrations (2011), *Work Programme 2011–2013. Adopted on 24 June 2011*, available on the EPSU website (http://www.epsu.org/IMG/pdf/SDC_CGA_work_programme_2011-2013_EN.pdf).

Steijn B., Leisink, P. (2007), 'Public management reforms and public sector employment relations in the Netherlands', *International Journal of Public Sector Management*, Vol. 20 (1): 34–47.

Stokke T. (2002), 'Conflict regulation in the Nordic countries', in *Transfer*, Vol. 8, No 4 (Winter), pp. 670–687.

Traxler F (1995), 'Farewell to labor market association?', Crouch C., Traxler F. (eds), Organized Industrial Relations in Europe: What Future?, Aldershot: Avebury, 3–19.

Treu T. (1987), *Public Sector Labor Relations*, Geneva: ILO.

Vasile V. (2012), 'Romania: A country under permanent public sector reform', in Vaughan-Whithead (ed), pp. 249–282.

Vaughan-Whitehead D. (ed) (2012), *Public Sector Adjustments in Europe: Scope, Effects and Policy Issues*, Geneva: ILO

Visser, J. (2006), Union membership statistics in 24 countries, in Monthly Labor Review, January: 38–49.

Winchester D., Bach S. (1999), 'The transformation of public service employment relations', in Bach *et al*. (eds): 22–55.

Ziller J. (2003), 'The continental system of administrative legality', in Peters B.G., Pierre J. (eds), *Handbook of Public Administration*. London: Sage, 260–8.

Ziller. J. (2010), 'Free Movement of European Union citizens and employment in the public sector, current issues and state of play'. Part 1 *General Report,* Brussels: European Commission.

Ziller. J. (2010), 'Free Movement of European Union citizens and employment in the public sector, current issues and state of play', Part 2 *Countries Report,* Brussels: European Commission.

APPENDIX

Appendix 3.1 Number employed in public sectors as % of total employed in all activities

	Public sectors		Public administration		Education		Health	
	2008	2011	2008	2011	2008	2011	2008	2011
EU-27	23.6	24.8	7.1	7.1	7.0	7.3	9.5	10.4
EU-15	24.9	26.3	7.3	7.2	7.0	7.5	10.6	11.6
Belgium	31.0	31.7	9.7	8.9	8.5	9.2	12.8	13.6
Bulgaria	17.8	19.2	7.0	7.6	6.1	6.4	4.7	5.2
Czech Republic	18.4	19.3	6.3	6.5	5.7	6.1	6.4	6.7
Denmark	30.8	33.4	6.0	5.6	7.2	9.0	17.6	18.8
Germany	24.6	25.4	7.2	7.0	6.1	6.2	11.3	12.2
Estonia	19.6	21.8	5.8	6.6	9.1	9.4	4.7	5.8
Ireland	22.3	26.6	5.0	5.7	6.8	7.9	10.5	13.0
Greece	20.4	22.2	8.3	8.8	7.0	7.5	5.1	5.9
Spain	18.2	22.2	6.3	7.8	5.7	6.5	6.2	7.9
France	29.6	29.6	10.3	9.7	6.9	6.7	12.4	13.2
Italy	20.1	20.4	6.2	6.3	6.9	6.7	7.0	7.4
Cyprus	19.2	18.8	8.0	7.1	7.1	7.8	4.1	3.9
Latvia	20.6	21.8	7.7	6.4	8.2	10.4	4.7	5.0
Lithuania	21.7	23.5	5.5	6.1	10.0	10.7	6.2	6.7
Luxembourg	30.2	29.9	11.8	11.8	8.4	8.1	10.0	10.0
Hungary	21.6	22.9	7.1	7.8	8.0	8.3	6.5	6.8
Malta	24.8	26.5	8.8	8.8	8.4	9.3	7.6	8.4
Netherlands	29.3	29.6	6.6	6.5	6.9	6.7	15.8	16.4
Austria	21.3	22.1	6.8	6.6	5.7	6.2	8.8	9.3
Poland	19.1	19.9	6.2	6.6	7.5	7.6	5.4	5.7
Portugal	19.0	21.6	6.6	6.4	6.6	7.6	5.8	7.6
Romania	13.4	13.8	5.0	5.1	4.3	4.3	4.1	4.4
Slovenia	18.8	20.6	5.7	6.3	7.5	8.4	5.6	5.9
Slovakia	19.8	22.0	6.9	8.2	6.7	7.0	6.2	6.8
Finland	26.2	27.9	4.6	4.7	6.5	7.2	15.1	16.0
Sweden	31.8	32.3	5.7	6.0	10.6	10.8	15.5	15.5
United Kingdom	28.5	30.1	7.1	6.3	9.1	10.4	12.3	13.4
Norway	32.7	35.6	5.6	5.7	8.7	8.3	18.4	21.6

Source: Eurostat.
NB: NACE rev.2 classification.

excel file
gif

Appendix 3.2 Employment change in all activities and public sector, 2008–2011

% change

	All activities	Total public sector	Public administration	Education	Health
EU-27	-1.9	2.4	-1.1	1.1	5.9
EU-15	-1.8	2.5	-1.5	1.2	6.0
Belgium	1.9	5.7	0.7	5.5	10.3
Bulgaria	-10.3	-5.7	-4.8	-8.8	-3.1
Czech Republic	-2.5	-3.1	-6.8	-3.1	0.8
Denmark	-4.9	2.5	0.0	13.8	-1.4
Germany	2.0	3.8	-3.7	4.5	8.5
Estonia	-8.3	2.7	4.7	-4.8	14.6
Ireland	-13.8	2.2	-2.0	-0.5	5.9
Greece	-8.6	-2.9	-3.5	-4.3	0.3
Spain	-10.3	3.3	4.7	2.1	2.9
France	-0.9	0.6	-0.6	-2.5	3.1
Italy	-2.0	-1.6	-2.0	-6.6	3.5
Cyprus	-0.1	6.3	3.0	11.6	6.6
Latvia	-24.0	-11.1	-17.4	-7.2	-9.5
Lithuania	-9.8	-3.0	-2.4	-3.8	-2.2
Luxembourg	5.8	13.0	6.7	11.5	18.1
Hungary	-1.4	2.4	-4.1	4.1	8.8
Malta	4.2	2.2	-0.8	0.7	7.3
Netherlands	-0.4	7.1	3.1	1.6	10.9
Austria	1.8	3.5	0.4	3.4	5.6
Poland	1.9	6.3	8.1	3.8	7.7
Portugal	-5.6	3.7	-1.2	1.4	10.4
Romania	-3.3	1.2	0.1	-1.8	5.6
Slovenia	-5.5	5.5	1.0	8.3	6.7
Slovakia	-1.7	-0.1	-2.5	1.8	0.2
Finland	-1.6	1.3	-1.9	3.4	2.0
Sweden	0.8	0.6	-2.0	1.8	0.7
United Kingdom	-0.8	3.9	-5.4	3.7	8.5
Norway	-0.5	4.7	3.4	4.8	5.2

Source: Eurostat, National Accounts and Labour Force Survey.
NB: All figures come from the National Accounts except as noted here. For Bulgaria and Romania, data for public sector activities come from LFS; for Portugal, the change 2010–2011 is estimated from LFS data; for the UK, data for Public administration and Education relate to the number of jobs rather than number of persons employed; data for Health come from the LFS. The EU totals are based on the sum of employment in Member States in the different sectors. 'Total public sector' is the sum of employment in the three sectors shown.

excel file
gif

CHAPTER 4: The consequences of the crisis for public sector industrial relations

Public sector employees in virtually all countries have been affected by the crisis as governments seek to reduce the size and scope of the public sector. Adjustments have included pay freezes, pay cuts and reductions in staffing levels, although countries generally seem to fall into two clusters— those that have been severely affected and have put into place austerity measures, and those that have been affected to a lesser extent. The future appears to point towards more centralisation and unilateralism in public sector industrial relations.

Based on a draft by Stephen Bach, King's College London, and Roberto Pedersini, University of Milan.

4.1. Introduction

It has become commonplace to argue that public sector industrial relations have undergone major changes over the past two decades, precipitated by a process of liberalisation and marketisation and pressure to enhance service quality in response to increased citizen expectations (Bordogna 2008; Schulten *et al.* 2008). These changes have been associated with new public management (NPM) reforms and attempts to deprivilege public sector industrial relations, but despite these measures labour relations regimes and outcomes continue to vary widely between countries (Bach and Bordogna 2011; Pollitt and Bouckaert 2011). In the past two decades some Member States have decreased public sector employment, such as in Germany and Sweden but others, including Greece and Spain, have continued to increase public employment and welfare provision. General government national accounts data, by contrast, shows that employee compensation is increasing in absolute terms in Germany and Sweden, but decreasing in Spain and Greece.

Has the crisis reinforced diversity in models of public sector industrial relations as identified in Chapter 3, or has a new orthodoxy prevailed, based on 'internal devaluation' through cuts in public expenditure, wages and employment? Since the onset of the economic and financial crisis, the institutional framework and character of public sector industrial relations has been put under strain. A stronger scrutiny of the effectiveness and efficiency of public expenditure has emerged; the role of key stakeholders such as public sector trade unions has been challenged: and formally autonomous employers, with devolved authority, have been subject to tight financial and managerial control from the centre of government.

The catalyst for these changes has been the deepening economic and financial crisis after 2008, which required governments to redirect their attention from a focus on initiatives to maintain aggregate demand to concentrating on deficit reduction as Member States' budget deficits increased. The causes of the crisis are not rehearsed here (see Krugman 2008; Lounsbury and Hirsch 2010; Stiglitz 2010), but what is indisputable is that governments have targeted the public sector as a key sector for adjustment. As this chapter identifies, governments have drawn extensively on wage freezes and wage cuts, reductions in employment and changes to pension arrangements to deal with budget deficits. The immediate consequences of these measures are clearly identifiable and in the majority of countries longstanding terms and conditions of public sector employment are being undermined and the size of the public sector workforce is being reduced. These changes have frequently been formulated and implemented with limited involvement of the social partners; a sharp reversal of the trend towards extensive negotiation and consultation that has become the prevailing pattern in the public sector over recent decades (Bordogna 2008; Demmke and Moilanen 2010).

The short term consequences of these programmes are visible not least in the protests and strikes that have been a widespread response. The longer term implications for service quality, social cohesion and attractiveness of the public sector as an employer are harder to discern. Many of the measures described in this chapter only started to take effect from around 2010 and in many countries will continue in some form until the latter part of this decade. If the consequences of austerity reach far into the future, it is also necessary to look backwards to take account of the historical legacy of public sector reform to understand the strength of the pressures being confronted by different Member States and the type of austerity measures being implemented (Vaughan–Whitehead 2012). Consequently, examining the severity of external pressure to address current deficits and taking account of existing public sector reforms, we distinguish between two broad clusters of countries in terms of how they have responded to the crisis in reshaping public sector industrial relations.

The first group of countries are implementing the largest programmes of adjustment and are seeking to frontload changes in pay and conditions to maximise expenditure reductions. These are countries that are under the most direct pressure to reduce public expenditure rapidly, and because there is a limited tradition of structural reform, there is an emphasis on immediate results via cutback management (Dunsire *et al.* 1989). This refers predominantly to quantitative reductions in the paybill by cuts in wages and employment, reinforced over the longer term by restructuring of the public sector. A common feature of these countries is that they confront strong external pressure towards fiscal consolidation. This can be direct pressure because they come under economic adjustment programmes backed by the EU and the IMF, or indirect, because of unfavourable market sentiment and the spectre of external intervention linked to concerns about their public debt sustainability.

These countries are at the centre of the sovereign debt crisis and this pattern is most strongly exemplified by developments in Greece, Ireland, Portugal and Spain. In a differing political and economic context, austerity programmes in the Baltic States, especially Latvia, but also Hungary and Romania, also exemplify this pattern of adjustment.

A second cluster of countries have not been immune from austerity measures, but the timing and form of these programmes has been more directly under the control of their own national governments and has frequently involved the adaptation or continuation of structural reforms that have sought to boost the efficiency and effectiveness of public services. Due to the severity of the economic and financial crisis, austerity measures still have a marked impact on the public sector workforce, but there is often less discontinuity with previous organisational and managerial reforms. These countries have still used cutback management measures, but they are often in more dilute forms— pay freezes rather than pay cuts, restrictions on hiring rather than immediate reductions in staffing and more focus on human resource management reforms such as the strengthening of systems of performance management. An important difference from the first group of countries is not the size of the public sector but its capacity to modernise. This cluster includes Germany and Scandinavian countries such as Denmark and Sweden and in addition France, the Netherlands and with some caveats the United Kingdom. Italy is a less clear-cut case because it has had a lengthy engagement with NPM reforms, but its high levels of debt makes it more exposed to financial markets and more susceptible to austerity measures than the other countries in this cluster.

This chapter develops this analysis building on the definition, structure and dynamics of the public sector outlined in Chapter 3, concentrating on developments since the onset of the crisis in 2008 but noting prior reforms as relevant. The definition of the public sector used in this chapter focuses on core public services as covered by the NACE classification system, i.e. category O (Public administration and defence; compulsory social security), category P (Education) and category Q (see Box 1.1 in Chapter 1). This chapter outlines trends in public expenditure and recent public sector reforms before considering austerity measures. These include pay freezes, pay cuts and reductions in employment. The process of change, in terms of the extent of social dialogue, and the responses of the social partners, especially in terms of the extent of mobilisation, are also analysed.

Box 4.1 Information sources

The data in this chapter, unless otherwise indicated, is drawn from: Eurostat, Eurofound's European Industrial Relations Observatory; EPSU Reports; ETUI collective bargaining newsletter; Financial Times; Labour Research; OECD country studies; and the private subscription service Planet Labor.

4.2. Public expenditure trends and public sector reform

The economic crisis emerged in earnest during 2008 with governments extending financial support to ensure the solvency of the banking sector. The shock to the financial system, however, caused a sharp slowdown in economic activity and many governments responded by adopting large stimulus packages to boost aggregate demand, output and employment.

As Table 4.1 indicates, general government expenditure, which includes central, state and local governments and social security funds, amounted to 49.1% of EU-27 GDP in 2011, around EUR 6 200 billion (European Commission 2012d). There has been considerable variation over the last decade. Between 2002–2007 government spending relative to GDP was on a downward trajectory, but there were exceptions, with a rise of more than 2 percentage points of GDP in Greece, the UK, Romania and Ireland and a rise of over 1 percentage point in Portugal and Cyprus. By contrast, countries such as Germany, Sweden and the Czech Republic reduced government expenditure as a proportion of GDP by more than 4 percentage points in this period and as discussed below, the first group of countries have confronted the strongest pressure to reduce public expenditure.

Following the onset of the crisis, the picture altered markedly as countries sought to sustain economic growth and prevent a sharp rise in unemployment, alongside the need to inject resources into the ailing financial sector. In addition to short-term pressure to deal with deficits, over the medium term demographic change, especially the ageing population, is placing pressure on governments to address debt problems as the workforce supports a higher proportion of retired workers (European Commission 2012a). From 2008 onward there was an increase in government expenditure as a proportion of GDP and this trend became much more pronounced during 2009. This trend was mainly accounted for by the decline in the denominator— GDP— after 2008. Subsequently, since 2010 government expenditure as a percentage of GDP started to decrease but with some notable variations around the mean.

Table 4.1 Total general government expenditure, 2002–2011

	% GDP 2011	Percentage point of GDP change				
		2002–2007	2007–2008	2008–2009	2009–2010	2010–2011
EU-27	49.1	-1.0	1.5	4.0	-0.5	-1.5
EU-15	49.7	-0.9	1.6	4.1	-0.4	-1.5
BE	53.3	-1.6	1.6	3.9	-1.2	0.8
BG	35.6	-0.4	-0.8	3.0	-4.0	-1.8
CZ	43.0	-4.6	0.1	3.6	-1.0	-0.7
DK	57.9	-3.8	0.7	6.5	-0.1	0.0
DE	45.3	-4.4	0.6	4.1	-0.5	-2.4
EE	38.3	-1.8	5.7	5.8	-4.8	-2.4
IE	48.1	3.3	6.3	5.6	17.4	-18.0
EL	51.8	2.4	3.1	3.4	-2.5	0.3
ES	45.2	0.3	2.3	4.8	0.0	-1.1
FR	56.0	-0.3	0.7	3.5	-0.2	-0.6
IT	49.9	0.5	1.0	3.3	-1.5	-0.5
CY	46.1	1.3	0.8	4.1	0.0	-0.1
LV	38.4	0.0	3.1	4.6	-0.3	-5.0
LT	37.4	0.0	2.6	6.5	-2.9	-3.4
LU	42.0	-5.2	2.8	5.5	-1.8	-0.8
HU	49.6	-0.8	-1.5	2.2	-1.6	-0.2
MT	42.3	0.1	1.2	0.3	-0.8	-0.2
NL	49.8	-0.9	0.9	5.2	-0.2	-1.4
AT	50.5	-2.1	0.7	3.3	0.0	-2.1
PL	43.6	-2.1	1.0	1.4	0.8	-1.8
PT	49.4	1.3	0.4	5.0	1.5	-1.9
RO	37.9	3.2	1.1	1.8	-1.0	-2.2
SI	50.7	-3.8	1.9	4.8	1.2	0.4
SK	38.2	-10.9	0.7	6.6	-1.5	-1.8
FI	55.1	-1.6	1.8	6.9	-0.3	-0.7
SE	51.2	-4.6	0.7	3.2	-2.6	-1.1
UK	48.5	2.3	4.0	3.6	-0.9	-1.9

Source: Eurostat (2012), Government revenue, expenditure and main aggregates, http://epp.eurostat.ec.europa.eu/.

excel file
gif

The main items of general government expenditure comprise the compensation of government employees, intermediate expenditure (e.g. rents), capital formation, social benefits and debt payments. In 2011, 22 % of total expenditure in the EU-27 consisted of employee compensation (European Commission 2012b). Table 4.2 indicates an upward trend in total general government expenditure between 2002 and 2007. This increase continued after 2007 but at a lower rate. Moreover, after an initial increase after the start of the 2008 crisis, the shift in sentiment towards fiscal tightening and the onset of austerity measures was abundantly clear by 2011.

Table 4.2 Total general government expenditure at current prices (EUR)

Annual % change

	2002–2007	2007–2011	2007–2008	2008–2009	2009–2010	2010–2011
EU-27	4.1	2.4	3.9	2.1	3.6	-0.1
EU-15	3.8	2.2	3.1	2.8	3.3	-0.2
BE	3.9	5.0	6.5	6.1	2.2	5.4
BG	12.4	3.3	12.8	6.4	-6.8	1.7
CZ	7.3	5.6	17.3	0.1	3.4	2.3
DK	2.8	4.6	4.8	7.2	5.0	1.6
DE	0.7	2.7	3.2	5.0	4.0	-1.4
EE	14.4	2.8	17.9	-2.8	-6.9	4.8
IE	9.7	2.4	10.7	1.9	31.8	-26.0
EL	8.5	0.5	11.3	5.7	-8.3	-5.5
ES	7.8	3.8	9.2	7.5	0.1	-1.1
FR	4.0	3.0	3.8	3.9	2.3	2.1
IT	3.8	1.6	3.4	3.0	-0.8	0.8
CY	8.2	6.0	10.0	7.8	3.1	3.2
LV	16.4	0.7	18.4	-9.5	-3.3	-0.9
LT	13.7	3.7	21.3	-3.5	-3.3	2.2
LU	6.4	7.1	7.6	10.0	6.3	4.6
HU	6.8	-0.4	3.1	-9.5	2.3	2.9
MT	3.7	4.3	10.3	-1.3	4.6	3.8
NL	3.8	3.8	6.2	7.3	2.2	-0.4
AT	3.6	3.4	4.7	4.2	3.6	0.9
PL	7.2	5.3	19.7	-11.7	16.2	0.0
PT	4.4	2.9	2.6	8.8	5.6	-4.7
RO	22.9	2.0	15.1	-11.5	2.7	3.6
SI	5.3	5.7	12.5	5.7	2.5	2.5
SK	9.9	8.9	19.9	16.0	1.0	0.2
FI	3.9	5.2	7.2	5.8	3.1	4.6
SE	3.0	3.6	0.1	-6.8	14.0	8.4
UK	5.1	-1.5	-4.4	-6.4	6.7	-1.5

Source: Eurostat (2012), http://epp.eurostat.ec.europa.eu/.

excel file
gif

4.2.1. Fiscal consolidation

The data on government debt and deficits across the EU presented below has led to concerns about the sustainability of some countries' sovereign debt burden.

Table 4.3 provides an overview of the economic and public finance situation across the EU in 2011 and trends since 2007, which is the last year of growth before the current crisis and a particularly challenging benchmark for performance thereafter. Economic trends present quite a varied picture as many countries succeeded in coping with the economic downturn and achieved some growth. Countries at the centre of the sovereign debt crisis and the Baltic economies have recorded the most significant falls in GDP.

In terms of government deficit to GDP ratios, the position deteriorated in most countries from 2008 to 2009. Even in 2008, there were only seven countries with a surplus, namely Bulgaria (1.7% of GDP), Denmark (3.2%), Cyprus (0.9%), Luxembourg (3.3%), the Netherlands (0.5%), Finland (4.3%) and Sweden (2.2%) and the situation deteriorated thereafter. As Table 4.3 indicates, in 2011 Estonia, Hungary and Sweden were the only EU 27 countries with a surplus (1.2%, 4.3% and 0.2% of GDP respectively). The highest deficit (as% of GDP) and most negative trajectory occurred in Ireland (2008: -7.4%; 2009: -13.9%; 2010: -30.9%; 2011: -13.3%), a consequence of supporting its banking sector. Greece (-9.5%), Spain (-9.4%) and the UK (-7.8%) also continued to maintain sizeable deficits in 2011. Overall, the deficit in the EU as a whole stood at -4.4% of GDP in 2011 compared with -6.5% in 2010.

In terms of general government debt in 2011 and changes since 2007, there is considerable variation between countries. Greece was the most indebted EU country at 171% of GDP in 2011, followed by Italy (121%), Portugal (108%), Ireland (106%), Belgium (98%), France (86%), the UK (85%), and Germany and Hungary (81%). The lowest level of government debt in 2011, measured as a percentage of GDP, was recorded in Estonia (6%) as well as in Bulgaria (16%) and Luxembourg (18%). The Czech Republic, Latvia, Lithuania, Slovakia and Sweden documented debt levels around 40% of GDP, with Romania slightly lower.

4.2.2. Public sector reform

The capacity of governments to finance their deficit had a crucial influence on the timing and form of fiscal consolidation packages adopted, but government action and market sentiment have also been influenced by other considerations. In particular, the legacy of previous public sector reforms to enhance productivity has mitigated the shock of the crisis and encouraged a degree of continuity with programmes of modernisation (Vaughan-Whitehead 2012). For many years, an important strand of public sector industrial relations analysis has focused on the extent to which Member States have reformed their public sector and moved employment regulation closer to patterns prevailing in the private sector, broadly associated with the adoption of NPM reforms (Bordogna 2008; Demmake and Moilanen 2010). Although it is widely recognised that there has been no convergence between countries in the adoption of NPM measures, the pursuit of structural reforms or modernisation has reformed public sector industrial relations in many countries including Denmark, France, Germany, Italy, Sweden and the UK, albeit to a varying extent (Bach and Bordogna 2011; Bordogna and Neri 2011; Ibsen 2011; Keller 2011). These prior reforms have assisted countries in maintaining public finances more under control and created more scope for governments in these Member States to respond to the crisis in ways that fit prior patterns of structural reform. This has especially been the case in Germany, Sweden and Denmark. The UK is an unusual case because it has been subject to extensive structural reform over the last decade, but this was accompanied by rapid expansion of public employment and expenditure (Bach and Kessler 2012). Moreover, it has not joined the Euro, providing more scope for policy options other than internal devaluation. It has continued public sector restructuring, via initiatives such as outsourcing, but in contrast to many in this cluster it has resorted vigorously to cutback management, with large reductions in public employment.

These responses contrast with Member States that have experienced limited public service modernisation, in which the crisis has created pressure for far-reaching structural reforms of the public sector in the aftermath of more immediate cutback management. The analysis of public management reforms in countries including Greece, Portugal and Spain point to pervasive difficulties in improving operational effectiveness because of rudimentary systems of governance, a strong tradition of patronage in public service appointments and missed opportunities to deal with unjustifiable reward practices (Alba and Navarro 2011; Lasierra 2007; Ongaro 2008; Tzannatos and Monogios 2012).

To summarise, concerns about rising government deficits in the aftermath of the first round economic and financial crisis in 2007/2008 have had an impact on most EU Member States. Against that backdrop, concern for the sustainability of rising government debt amidst continued high deficits altered around 2010, and fiscal consolidation measures aiming at putting government debt on a sustainable basis became the favoured policy response of the affected countries, supported by IMF, OECD and European Commission. Two clusters of countries have been identified. The first contains those that have faced the most severe pressure for budget consolidation, reflected in their recourse to external assistance, and a legacy of limited public sector reform, as the cases of Greece and Portugal illustrate most clearly. They have been required to make

rapid adjustments, focused on straightforward cutback management techniques— reducing headcount and wages whilst seeking to put in place longer-term structural reforms of the public sector. In the second cluster of countries, most clearly exemplified by the experience of Germany, Sweden and Denmark, long-standing patterns of public sector reform have been maintained and the crisis had a less severe impact with less recourse to cutback management. This categorisation is used to discuss differencing experiences of fiscal consolidation in the next section.

Table 4.3. Economic growth, government debt and deficit/surplus, 2007–2011

Country	GDP	Deficit/surplus (% of GDP)		Debt (% of GDP)	
	% change 2007–2011	2011	% point change 2007–2011	2011	% point change 2007–2011
EU-27	-0.4	-4.4	-3.5	82.5	23.5
BE	2.4	-3.9	-3.8	97.8	13.8
BG	2.5	-2.0	-3.2	16.3	-0.9
CZ	2.8	-3.2	-2.5	40.8	12.9
DK	-3.9	-2.0	-6.8	46.6	19.5
DE	2.9	-0.8	-1.0	80.5	15.3
EE	-7.8	1.2	-1.2	6.1	2.4
IE	-6.8	-13.3	-13.4	106.4	81.3
EL	-14.7	-9.5	-2.7	170.6	63.2
ES	-2.8	-9.4	-11.3	69.3	33.0
FR	0.1	-5.2	-2.4	86.0	21.8
IT	-4.5	-3.8	-2.2	120.7	17.4
CY	3.5	-6.3	-9.8	71.1	12.3
LV	-16.9	-3.4	-3.0	42.2	33.2
LT	-5.8	-5.5	-4.5	38.5	21.7
LU	-0.4	-0.3	-4.0	18.3	11.6
HU	-3.1	4.3	9.4	81.4	14.4
MT	5.5	-2.7	-0.4	70.9	9.0
NL	0.7	-4.4	-4.6	65.5	20.2
AT	2.3	-2.5	-1.5	72.4	12.2
PL	15.8	-5.0	-3.1	56.4	11.4
PT	-2.6	-4.4	-1.2	108.1	39.7
RO	1.3	-5.5	-2.6	33.4	20.6
SI	-3.0	-6.4	-6.4	46.9	23.8
SK	8.3	-4.9	-3.1	43.3	13.7
FI	-2.6	-1.1	-6.4	49.0	13.8
SE	4.3	0.2	-3.4	38.4	-1.8
UK	-2.3	-7.8	-5.0	85.0	40.8

Source: Eurostat (2012), http://epp.eurostat.ec.europa.eu/.

excel file
gif

4.3. Fiscal consolidation: austerity measures in the Member States

The first grouping of countries have all undertaken sharp fiscal consolidation and this has been brought about by external pressure. The role of the providers of financial assistance— the EU (including the ECB) and the IMF— has been a very significant influence on programmes to reduce public expenditure in Greece, Hungary, Ireland, Latvia, Portugal, and Romania. These countries have all been required to pursue 'internal devaluation', but the scale of the challenges they face and their capacity to reduce public expenditure rapidly has differed. Greece has been at the centre of the European debt crisis and has been required to implement an ambitious programme of fiscal consolidation and structural reforms. In May 2010, following severe market turbulence, the euro area Member States and the IMF agreed to lend EUR 110 billion to Greece over the period 2010-2012 under strict conditions which included measures to improve tax collection, accelerate privatisation and reduce public spending over the medium term. Nonetheless, market sentiment turned against Greece during 2011, and additional financial assistance was required during 2011 and 2012.

Portugal required financial assistance in 2011, when EUR 78 billion was made available, and this was accompanied by commitments to reduce the government deficit in a permanent way.

Spain in particular but at various points also Belgium and Italy have not been immune to the pressure exerted by the bond markets. The public sector in Spain was traditionally relatively small and decentralised with public expenditure below levels in other Mediterranean countries (Table 4.1). The economy contracted severely and unemployment almost tripled to 22% by early 2012. In May 2010, the Spanish government, under sustained pressure from the financial markets, the European Central Bank and the IMF radically altered course and committed to EUR 15 billion of spending cuts in 2010/11 followed by further measures to cut the deficit to 6% of GDP from 11.1% in 2009— a target that was missed (Deepiane and Hardiman 2012; Muñoz de Bustillo and Antón 2012).

Ireland also experienced strong growth in its public sector during the 2000s, increasing about 30% between 2001 and 2009 and with few signs of concerted public sector modernisation (O'Connell 2012). This employment growth was accompanied by substantial pay increases, with a significant pay premium in comparison with the private sector which increased markedly between 2003 and 2006 (Geary and Murphy 2011). The economic and financial crisis hit Ireland very hard because of the scale of the bursting of the housing bubble and the very large measures it took to subsequently support its banking system. That led to sharp increases in its government debt even if from relatively low levels. In late 2010, Ireland required EUR 85 billion in November 2010 from the EFSM, EFSF and IMF. It was the severe deterioration of the public finances reinforced by the legacy of substantial increases in public sector pay and employment that required Ireland to pursue a vigorous programme of fiscal consolidation, focused initially on public sector pay cuts.

Hungary and Romania both received EUR 20 billion support packages from the IMF, the EU and the World Bank in 2008 and 2009 respectively. Whereas the government of Hungary pursued less severe expenditure cuts than most countries subject to external assistance, Romania made much deeper cuts in wages and employment, reflecting a legacy of muddled attempts at public sector reform and a desire to avoid further recourse to IMF loans (Glasner 2010; Vasile 2012).

The Baltic states of Estonia, Latvia and Lithuania confronted a different legacy with relatively small public sectors and, in the case of Estonia, a cautious fiscal policy during the boom years. These economies, however, were immediately hit by the economic crisis, with sharp falls in GDP, exacerbated in Latvia's case by the nationalisation of the indebted Parex bank. In 2008 Latvia secured a EUR 7.5 billion loan from the IMF and EU, but this was accompanied by very large reductions in government expenditure, public sector wage cuts and employment reductions. Lithuania was also swept up in the crisis and in 2009 and implemented wage and job cuts. Estonia moved early in 2008, reflecting its commitment to balanced budgets, introducing public sector wage reductions (Masso and Espenberg 2012; Rastrigina and Zasova 2012).

Turning to the second cluster of countries with less harsh austerity measures and more continuity in patterns of reform, Germany has been characterised by cumulative, evolutionary change, underpinned by a rapid recovery from the 2008 crisis. Public expenditure increased only very modestly during the past decade and Germany is distinctive in terms of the decline of public sector employment up to 2009 and its subsequent growth after the crisis, reflecting investment in key services including schools and childcare (Bosch et al. 2012). Over the past decade, important changes have occurred in public sector collective bargaining and work organisation, with the growth of outsourcing and temporary contracts. The most significant long term government measure was the 2009 Constitutional amendment incorporating a 'debt brake' that strictly limits debts and requires balanced budgets by 2016, which may result in downsizing, especially at municipal level (Bosch 2012; Keller 2011).

The process of adjustment in the Nordic countries has also been marked by continuities with earlier periods of public sector reform. In Sweden there have

been no specific measures to cut wages and employment (Anxo 2012). Denmark has implemented some budget reductions for the municipalities, but it is difficult to disentangle these changes from existing programmes of restructuring. The case of France shares some of the same characteristics in terms of the continuation of existing cautious new public management style initiatives and a rather delayed response to the crisis. In 2011, plans were published to reduce expenditure with consolidation measures focused on restrictions in replacing staff to reduce headcount and other operational efficiencies (Gautié 2012). The Netherlands has also experienced a lengthy period of public sector reform and the main preoccupation has been to meet the requirements of the European Stability and Growth Pact by 2013. In autumn 2010, austerity measures intended to save EUR 18 billion by 2015 were announced, which included plans for wage moderation and employment reductions in the public sector.

The UK is an unusual case because it stands out for its sizeable consolidation programme stemming partly from the high levels of support it provided to the finance sector and the subsequent sharp deterioration in its public finances. By 2015, GBP £80.5 billion cuts in public expenditure are planned, intended to reduce the deficit from 8.4% in 2009 to 0.4% of GDP by the end of its parliamentary term in 2015. In Italy a series of deficit reduction measures have been introduced, focused especially on reducing municipal and regional government expenditure with EUR 26 billion reductions planned for 2012–15.

4.3.1. Key issues and trends

Three observations follow from this overview of austerity measures. First, the underlying reasons for fiscal consolidation programmes and their size and scope differ significantly between countries, with implications for social partner engagement. In countries that have confronted the severest external pressure to reduce public sector employment and wages, governments have rarely been able to fully accommodate the interests of the social partners and the timing of social dialogue. In particular countries, the economic crisis proved to be a catalyst to address longstanding problems of public debt and to tackle a disproportionate reliance on public employment that had become unsustainable— Greece being the outlier in this regard. However, other countries at the centre of the sovereign debt crisis have also been portrayed as having a bloated public sector. By contrast, the Nordic countries and Germany have been less exposed to the crisis, and there is much less preoccupation with reducing public expenditure; the emphasis has been on longer-term modernisation of public sector industrial relations.

Nonetheless, as the situation in France and the Netherlands illustrates, a continuing process of modernisation does not preclude the need to meet the requirements of the Stability and Growth Pact, fostering the implementation of consolidation measures, albeit in less harsh forms and with more scope for debate and social dialogue. In contrast are countries forced by the rapidity and scale of the sovereign debt crisis to tackle their fiscal problems with very tough programmes of adjustment. This has major implications for the extent to which the social partners can influence the scope and scale of austerity measures.

Second, despite some differences in start dates, austerity programmes stretch into the medium term with structural reforms starting to have major consequences for pay and working conditions in the public sector. Although some austerity measures stretch back as far as 2006, for example in Hungary, in the majority of countries programmes started around 2009–2010 or even later in Cyprus, Denmark, France, the Netherlands and the UK. In the case of pay freezes or pay cuts (see below), except in the extremes, there has usually been a lag between the announcement of the policy and its implementation in the following year's pay round. In this regard the crisis has affected the public sector and its workforce in a delayed way in comparison to the abrupt reduction in demand and rapid response of private sector firms in the immediate aftermath of the 2008 crisis. Another contrast with the experience of the private sector, however, is that the impact of austerity programmes for the public services stretch far into the future with supplementary measures often put in place. In other words, austerity measures are not one-off initiatives but have a long-term and cumulative effect.

Third, there is an irreducible political dimension to the implementation of austerity measures in the public sector. Governments have been aware of the unpopularity of austerity and have tried to curtail the scope for opposition or delayed austerity measures until after elections have been held (Kickert 2012). Despite this manoeuvring, the political fallout from austerity programmes has been considerable and their unpopularity has contributed to electoral defeat in many countries, including Greece, Spain, Portugal, Ireland, France, Denmark, Finland and the Netherlands. Many governments have passed emergency budgets and put in place revised fiscal frameworks, strengthening finance ministries, to enhance budgetary discipline and ensure the effective implementation of austerity measures. In 2012, the Spanish government introduced measures to enhance control over the budgets of the autonomous regions, which control a major component of public expenditure. The Italian government imposed a binding financial recovery plan on Sicily to avoid defaults by local authorities. In Greece, the consolidation measures have the force of law, but it is not only countries with the worst fiscal outlook that have used legislation.

In France and Italy, the government proposed a revision to the Constitution that would embed the principle of balanced budgets, a measure taken by Germany as well. In the UK in 2010, the government established an Office of Budgetary Responsibility (OBR) to provide independent forecasts and monitor adherence to new fiscal rules. These measures are designed to reassure investors, increase transparency and redefine political choices as technocratic decisions.

Consequently, EU governments have focused on paybill reductions which can take many forms. These include: pay cuts or pay freezes; reductions or abolition of bonuses and allowances; changes in pension provision; alterations in working time (both increases and decreases); changes in employment, including modifications in the use of temporary and atypical workers; and reductions in employment often brought about by restrictions on hiring and replacement of existing workers. Table 4.4 provides a summary of the key measures within the European Union.

4.3.2. Pay cuts

Indicating the severity of the crisis, since 2008, at least 9 EU Member States have directly reduced the public sector wage bill. There have been significant variations in the level of cuts, related to the weakness of the fiscal context and the scope for manoeuvre of the government concerned. The response of the social partners, parliament and the media has also influenced government decisions on pay cuts. Take the case of Lithuania: its government initially announced plans in June 2009 for a 13% cut for around 250 000 public sector workers such as teachers that do not enjoy civil service status and a 10% cut in pay for 60 000 civil servants. Dissent in parliament led to this reduction being scaled back to a 5% cut in basic pay with more substantial reductions in other allowances. Countries where nominal pay has been reduced, at least for some groups, include the Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Portugal, Romania, Slovakia, Slovenia, Spain and the UK. This group includes all countries subject to EU/IMF assistance and the remainder are predominantly countries subject to strong bond market pressures to cut their deficit.

After the substantial increase observed in the 2000–2009 period, Greece has experienced the largest reductions, with cumulative and increasingly deep pay cuts introduced since the start of 2010, targeting the complex system of allowances as well as basic pay. Starting with a pay freeze in 2010 for those earning over EUR 2 000 a month, the policy shifted towards reductions in allowances for public sector workers, with some variations between occupational categories. The so-called 13th and 14th month salaries were reduced before being abolished for public sector workers. In February 2012, as a prerequisite for additional financial assistance from the EU and the IMF, the Greek parliament approved a new and unified public wage grid with the aim to further reduce wages by 20% on average and introducing some merit-based performance bonuses. Later on, special wage regimes, which were not affected by the new wage grid and used to lead to higher-than-average wages, were reduced by 12% on average starting in August 2012.

Table 4.4 Pay cuts, pay freezes and other measures affecting public sector employment in selected countries 2008–2012

	Pay cut	Pay freeze	Other measures
BG			Proposed replacement of seniority advancements with bonuses. Employment in central government fell by 12% between 2009-2011.
CZ	10% cut in wages in 2011	Until 2014	
DK		No real wage increase in 2010	Removal of seniority bonuses in 2011
DE		6.3% wage *increase* between 2012–2014 for 2m public sector employees	
EE	Cut in basic payoff around 6%— larger reductions in public administration between 2008 and 2010.	2009 and 2010	Abolition or reduction of performance-related supplements and other additional payments
IE	At least 5%, 10% for new recruits		

excel file
gif

	Pay cut	Pay freeze	Other measures
EL	A series of on-going pay reductions and a new pay structure	Pay freeze for public sector workers earning more than €2,000 per month (2009)	Reduction and subsequent elimination of 13th and 14th monthly salary and new pay structure with a total effect of minimum 15–20% pay reductions. Complete change of collective bargaining system and shift to elements of incentive pay. In 2011, increased working hours from 37.5 to 40 hours per week. Planned reductions in employment of 150,000 (20%) by 2015
ES	5% pay cut in 2010	2011 and 2012	In 2012 increase in working hours from 35 to 37.5 hours per week and increased contract hours for teachers
FR		Pay scales frozen for 2 years	Replacement of 1 in 2 staff that leave the public sector
IT	5% on salaries over EUR 90 000, 10% over EUR 150 000 for 2011-2013	Wages frozen at 2010 level for 2011–2013 with possible extension to include 2014	Collective bargaining suspended 2010–2012 Workforce attrition— only 1 in 5 workers replaced in 2011–2013 period with possible extension until the end of 2014
CY	Proposed in 2011	3 years	
LV	15% in 2009; 2010 pay cut by 20% for higher paid & by 15% for lower paid		As part of package agreed with the IMF: introduction of single remuneration system for those in central & local government institutions, which cut pay in 2010 by on average 5% compared with 2009.
LT	Cut of 15%	Until 2012	
HU	Cut by 7% in 2008-2010	Pay freeze since 2009	Abolition of 13th month salary (8% of annual salary) replaced by lower flat-rate payment for most public sector workers (2009/10) 7000 government job cuts announced in 2012
NL		No wage agreement concluded in central government since 2011— a wage freeze	Planned job reductions in central government by 2015 Ending of LIFO principle in 2012, making it easier to dismiss central government workers
PL		For two years	Teachers excluded from pay freeze (pay has increased)
PT	5% pay cut in 2011 For 2012 13th and 14th month payments suspended for medium and high salaries, despite a challenge in the Constitutional Court	2 year pay freeze from 2011 until 2013	Reductions in health benefits.
RO	25% temporary cut in 2010 partly restored under new pay system	2012	The new pay system introduced in 2012 eliminates a range of bonuses and abolishes the 13th month pay
SI	4% in 2011, additional cuts of 8% on average in 2012	2011 and 2012 (six months)	
SK	Paybill cut by 10% in 2011		Teachers and some other groups are not affected by the pay cut
SE		No wage moderation	Reductions in employment of staff on fixed-term contracts
UK	Cuts in premium payments and allowances, especially in local government	2010–2012 some exemptions for lower paid	Cap on pay rises of 1% planned for 2013/14 Large reductions in employment underway— in excess of 10% between 2010–2015.

Sources: see list of information sources.

excel file
gif

Estonia, Latvia, Lithuania, Hungary, Romania, Ireland, Portugal and Spain amongst others have also made substantial pay cuts, often as part of the lending conditions established by the international community. Latvia provided undertakings to the IMF to reduce central and local government funding for wages by 15% in 2009, with limits to additional payments. Protection for the low paid resulted in a smaller public sector paybill reduction of around 5% in the first half of 2009. Continuing economic difficulties prompted further pay cuts in a supplementary budget from June 2009 and an average 18% pay cut by late 2009 with teachers worst affected. In Hungary during 2009 the 13th month salary was removed, worth around 8% of annual pay. Romania also moved towards the removal of 13th month payments and holiday bonuses, but in addition passed a temporary six-month 25% across-the-board reduction in pay for the second half of 2010 as a precursor to longer structural reforms of pay determination. In Ireland the first phase of pay reductions in 2009 took the form of a differentiated pension levy which on average reduced pay by 7.5%, with cuts in basic pay on an income-related scale of between 5–15% implemented in January 2010. Subsequently no additional pay cuts have been introduced as a result of the Croke Park agreement (see Box 4.2). In Portugal pay cuts of 5% were introduced later, at the start of 2011, but a deteriorating fiscal position led to further pay reductions brought about by the suspension of the 13th and 14th month salaries for those workers earning above EUR 1 100 per month with lesser deductions for those below this threshold. The Spanish government also introduced an average 5% pay cut in June 2010, and this was followed by a pay freeze at the new lower level for 2011. The government elected in autumn 2011 immediately extended the pay freeze for 2012 and took additional measures to reduce public expenditure.

4.3.3. Pay freezes

A related method of adjustment has been the use of pay freezes. These measures have often operated alongside pay cuts and have frozen public sector pay or significant components of pay. In some countries this has been an important component of the government's response, such as in Cyprus, Denmark, France, Italy, Poland and the UK, indicating a less drastic response to the crisis. The first pay freezes were introduced in 2008–9, and because of the severity of the crisis in Greece and Ireland, agreed pay increases were annulled. Pay freezes for two years have been common, but in the Czech Republic and Italy such measures are planned to continue for four years until the end of 2014.

Pay freezes take different forms and do not invariably result in pay reductions because other aspects of remuneration apart from base pay may increase. France and the UK have implemented two year pay-scale freezes. In France, this has been set against improvements in some other elements of pay, such as performance-related pay. In the UK, pay scale freezes have not stopped progression in sectors such as the health service, enabling workers to continue to gain nominal wage increases by moving up the pay scale. The end of the UK pay freeze in 2013 will be marked by a slight easing of pay policy with the government anticipating that pay awards will average 1% in 2013–2014. Other methods in which wage freezes have been introduced are by the suspension of collective bargaining as in Italy or by the failure to negotiate a collective agreement as occurred in the Netherlands in central government after 2011.

Another important variant on pay freezes relates to their coverage, with specific groups or sectors excluded. Although the structure and financing of public services varies between countries (see Chapter 3 of this report), governments exercise the tightest control over central government and especially the civil service workforce. This stems from the tight alignment between the role of government as a policy-maker and its role as an employer. Consequently, the scope for the strongest control over public sector pay exists where the government is the direct employer, has political authority over policy decisions, and controls expenditure directly. The Netherlands illustrates this dynamic with a pay since from January 2011 implemented in central government, but in local government and hospitals wage agreements provided for 1.5% and 2% pay increases respectively. In some countries specific groups have been excluded, notably teachers in Poland and Slovakia. Overall, the relative advantage of a pay freeze for government is that it is easy to understand, straightforward to implement and for politicians sends a signal to the electorate that public sector workers are not exempt from the type of wage adjustments that have occurred in the private sector during the crisis.

Although austerity is a phrase that has permeated discussion of the public sector across Europe, some countries have been less affected by the crisis and have not opted for pay freezes and wage reductions. These countries are exemplified by strong traditions of social dialogue and often a prior legacy of public sector modernisation. Austria, Germany and the Nordic countries illustrate these developments. In Austria, public employers were seeking a pay freeze for 2010, but trade unions secured a wage increase of around 1% and gained higher increases in 2011 (Glassner 2010) with pay claims of around 4% submitted for 2012. There have also been pay raises in Denmark, Finland and Sweden with some variation between sub-sectors. Germany has also been shielded from pay cuts and ver.di, the trade union that bargains on behalf of the public sector workforce, obtained a 6.3% increase over two years (2012–2014), influencing agreements in other parts of the economy. Nevertheless, it should be remembered that this was preceded by a three-year pay freeze from 2005–2007 and a low increase in 2011.

A number of other themes can be discerned. First, there have been attempts to target pay reductions for the higher paid. In certain cases, the lowest paid have been fully or partially exempted from pay freezes or wage cuts. For example, in the UK the two-year pay freeze excluded workers earning less than £21 000 (around €26 000) a year except in the case of local government workers covered by a separate agreement. In Ireland, during 2008–2009 a series of measures reduced public sector pay, but when further reductions were announced in December 2009 to take effect on January 1st 2010 these were on a sliding scale with a 5% cut of salaries of EUR 30 000 increasing to a 15% reduction for those earning above EUR 200 000 (Stewart 2011: 223). Similarly in Greece, Italy, Portugal and Spain, higher earners have been targeted for larger reductions in pay.

Second, in contrast to the private sector, where pay is usually decided at company or sectoral level, these exceptional wage measures often require parliamentary approval. Consequently it is not the direct employer or an employer's association making pay decisions but rather national politicians with a variety of incentives and answerable to a broader range of stakeholders. Governments therefore have sometimes amended plans to curtail public sector pay and have been reluctant to provoke the public sector workforce, especially in election years; planned measures do not always equate to outcomes. In Slovenia, plans to cut basic pay by 4% at the end of 2011 were rejected (although in 2012 the Public Finance Balance Act decreased wages in the public sector by 8% on average), whilst in Portugal an amendment to the 2012 budget law raised the monthly salary threshold for suspension of the 13th and 14th month salary payments from EUR 1 000 to EUR 1 100 (European Commission 2011). In Denmark, more contentious aspects of pay reforms such as the individualisation of pay negotiations were not pursued during 2011, an election year. Nevertheless, despite some concessions, the unpopularity of austerity programmes has not prevented the collapse of governments.

Table 4.5 Compensation of public administration employees, 2002–2011

	% of GDP	Annual average % change in EUR or national currencies		
	2011	2002–2011	2002–2007	2007–2011
EU-27	10.8	2.8	4.0	1.4
EU-15	11.0	2.6	3.7	1.3
BE	12.6	4.0	4.0	4.1
BG	9.0	9.0	11.2	6.2
CZ	7.3	4.3	7.0	1.0
DK	18.5	3.4	3.1	3.8
DE	7.7	1.5	0.4	2.9
EE	11.1	9.3	13.8	3.8
IE	12.0	5.3	10.7	-1.0
EL	12.4	4.6	8.0	0.5
ES	11.6	6.0	8.1	3.5
FR	13.2	2.7	3.0	2.3
IT	10.7	2.3	3.6	0.8
CY	16.1	7.6	9.0	5.8
LV	9.5	9.4	21.1	-3.7
LT	10.3	7.1	10.6	3.0
LU	8.0	6.4	6.5	6.3
HU	10.2	3.4	6.8	-0.7
MT	13.4	3.9	2.7	5.4
NL	9.8	2.9	2.8	3.0
AT	9.4	3.3	3.3	3.3
PL	9.8	6.1	5.4	7.1
PT	11.4	-0.3	0.5	-1.3
RO	7.6	14.6	25.6	2.1
SI	12.8	6.2	6.3	6.1
SK	7.1	4.3	3.9	4.8
FI	14.2	3.9	4.0	3.7
SE	13.9	2.7	3.9	1.1
UK	11.1	4.8	6.8	2.3

Source: Eurostat (2012), Government revenue, expenditure and main aggregates, http://epp.eurostat.ec.europa.eu/.

excel file
gif

Third, as Table 4.5 indicates, the crisis has led to a slowdown in the rate of increase in compensation, and in some countries the effects of wage freezes and pay cuts are starting to become evident. These measures, however, represent short- or medium-term responses that have a finite time limit. As economic growth returns, restricting public sector pay may lead to staff shortages, emigration and difficulties in attracting talented individuals into public service. Many governments have sought to use the crisis to bring about structural reforms of pay determination and wider labour market reforms that will have significant long term consequences for public sector employment relations. In the UK, the government proposed changes in public sector pay determination to take more account of regional variations in pay rates. In Bulgaria, a new pay system in public administration has replaced traditional seniority-based pay with a system that takes more account of performance, and in Luxembourg performance management and progression of civil servants have been reformed.

Overall, virtually no country has been immune from pressures to curb wages, but the degree of moderation has varied between countries. The experience of different countries confirms the differences between the two clusters of countries outlined earlier. In the first, the deepest cuts are evident, with the most sizeable reduction occurring in Greece but with large pay cuts also taking place in Hungary, Ireland, Latvia, Lithuania, Portugal, Romania and Spain. In the second cluster of countries Germany is a separate case in terms of the absence of pay cuts, with somewhat similar developments in the Nordic countries and in some of the agreements concluded in the Netherlands. In the UK, the pay scale freeze has not precluded some pay uplift for low paid workers and those able to progress to higher salary points. In France various bonuses have partly compensated for the freezing of pay scales. The upshot is that while there are some variations between countries *within* each cluster, very important differences remain in the experience of wage moderation between the two country groupings.

4.3.4. Pensions

Pensions comprise a very large and rising share of public expenditure (European Commission 2012b). Pension provision has been under pressure not only because of fiscal pressures but also from demographic trends (Ghellab et al. 2011). Most countries have reviewed pension arrangements and have increased the statutory pension age for men and women in the public and private sectors. A key measure is to increase the threshold age for the payment of a statutory pension, delaying payment for up to five years, typically raising the threshold from 60 to 65 with plans to raise the threshold further in a range from 66–68 over subsequent decades, often linked to increased life expectancy. In addition, contribution rates have frequently been raised.

Alterations in public sector pension arrangements, however, may require agreement from the social partners, who often have a key role in managing pension funds. Complex negotiations have resulted in changes (i.e. increases) in the retirement age of public sector workers, with differences remaining between countries and between occupational groups within each country. Pension reforms that have been especially prevalent in the public sector include: an increase in the retirement age with a narrowing or closing of the gap between men and women and between the public and the private sectors; abolition or at minimum an increase in the age of mandatory retirement for specific occupational groups such as police officers; increased contributions via special levies or permanent increases in employee contribution rates; new— usually less favourable— pension provision for new starters in public sector jobs; reductions in benefits, with short-term reductions often reinforced by structural reforms that alter accrual mechanisms. Pension reforms and the social partners' response are discussed more fully in Chapter 6 of this report.

4.4. Employment, working time and flexible labour utilisation

Reducing the public sector pay bill by a combination of pay freezes, pay cuts and adjustments to pensions have been the most prevalent methods for achieving savings. In addition, a variety of other measures have been used to reduce public expenditure. In general terms the scope for governments to reduce public sector employment is related to nationally specific employment statutes. As noted in Chapter 3, many public sector workers have permanent employment status and high levels of job security incorporated into specific public sector labour codes that are difficult to reform. The crisis, however, is being used as an opportunity to alter labour codes often portrayed as protecting privileged public sector workers, for example in relation to dismissal. More broadly, despite the uncertain results of public sector reforms (Bach and Bordogna 2011), responses to the crisis seem to have reinforced efforts to introduce some of the principles, if not the core practices, of NPM, with considerable interest in the use of outsourcing, performance management and attempts to increase flexible labour utilisation to control the paybill. An important difference, however, in the latest phase of reform is that instead of an emphasis on the decentralised management of change, both the measures and their consequences have been substantially predetermined at the centre, reflecting the overriding priority to achieve financial objectives.

In many countries there has been no tradition of the collective dismissal of public sector workers, Spain and Italy being typical examples, and prior to the

crisis employers often hired substantial numbers of temporary employees to provide additional flexibility in labour utilisation. This trend, however, has been reversed in countries such as Italy with the employment of temporary workers restricted by austerity measures. By contrast, a climate of retrenchment has been significant in encouraging the increased use of temporary labour in some countries such as France, Germany and Sweden (Vaughan-Whitehead 2012). In the United Kingdom, in which there is no separate public sector employment statute, public employees can be made redundant relatively easily, reducing incentives to employ large numbers of temporary workers. Irrespective of specific employment protections, in the past governments have been wary about increasing unemployment and dampening aggregate demand by reducing public sector employment during a deep recession. Such aspirations continue, but deficit reduction and fulfilling the requirements of the European Stability and Growth Pact are dominant policy objectives, and consequently there has been greater willingness to reduce public employment than in the past.

4.4.1. Employment cuts

Reductions in employment have usually been brought about indirectly by hiring freezes rather than directly via voluntary or mandatory cuts in employment. A number of countries have introduced hiring freezes or replacing a small proportion of public sector workers in relation to leavers. In France only one in two civil servants are being replaced, and in Italy the proportion is one in five. The same ratio was used in Greece during 2010, but was amended to one in 10 for 2011 and a similar one-in-10 ratio is being used in many parts of the public sector in Spain. In Ireland the Public Service Agreement 2011–2014 (the 'Croke Park agreement') severely restricted recruitment, and promotion and public sector employment fell from its peak in 2008 of 319 000 to 308 000 in 2010 and is envisaged to diminish to 295 000 by 2014 (OECD 2011). Another mechanism used to reduce public sector employment is to transfer surplus workers into a labour reserve, usually accompanied by wage reductions, and if after a set period— one to two years— alternative employment is not available, the individual is dismissed. These arrangements were introduced in Greece, but plans to place 15 000 employees in the labour reserve by the end of 2012 were not achieved, and there was little use of the scheme. It has been re-launched as a mobility scheme intended to accelerate the restructuring and downsizing of the public sector, and a new target of 27 000 transfers to the mobility scheme should have been achieved by the end of 2013. Affected employees are provided with one year of reduced pay, and if they fail to find another public sector position, they will be dismissed (IMF 2013). These measures are often a precursor to plans to reform dismissal procedures within the public sector, which are on-going at the time of writing in countries such as the Netherlands and Spain. For example, in the Netherlands, legislation proposed in 2012 outlines measures to harmonize dismissal regulations in the public sector in line with those in the private sector (Leisink, Weske and Knies 2012).

Employment reductions have also been targeted for specific groups and employment categories rather than applied in a uniform fashion. Temporary workers have been vulnerable to non-renewal of their contracts in countries such as Italy. One common characteristic of employment reductions is that some occupational groups, especially managerial and administrative staff, have been targeted for employment reductions as part of broader strategies to rationalise and streamline public service delivery via the merging or restructuring of administrative units. For example, the outsourcing and sharing of information technology, finance, legal and human resource management services has become more prevalent. Reductions in managerial positions often accompany these changes as has been the case in Portugal, the UK and Ireland. To facilitate worker redeployment and effective staffing patterns there have been moves to harmonise terms and conditions of employment across the public services, such as in Ireland.

Employment cuts, however, are not always cost neutral, as longer-term savings have to be balanced against the short-term costs of early retirement schemes in which public sector workers may gain immediate access to their pension even if they have not reached statutory pension age. This has caused concern in some countries, such as Ireland, especially if there is suspicion that managers are being re-hired on favourable contractual terms. Moreover the loss of experienced workers may diminish the skills available to organisations in a period in which managerial talent is at a premium in bringing about complex changes in public service provision. Indeed, some countries have become so concerned about the level of early retirement requests that they have altered their regulations. In Portugal there were around 11 000 early retirement requests in the civil service during 2011. In April 2012 a law was passed with immediate effect to suspend early retirement rules until 2014 to prevent further loss of civil service expertise and to improve fiscal control.

Overall, as Table 4.6 indicates, there has been a shift since 2007 with employment in public administration starting to decrease as a proportion of total employment, although variations between countries and over time are influenced by the severity of adjustment in the private sector. In keeping with the overall argument of this Chapter, countries subject to IMF agreements and external pressure have often been required to commit to larger reductions in employment, although it has not always been straightforward to achieve these reductions. Greece, for example, pledged to reduce public employment by at least 150 000 between 2011 and 2015, but the reduction in employment during 2011 was slower than anticipated.

4.4.2. Working hours

Finally, governments have used a variety of other changes in working arrangements to increase flexible labour deployment and bring about pay bill savings. In contrast to experience in the private sector, as reported in the *Industrial Relations in Europe 2010* report, there has not been widespread recourse to short-time working. In the private sector, short-time working reflected attempts to preserve employment in a period of sharply reduced aggregate demand. In the public sector the underlying pressures are different, stemming from budgetary restrictions rather than a lack of demand for services. Indeed the reverse may be true because demand pressures on staff often increase in a period of recession (e.g. requests for social security benefits or employment assistance). Consequently, to meet growing demand but also boost productivity, governments have increased working hours. In Spain in 2012, a 37.5 hour working week was imposed on all public sector employees, despite some regional and local governments agreeing shorter working hours for their workforce. These workers were able to maintain their shorter working week, but their pay was reduced in proportion to hours worked. In Ireland, many public sector workers are working longer hours, the so called 'Croke Park hours', with teachers and lecturers working an additional 26 to 36 hours per year to improve educational standards.

Table 4.6. Number employed in public administration, 2002–2011

	% of total	Annual average % change	
	2011	2002–2007	2008–2011
EU-27	6.7	0.5	-0.4
EU-15	6.8	0.1	-0.5
BE	9.5	1.3	0.2
BG	6.5	2.6	-1.6
CZ	5.6	0.3	-2.3
DK	5.8	-0.2	0.0
DE	6.4	-0.9	-1.3
EE	7.2	2.1	1.5
IE	5.7	3.3	-0.7
EL	9.1	3.0	-1.2
ES	7.9	1.5	1.5
FR	9.2	0.2	-0.2
IT	5.4	-1.1	-0.7
CY	9.6	1.0	1.0
LV	6.5	1.7	-6.2
LT	6.1	0.7	-0.8
LU	5.2	2.7	2.2
HU	7.5	2.8	-1.4
MT	7.4	0.0	-0.3
NL	5.7	-1.0	1.0
AT	6.5	0.3	0.1
PL	6.6	3.5	2.6
PT	6.5	-0.3	-0.4
RO	5.1	-0.4	0.0
SI	5.6	2.1	0.3
SK	6.7	2.7	-0.8
FI	6.9	0.1	-0.6
SE	5.4	0.5	-0.7
UK	5.3	1.0	-1.8

Source: Eurostat Accounts and Labour Force Survey.
NB: All figures are based on National Accounts data except as noted here. For Bulgaria and Romania, data come from the LFS; for Portugal, the change 2010–2011 is estimated from LFS data; for the UK, data relate to the number of jobs rather than number of persons employed. The EU totals are based on the sum of employment in Member States.

excel file
gif

4.5. The implementation of austerity measures: Limited social dialogue and widespread mobilisation

4.5.1. Social dialogue

Social dialogue, interactions between organisations representing employers and workers and public authorities, does not occur in a vacuum and has been profoundly influenced by the economic crisis and moves towards fiscal consolidation. As reported in Chapters 1 and 3, there are strong traditions of negotiation and consultation in the public sector, reflecting much higher levels of union density than in the private sector. Public sector union density and influence is less evident in central and eastern European Member States, with certain exceptions, such as Poland (Bernaciak *et al.* 2011). In general, social dialogue has come under pressure. It has been challenging to build trust and gain agreement between parties with differing interests and when austerity measures invariably involve making concessions that the social partners may not be willing or able to concede.

At the same time the contentious nature of austerity measures makes negotiation and consultation even more important because austerity measures cannot be implemented effectively without some level of acceptance and ownership by the social partners. This is particularly true in the case of policies with longer-term implications such as pensions— see Chapter 6 of this report. Social dialogue provides opportunities for the social partners to share information with each other, enables government to improve policy design and implementation, and often ensures the most vulnerable are shielded from the consequences of austerity measures. Nonetheless, in many countries a sense of ownership has been absent, and the implementation of austerity measures has resulted in severe social strife. Despite these strains, in some countries traditions of negotiation and consultation have remained intact, facilitating more effective implementation and reduced conflict.

Public services social dialogue occurs at a number of levels. At the European level the response of the sectoral level committees to the crisis is documented in Box 4.2.

At the national level there have been wide variations in the role played by social dialogue in contributing to the process and implementation of austerity plans. In the 1990s, a period of economic adjustment during the establishment of economic and monetary union, there were numerous agreements between governments, employers and trade unions on incomes, employment and social security reforms (Baccaro and Lim 2007; Natali and Pochet 2009). It has been noted, however, that a period of economic crisis on its own is a poor predictor of concerted joint action. Specific political and institutional conditions, especially weak governments and their poor electoral prospects and the capacity of unions to deliver on their side of the

Box 4.2 EU level public services sectoral social dialogue joint statements on the crisis

There are four European sectoral social dialogue committees which cover the public sector. The committee for local and regional government comprises the European Federation of Public Service Unions (EPSU) and the Council of European Municipalities and Regions (CEMR). In education, the social partners are the European Trade Unions Committee for Education (ETUCE) and the European Federation of Education Employers (EFEE). For hospitals, EPSU meets with the European Hospital and Healthcare Employers' Association (HOSPEEM), and in central government the Trade Unions' National and European Administration Delegation (TUNED) is linked with the European Union Public Administration Employers.

The local and regional government social partners (CEMR and EPSU) sent a joint message to the European Council meeting in March 2009, emphasising the importance of maintaining employment in the sector and the resource implications of increased demand for services. Further joint statements were issued on the economic crisis, reinforcing these points, to a European Council meeting in February 2010 and December 2010.

In October 2011, CEMR and EPSU reminded the European Council ahead of its 26 October meeting that: 'the austerity policy followed by dramatic cuts in public services… will continue to undermine labour markets and the social model.' The joint statement encouraged the European Council to take a long-term perspective to strengthen and enhance social dialogue, including support for 'sustainable employment measures in Local and Regional Government and investment in training, skills and decent work'.

The central government administrations social partners (TUNED and EUPAN) issued a statement on 31 December 2011 and noted that 'in a majority of European Countries the administrations are subject to austerity measures affecting their global budgetary means, their workforce and/or its remunerations, and that can influence working conditions'. The Committee stressed 'the proven importance of the public sector in general and of the public administrations in particular, in the present difficult times, to strengthen, monitor and consolidate the sustainable recovery of our economies'. They reaffirmed that 'what constitutes the administrations are the people who work in them and that if we don't place them at the heart, in every moment of the transformations we are going through, we are certain not to attain the objectives'.

The social partners concluded that: 'in the framework of such transformations, the recognition and promotion of social dialogue is essential and absolutely necessary, as well as the need to uphold public sector values of universal access, accountability, transparency, integrity and equal treatment'.

bargain are important conditions influencing the establishment of social pacts in crisis conditions (Avdagic *et al.* 2011; Hamann and Kelly 2007). In the highly turbulent economic and political conditions that have prevailed since 2008, there has been no return to the social pacts of the 1990s.

Even in countries with established traditions of social dialogue, the severity of the austerity measures proposed has made it very difficult to develop coordinated responses to the crisis. Governments have often acted in haste because of pressure from financial markets and felt the necessity to develop waves of austerity measures, often in a reactive way, undermining the confidence of employers and trade unions in government action. This is not a conducive context in which to pursue agreement with the social partners, since it exposes one of the main limitations of negotiation and consultation: it requires time and often additional resources to effect change, and it involves compromises. For governments the need to implement austerity measures quickly has made them more cautious about the value of social dialogue because of the difficulties in reaching agreement on complex and contentious issues in a timely manner.

Box 4.3 Ireland: Public services social dialogue in the crisis: The Croke Park agreement

Ireland represents a distinctive case of adjustment to the financial crisis. The collapse of the property boom and the implosion of the Irish banking system led to unprecedented austerity measures. Initial deductions of pay for public sector workers of between 3–9.6% in spring 2009 were followed by further pay cuts on a sliding scale of between 5% to 15%, linked to earnings from January 2010. These measures prompted strikes and demonstrations throughout 2009 and during 2010. In December 2010 the crisis culminated in large-scale EU/IMF financial support of EUR 85 billion accompanied by government agreement to undertake further fiscal consolidation.

Prior to the crisis, Ireland had been central to industrial relations analysis and debates about the scope for social dialogue in particular institutional contexts. Commentators had been puzzled by the establishment from 1987–2006 of a series of three-year national economic and social partnership agreements between employers, trade unions and successive governments that contributed to a highly centralised and coordinated approach to wage determination in a context in which few of the institutional preconditions for social partnership appeared to be present (Roche 2007). For sceptics, the onset of the crisis seemed to confirm the fragility of the Irish social partnership model as social concertation unravelled during 2009, the implication being that social partnership was not embedded in the Irish system and that the scale of adjustments required precluded scope for social partnership (Regan 2011; Doherty 2011).

In 2009 negotiations on a national pact broke down after an agreed national wage settlement was abandoned because employers and the government regarded it as too costly in a rapidly deteriorating economic context. The Irish Congress of Trade Unions (ICTFU) accepted the need for public sector reform and adjustments to public finances but also proposed tax increases for higher earners alongside stimulus measures. The ICTFU agreed to a EUR 4 billion cut in current expenditure based on productivity increases and short-time working, but the government did not accept the ICTFU proposals and unilaterally imposed pay cuts via a supplementary budget in April 2009. As public finances deteriorated, the government signalled it was seeking further reductions and this prompted a one day strike on 6 November 2009.

Discussions between the public sector trade unions and the government with employer involvement led to a four-year (2010–2014) Public Service Agreement (the Croke Park Agreement). The agreement stated that there would be no further public sector pay cuts before 2014 in exchange for a phased reduction in public sector staff numbers and a substantial commitment to reform, including changes in work organisation and working conditions, especially for new starters. The trade unions also guaranteed industrial peace, if necessary using existing binding dispute resolution mechanisms to prevent strike action. These reforms were to be monitored by an implementation board that would publish annual reports on progress, supported by sectoral groups (such as in health and education) to support employers and unions in implementing changes in working practices and enhancing productivity. Despite considerable unease within the trade union movement, in June 2010 the ICTFU Public Services Committee accepted the agreement with only one affiliate, the Irish Federation of University Teachers, initially not signing the agreement.

Considering the existing pay reductions and continuing staff reductions, some trade union members have been ambivalent about the agreement and concerned that their scope to influence employer decisions would be limited. There has been unease that a large number of early retirements and a recruitment moratorium are leading to staff shortages. The implementation body, however, reported in June 2012 that savings in the order of EUR 891 million had been achieved during 2011–12 in addition to the EUR 597 million delivered in 2010–11. Staff numbers had fallen substantially, service reconfiguration had commenced and industrial peace had been maintained. There has been some questioning of the appropriate balance to be struck between cutting public service staffing and reducing pay, and there is some uncertainty about whether cuts in allowances would breach the agreement. In November 2012, talks between the government and trade unions began on an extension of the agreement. The new talks centre on fresh reforms to extract a further €1 billion worth of savings from public sector costs by the end of 2015. The government says the cuts are vital, but acknowledges that the process will not be easy.

The process of consultation and negotiation has focused on the level of the sector and has been less dominated by traditional collective bargaining over wages, concentrating on discussions of complex issues such as pension reform, employment reductions and flexible labour utilisation. In a similar way to the preceding analysis, it has been more difficult to reach accords in countries most affected by the sovereign debt crisis, especially Greece, Lithuania, Portugal, Spain and Romania. Ireland, however, stands out in this regard (and not only in relation to our first cluster of countries) because it has been the only European country that has concluded a comprehensive long-term (four-year) agreement between the public service trade unions and the government, exchanging job cuts for wage stability, backed up by targets and the monitoring of outcomes. Although this agreement is a pale imitation of the series of social pacts agreed during the 1980s and 1990s, it remains a very rare example of a national sectoral-level agreement that addresses austerity in a relatively inclusive manner and with much less conflict than in similarly indebted countries (see Box 4.3). This response has been attributed to the legacy of social partnership, which encouraged the search for compromise; the importance of inward investment and the emphasis on maintaining Ireland's global competitiveness; and a public belief that the public sector had been treated generously in terms of pay and pensions in the recent past (Dukelow 2011; Geary and Murphy 2011; Stewart 2011).

In other countries also affected by severe fiscal consolidation, a much less positive picture emerges, frequently blending elements of government unilateralism, unsuccessful attempts at consultation, and some agreements on specific components of reform such as pension provision. The case of Greece indicates the absence of social dialogue, and policy has been decided unilaterally by emergency decree with virtually no attempt to involve the social partners. The fragile and uneven institutionalisation of collective bargaining in the public sector has been suspended, resulting in sustained, politicised mobilisation against austerity (Ioannau 2012). Severe restrictions on social dialogue and failure to reach agreement on a new public sector pay system has also characterised the experience of Bulgaria and Romania (Vasile 2012).

In Spain, the government was committed to social dialogue and set out a joint response to the crisis in summer 2008. It was the unveiling of austerity measures in May 2010, including public sector pay cuts, that precipitated industrial action. This put pressure on the government, and in January 2011 a social pact was agreed with separate elements, including a tripartite agreement on the reform of the pensions system and a bipartite agreement between the government and the trade unions to reform the public sector. The trade unions gained some concessions on the shift towards a pension age of 67— also for private sector workers— (see also Chapter 6 of this report) and social dialogue was restored for civil servants. Despite this agreement, the fragility of consultation and negotiation has become apparent in autumn 2011 with deeper budget cuts, triggering mass demonstrations and general strikes (see Table 4.9).

Similarly, in Belgium, Italy and Portugal amongst others there has been very little consultation on measures that impact the public sector workforce, and in Hungary during 2011 the country's Council of Interest Representation was dissolved and replaced with a weaker consultative body (Hámori and Köllő 2012). In some countries there has been little formal consultation, but informal dialogue over austerity has taken place, such as in Austria (Theodoropoulou and Watt 2011). In other cases consultation has been tokenistic, seeking the social partners' endorsement for measures largely decided by government and with little scope for modification. In some of these countries it has been the weakness of organised labour that has persuaded trade unions to accept austerity packages, such as in Latvia and Lithuania during 2009, rather than risk losing residual authority as a legitimate social actor (Bohle 2011).

In countries less affected by austerity with ongoing processes of public sector modernisation and established traditions of social dialogue, something resembling established collective bargaining has continued, as is evident from the experience of Germany and Sweden. In Denmark as well, wage negotiations have continued and in Finland the social partners are actively engaged in discussions in relation to pension reform. Even in countries where there has been strong disagreement with the government over austerity measures there has been scope for social partner engagement. President Hollande of France, elected in 2012, has committed to making social dialogue a major plank of policy with a conference held in summer 2012 with social partners to discuss pensions and wider labour market reforms. In Latvia, during 2012, agreement was reached with education trade unions to raise teacher salaries despite several rounds of difficult negotiations with the threat of planned strikes removed. In the UK, contentious discussions took place, but eventual agreement has been reached in relation to pension reform. The UK government altered the normal pension which is moving up in steps from 65 to 67 to 68 by 2044/5; workers' contributions are increasing; and pension schemes are shifting from final salary to career average based schemes. These proposals led to strikes in 2011 and provoked industrial action by doctors in 2012 for the first time since 1975. Trade unions extracted some concessions, safeguarding the low paid and negotiations resulted in overwhelming trade union support to accept government proposals, ending pension disputes in most parts of the public sector. For more details on social partner involvement in pension reform, see Chapter 6 of this report.

Box 4.4 Public sector adjustments in Europe and their effects

A first evaluation of public sector adjustments in Europe was carried out in 2011–12 by the ILO, co-financed by the European Commission, to contribute to a better understanding of the nature and extent of such adjustments in different European countries and to identify some of their effects. A conference on this topic was organized in Brussels on 21–22 June, 2012, with the participation of government, employer and worker representatives from 30 European countries. The results of this study are summarised here and have been published as *Public Sector Shock - The impact of policy retrenchment in Europe*, D. Vaughan-Whitehead (Ed.), Edward Elgar-ILO, 2013.

Research carried out by high-level national experts shows a great diversity in public sector adjustments in Europe. Beyond common trends in public sector reforms before the crisis, including outsourcing, a greater incidence of fixed-term contracts and rationalisation, current adjustments have varied significantly according to their nature and magnitude, timing and the policy mix. Such differences might be explained by whether the individual country has already experienced significant public sector adjustments in the past, as in the Netherlands or Sweden. The scale of adjustment may also depend on whether or not it takes place in countries with large-scale public sector employment. One key factor in diversity of approach was vulnerability to the economic crisis: countries that had healthier public finances before the crisis, such as Sweden and Germany, have been under less pressure to cut public expenditure. They were in an even better position if they had already started public sector reforms and adjustments, as was the case in Sweden and, albeit differently, the Netherlands. By contrast, the public sector has come under most pressure in the countries with the largest budget deficits, namely Greece, Portugal, Spain, Romania, Hungary, Ireland and a few others. Public sector retrenchment can also reflect the conviction that the private sector operates more efficiently and at lower cost than the public sector, as in the United Kingdom.

This immediate and urgent pressure to make savings and reduce public expenditure tends to favour quantitative adjustments, mainly cuts in expenditure, but also jobs and wages in the public sector, which are summarised below. Wage cuts have been implemented in various ways, either through a basic wage freeze or cut in, for example, Estonia, Ireland, Latvia, Lithuania, Romania, or through the abolition of bonuses previously enjoyed by public sector employees, such as the thirteenth month payment in Hungary and the thirteenth and fourteenth month payments in Greece. For details, see Table 4.7

Table 4.7: Employment and wage cuts in the public sector in selected European countries

	Employment reductions	Wage cuts and structural changes
Croatia	New recruitment frozen	–6% in 2009; return to 2008 level; then freeze —15% for state officials
Estonia	–1% in 2008–09	Cuts concerned 71% of public sector employees —10% in public administration and –3% in education in 2009–2010
France	–7% in 2008–12 Staff reductions in hospitals	10% loss in real wages due to freeze of index points since 2010 Increase in the social contribution pension equal to a 3.5% loss in net wages Wage individualisation
Germany		Performance-related pay up to 8% of total wage bill Increase in low paid New lower pay scale to avoid outsourcing Christmas bonus reduced; reduction of yearly bonus
Greece	First target of –20% by 2015 modified to –26%, mainly through cuts in fixed-term contracts Already –15% by 2011	–15–20% in 2011 (–21% for military personnel) Abolition of thirteenth (paid in December) and fourteenth month (Easter and summer) payments New cuts announced for 2012 (–15%) 11% public sector premium has fallen since 2010 and may have disappeared by end 2012
Hungary	Downward trend until 2008, then increase by 4.7% in 2008–2010; and slight decrease by –1.7% in 2010–2011	Abolition of thirteenth month payment in 2009 and of subsidies for housing, heating and travel Cuts between –37% for unskilled and –13% for high skilled in 2008–2010 Public sector premium fell from 15% in 2004 to –12% in 2009

excel file
gif

	Employment reductions	Wage cuts and structural changes
Ireland	No layoffs so far but no replacement of retirees and no renewal of many temporary contracts —5.2% in 2009–2011	Wage cuts introduced in December 2009 from –5% (for lowest wage) to –15% (for highest wages) —4.7% on average in 2010
Latvia	–4.3% in 2008–2009	–25% in public administration and –20% in education in 2009–2010 Public sector premium fallen from +21% in 2006 to +9% in 2010
Lithuania	–1.1% in 2008–2009	–15% in public administration in 2009–2010
Netherlands	Continued to increase in 2008–2010 (by 6%) especially part-time. Significant cuts planned up to 2014	Wage cuts progressive in the 1980s Real wage decline in 2010–2011 by –1 to 2% (by –2% in public administration to –2.5% in education);
Portugal	–9.5% in public administration in 2005–2010 Public sector unemployment growth of 20%	–2.5% of real wage in public administration in 2010 Further cuts of 3.5% to 10% in 2011 In 2012 suspension of thirteenth and fourteenth month payments (for holiday and Christmas bonuses) for medium and high wage earners; corresponds to –16% for most skilled In 2000–2009 real wage fall by –3.6% in public sector compared to +9.4% in private sector
Romania	–9.5% in 2008-2011 Further cuts in 2012	–25% in 2010 Cut of thirteenth month payment and abolition of most bonuses —10% in 2011 despite some attempts to compensate for former cuts Freeze of wages in 2012 Public sector wage premium fallen from +44.5% in 2009 to –15.6% in 2010 (a loss of 60.1 percentage points)
Spain	–18,000 in 2010 in public administration No new recruitment in 2012	–5% in 2010 Frozen in 2011 and 2012 Result: –10% real wages in 2010–2011 Same in autonomous regions Fall in public sector wage premium from +17% in 2009 to +7% in 2011 (gap reduced by 60%)
Sweden	Previous reduction of 17.7% in 1991–2007 Cut by 1.4% in 2008–2010 (95% of them short-term contracts) Also decrease in part-time employment Higher cuts at local level	Similar wage growth as in private sector (3.3% in 2005–2009)
United Kingdom	–10% planned over 5 years (2010–2014); largely exceeded in 2010–2011 (–6.1%) so double cut may be forecast by 2014 In 18 months (2010–2011) already –9% in public administration, –4% in education and –3% in health	Wage freeze in 2010–12 has led to –5% real wage in 2010–2011 1% cap on basic wage rises in 2013–2014

excel file

gif

While in some cases these adjustments can efficiently complement structural reforms in the public sector (such as improved wage determination systems and increased efficiency), they were also found to limit the effects of these institutional reforms and even halt them, as was the case in Portugal and Romania. A disproportionate focus on quantitative adjustment therefore brings a number of risks and leads to adverse effects in the social and economic spheres.

The wages and working conditions of public sector employees are clearly being modified by the magnitude of the changes involved. In a number of countries, public sector employees have lost the wage premium they traditionally had over the private sector, which was empirically justified in many countries by higher education levels for public sector employees. In Romania, for example, the premium fell from 40 per cent in 2010 to -15 per cent in 2011. Not surprisingly, these dynamics may now have the effect of lowering skills and human capital levels in public sector occupations. At the same time, wage cuts have contributed to increasing wage inequalities and increasing the number of low-paid public sector workers (see Table 4.8 below).

Table 4.8: Low-paid public sector workers in selected EU countries

Germany	Increase in low-paid workers in the public sector both at national and municipal levels due to a greater incidence of fixed-term and part-time contracts.
Greece	Impoverishment of public sector employees (fall in wages by 15–20 per cent in 2011 and new cuts of an additional -15% in 2012), due to the abolition of 13th and 14th month salaries, and a cut in the minimum wage.
Hungary	In 2010, 55 per cent of public sector employees with education below secondary level were below the poverty threshold compared with 33 per cent in 2008.
Lithuania	Increase in low-paid employees in the public sector due to a 15 per cent cut in 2009–2010.
Portugal	The number of low-paid workers in the public sector has increased due to wage cuts.
Romania	Low- paid workers have increased in the public sector due to a wage cut of 25 per cent in 2011.
United Kingdom	Increase in low-paid workers in the public sector due to a shift of many public sector employees from full-time to involuntary part-time working.

excel file

gif

Gender inequality has also been fuelled by public sector adjustments as a result of the traditional importance of the public sector for women's employment, access to higher positions and more flexible time and work and family arrangements.

Job losses in the public sector have also contributed to increasing the workload and working hours of those public sector employees who remain, while overtime rates have been reduced or frozen in a number of countries. The simultaneous reduction in expenditure has also reduced the human and material resources available for delivering public services, which have generally remained at the same levels or have actually increased— as is the case in health and education.

The absence of social dialogue in the reform process and the abolition of a number of provisions that encouraged collective bargaining in the public sector have also contributed to a worsening of working conditions in the public sector. The public sector could therefore be seen as having lost its role as a model employer, offering job security, collective bargaining, codetermination and good pay and working conditions instead converging with private sector practices.

These changes and the way they have been implemented have triggered a wave of demonstrations and strikes by public sector employees— often joined by other social groups— throughout Europe.

Future prospects for human capital and job quality in the public sector are also under threat. Not only have deteriorating wages and working conditions in the public sector and high unemployment led to significant emigration— especially among doctors, nurses and teachers— but the public sector has stopped attracting the quantities of young qualified graduates which hitherto have been its lifeblood.

All of these changes— especially when resulting in a growing mismatch between increasing demand and falling supply— cannot be neutral for the future quality of public services. This is already being observed in education and healthcare in some countries— on indicators such as a lower ratio of teachers to students in the classes and longer waiting lists for admission to hospitals – but it also threatens the efficiency of the public administration.

While the public sector reform process continues in Europe, it will be important to continue such monitoring, especially as it will be possible to evaluate the effects of the current reforms in more detail only as more data becomes available over the course of time.

4.5.2. Responses of social partners

In this context there have been important differences between the social partners in terms of their perspectives on the necessity and type of austerity measures pursued. In general, trade unions have been fiercely opposed to austerity measures and have viewed them as unfair because they suggest that public sector workers did not cause the financial crisis but are being singled out in terms of a worsening of their terms and conditions of employment and are in the vanguard of a race to the bottom. Public sector trade unions also stress the negative effects on employment and aggregate demand of the shedding of labour in the public sector at a time of low growth and have expressed concerns about the effects of austerity on particular segments of the workforce, especially women (see Rubery 2012). In general, public sector employers have been more receptive to austerity measures, accepting the need for fiscal consolidation, and appear especially interested in reforms that bring public sector employment conditions closer to those prevailing in the private sector in terms of ease of dismissal, wage flexibility, and less generous pension provision.

These differences, however, mask important areas of common concern between the social partners. In particular employers and trade unions, especially at municipal level, that are slightly more detached from central government policy-makers recognise that they face a common challenge in dealing with budgetary reductions imposed with often limited consultation by central government. There has therefore been some scope for employers and trade unions to work together to devise joint solutions to budgetary constraints to enhance productivity and service quality, for example in Italy, or by more effective utilisation of information technology, facilitated by agreements such as in Ireland. In addition, both trade unions and employers are concerned about longer-term recruitment and retention in a context of austerity and negative media coverage of the public sector.

The response to austerity measures has also revealed some differences of perspective within national trade union movements. Union pluralism is not a new phenomenon but is often reinforced by challenging circumstances. Trade union differences in responding to austerity often stem from representing distinct occupations and differing political alignments. In Portugal the CGTP has been less willing to go along with austerity measures than the UGT (Campos Lima and Artiles 2011), and there have also been important differences of perspective in the UK amongst civil service and teacher trade unions. Social democratic trade unions have reluctantly accepted the need for some budgetary reductions and have been prepared to make some concessions in countries such as France, Ireland, the Netherlands and the UK to safeguard the basic tenets of public employment. In France the government was scheduled to launch a consultation in autumn of 2012 on the general revision of public policies (RGPP), adopted in 2007, in order to restore balance in public accounts, in particular by applying the rule of not replacing one in two civil servants.

Nonetheless, rival trade unions have organised joint industrial action such as in Italy and the UK, but it has been tempting for governments to try to take advantage of the fragile unity of competing trade unions.

4.5.3. Strikes and demonstrations

Undoubtedly the clearest response to austerity, exacerbated by the failure of social dialogue in the majority of countries, has been an unprecedented wave of protests (Vaughan-Whitehead 2012). It has been especially notable not only because of the emphasis within industrial relations scholarship on the end of strikes (see Godard 2011), but also because of the wide distribution of protests. Public sector worker mobilisation also has to accommodate restrictions on strike action for particular occupations, such as the police; obligations to maintain essential services in many countries; and the unlawfulness of political strikes in some countries—restrictions introduced before the crisis (La Macchia 2011 and Chapter 1). Despite these restrictions, demonstrations, protests and strikes have been very widespread in response to public spending cuts and specific measures that have had a negative impact on the public sector workforce. As Table 4.9 indicates, occupations such as police and tax collectors that do not usually get drawn into strike action have been involved in protests against government policy. The overall aim of protests and strikes has been to put pressure on governments to alter austerity measures, but the protest movements also reflect a wider anxiety that political elites have capitulated to economic liberalism and have accepted that social exclusion and inequality will inevitably increase (Psimitis 2010). In this regard the division often made between economic and political objectives has been blurred in the mobilisation against austerity.

Table 4.9 Examples of protests & strikes against austerity measures in the public sector 2008–2012

Country	Protest & strikes	Specific sector or occupational groups	Year	Comment
Austria	*Few reports of mobilisation*			
Belgium	*Limited mobilisation*	Belgium's three key unions (CSC, FGTB and CGSLB) called for a general strike.	Jan 2012	Protest against the government's austerity measures, as unions argue that dialogue has come to a standstill.
Bulgaria	*Major protests against austerity measures*	National protest against pension reform. Thousands of trade union members participated.	Nov 2011	Protest against increasing the retirement age without consultation of the social partners. Subsequently, proposals were withdrawn.
Cyprus	*Two main strikes reported*	Education unions went ahead with a two-hour work stoppage in all schools, while most trade unions called off strike action after reaching a framework agreement with the Minister of Finance.	Dec 2010	Opposition against package of fiscal recovery measures, in particular public sector job losses, plans to calculate public sector pensions on the basis of average pay instead of final salary, and concerns about wage moderation.
		General strike	Jan 2011	Against reform package, incl. proposal of a cut in civil service salaries by up to 40%
Czech Rep.	*Series of marches, protests, demonstrations and strikes*	Mass demonstration organised by NOS PČR and supported by opposition politicians and many other trade unions... Approx. 45 000 attended.	Sep 2010	Demonstrators rejected: planned pay cuts for public and state employees; plans to reduce funds allocated to civil servants by 10% in 2011; amendment of the Labour Code which would potentially affect pay and rewards
		Anti-reform demonstrations organised by ČMKOS. Previously, TU's suspended tripartite negotiations.	May 2011	Against proposed government reforms to the pension system, healthcare, taxation and the labour code
		Hospital sector: Medical unions launched new protest campaign	Nov 2011	Demanding pay raises and secure funding for wages
		Public sector employees (mainly public administration, schools, health and cultural institutions)- organised by ČMKOS	Dec 2011	Against planned budget and wage cuts (= 10% of the public wage bill) and against changes in the remuneration scheme for public servants.
		Unions and civic organizations held major demonstrations— the largest since 1989 with approximately 120 000 attendees	Apr 2012	Protests due to ambitious fiscal tightening programme
Denmark	*Limited mobilisation*	Unions planning protest meetings.	Apr 2011	Against heavy cutbacks in defence spending: up to 12 000 full-time (of 70 000) jobs to go (50% forced redundancies)
Estonia	*Protests and strikes against austerity*	Demonstrations, followed by a three-day strike organised by the Education Personnel Union in education	2011-2012	Main strikes in education as unions demand 20% increase in teachers' wages in 2012 and 15% in both 2013 & 2014
Finland	*Few reports of mobilisation*			

excel file
gif

Country	Protest & strikes	Specific sector or occupational groups	Year	Comment
France	*Significant mobilisation—striker days increased markedly*	Series of public sector strikes	2010	Against increase of retirement age from 60 to 62; dissatisfaction concerning pay, job cuts, restructuring and deteriorating working conditions
		Day of action of public sector unions within the CGT confederation: circa 270 000 participants in 150 demonstrations	Oct 2011	Call for an increase in salaries and for policies to tackle precarious employment.
		Several national strikes	2009–2012	Relatively high participation rates among DGFiP employees
Germany	*A limited number of public sector warning strikes*	Municipalities: Approx. 150 000 social workers and nursery school teachers participated in a warning strike	2009	Demanding wage increases and improvement in working conditions
		Two waves of warning strikes involving federal and federal state employees in the public sector, including teachers	2011	Dispute over pay
		Warning strike: Federal State and municipalities, approximately 300 000 participants	2012	Demands of wage increases for period of 2 years
Greece	*Extensive and sustained protests, demonstrations and strike action- 838 strikes between Jan 2011 and Apr 2012, including 46 general strikes, of which 30 were in the public sector*	Numerous public sector strikes and protests involving teachers, transport workers, health workers, magistrates and tax collectors	2010	Against austerity measures including wage cuts, labour market reforms and tax changes; involving trade unions and mobilisation by citizen groups
		Unions organise strike in June and July	2011	Against new package the government agreed with the IMF, European Commission, and ECB in June
		48-hour general strikes and a 24-hour strike, organised by GSEE jointly with ADEDY	Oct 2011	Protests against the austerity package imposed by 'Troika', e.g. the abolition of the National Collective Labour Agreement and other 'anti-labour' & 'anti-union' legislative measures already enforced
		Public service workers protests; main demonstration organised by GSEE and ADEDY	Dec 2011	Against austerity cuts. Custom official, Tax offices, courts, and schools were shut down, and hospitals operated on an emergency basis only.
Hungary	*Significant mobilisation*	Series of demonstrations by police-and firemen, professional soldiers	2011	Protesting against reform of their early retirement schemes.
		Demonstration outside parliament by unions	Sep 2011	Against abolition of country's council (OET) and its replacement with a new one; unions see their role diminished and a threat to tripartite arrangements
		Demonstrations by unions in the LIGA confederation	Nov 2011	Roadblock demonstrations across the country in protest of the draft labour code.
		A Fidesz-organized march	Jan 2012	Against Hungary's alleged 'colonization' by the EU and the IMF
Ireland	*Significant increase in protests in late 2009, subsequently subsided after 2010*	One-day strike and street protests by public sector unions	Nov 2009	Against wage freeze and pension levy and anticipation of harsh measures
		Rally/march supported by ICTU, SIPTU, UNITE, Mandate	Nov 2011	Against austerity plans, including spending cuts and attacks on social welfare

excel file
gif

Country	Protest & strikes	Specific sector or occupational groups	Year	Comment
Italy	*Series of strike actions*	General strike and various other days of protests at sectoral level; a one-day strike and other strikes, organised by CGIL and UIL-PA	Jun/Jul 2010	Reason: May 2010 financial intervention package/decree: however, other unions (e.g. CISL) consider decree to be inevitable
		Protest organised by largest TU confederation CGIL	Jun 2010	Against pay freeze for 4 years until end of 2013 announced in budget statement (although not supported by other major TU confederations)
		General strike called by CGIL	Jun 2010	In protest against retirement changes applying to female civil servants
		8-hour public sector worker strike (approx. 20 000 attended); simultaneous protest by members of Italian Pensioners Union	Oct 2011	Due to threat to public services and collective bargaining and in protest against planned changes to pension system— increase of pension age
		unitary strike action; civil service strike, called by CGIL, Cisl & Uil	Dec 2011	Against austerity program and due to lack of dialogue
Latvia	*Protests against austerity*	Education and Healthcare sector	2009/2011	Protest action following budget and wage reductions, particularly in the education and healthcare sector, but in 2012 education dispute resolved
Lithuania	*Protests against austerity measures*	Public and private trade unions (circa 5 000– 7 000 participants)	Early 2009	General protest action due to government's lack of consultation and dialogue.
		Lithuanian Trade Union Confederation (LPSK)	Mid 2009	Hunger strike due to decision to cut basic monthly pay without consultation
		Four sectoral TU's and the Pensioner's Party	Oct 2009	Five simultaneous protests against wage cuts for public sector employees
Luxembourg	*Few reports of mobilisation/ strikes*			
Malta	*Limited mobilisation*			
Netherlands	*Targeted protests predominantly in education*	Local government sector demonstrations Secondary teachers' strike, called by the FNV-affiliated teachers' union, the AOb (approx. 21 000 teachers participated) teachers' protest/ national manifestation Protest of 15 000 people	Nov 2011 Jan 2012 Mar 2012 Mar 2012	In protest over the breakdown of collective bargaining Against changes in working hours, holiday entitlements, increased workloads Against planned budget cuts in education Against cuts in the provision of sheltered workplaces
Poland	*Limited mobilisation*	Trade union protest (several hundred people)	Mar 2012	Against pension reform (raising of pension age); demands for a national referendum

excel file
gif

Country	Protest & strikes	Specific sector or occupational groups	Year	Comment
Portugal	*Extensive strikes/ protests*	Two main union confederations (CGTP&UGT) call for 2nd general strike3 and major demonstrations by public sector unions	Nov 2011	In opposition to austerity plans, including massive cuts in bonuses for public sector workers earning over €1 000 a month (which equals a two months' pay)
		24-hour national strike called jointly by CGTP & UGT, including shut down of public services in many parts of the country	Nov 2011	Against austerity measures imposed by government as a condition of the EU/IMF bailout
		Call for general strike by union confederation GCTP3	Mar 2012	Against austerity measures imposed by the 'troika'& the draft Labor Code reform
		STAL public service union plans for a national demonstration	Feb 2012	Against austerity measures being imposed by the troika, including public sector pay cuts and increased workloads
Romania	*Extensive protests*	2 hour protest by 40 000 public employees; human chain by 20 000+ union members of all main 5 national trade unions	May/Jun 2010	In opposition to government reforms.
		Protests (by tax officials and finance workers; workers in pension, health insurance and employment offices, teachers etc)	Oct 2010	In opposition to a reduction of salaries of all public employees by 25% and a 40%-70% wage cuts for tax officials and finance workers (because of cuts in bonuses)
		Marches organised by main national TU confederations	2011	In opposition to new labour laws
		Protest of five national union federations by removing themselves temporarily from all social dialogue; four national employers' organisations joined protest.	2011/2012	Protest against the new Social Dialogue Act, passed unilaterally by the government in 2011, which effectively put an end to collective bargaining. Ultimately protests led to the Prime Minister's and cabinet resignation in February 2012
Slovakia	*Some protests, especially in healthcare*	Healthcare sector— day of protest— 1 hour doctors' strike	Mar 2011	Against the poor financial situation in the sector and demands for wage increases
		2 400+ physicians handed in their notices & continuing protests	Sep–Dec 2011	In protest of planned transformation of hospitals into joint-stock companies; action was called off after an amendment to the law on healthcare providers
Slovenia	*Protests in the public sector*	Public sector union (KSJS) calls for strike action. General public sector strike	Oct 2011	In protest against a 4% pay cut, which would affect 160 000 workers, and lack of dialogue. In April 2012: general public sector strike against austerity measures.

excel file
gif

Country	Protest & strikes	Specific sector or occupational groups	Year	Comment
Spain	*Extensive and widespread mobilisation and strikes*	General strike	Sep 2010	against employment law changes
		Protests of Spain's main unions1 CCOO & UGT1 and setting of general strike	Sep 2011	Against changes to Spanish constitution, changes to employment law (regarding compensation and dismissal) and pensions & speed with which changes were introduced
		mass demonstration of teachers, parents & students	Oct 2011	Against cuts in education budget
		FSP-UGT public services federation organised protest action	Oct 2011	Against deterioration of pay and conditions in the Public Employment Service; Inadequate staffing, increased workloads, problems in relation to pay levels and other working conditions
		UGT & CCOO announced mass protests with local protests held in 57 cities and legal action against the law	Feb 2012	Against government's labour law reform which increased flexibly in hiring and firing practices
		Public sector unions planning series of demonstrations	Jan–Feb 2012	Against further pay freezes across public sector and regional government budget cuts
		Workers' Commissions & UGT call for 24-hour general strike; 2nd general strike since crisis began	Mar 2012	Against labour reform; against austerity program with public spending cuts of over €35 billion
Sweden	*Few reports of protests*			
UK	*Large-scale strikes in the public sector, focused on pension reform, jobs and wage cuts*	1 day strike staged by 4 trade unions (NUT; ATL; UCU; PCS) over public service pension reform	Jun 2011	Against proposed changes to pension schemes and changes such as the use of CPI instead of RPI as basis for increasing pensions, and raising employee contributions
		'Day of Action'— large public sector coordinated strikes and marches/ rallies— organised by the TUC and its affiliated unions	Nov 2011	Around 2 million public sector workers (including NHS workers, civil servants and teachers) participated in response to a lack of progress on negotiations over pension reform

excel file
gif

Virtually no country has been immune to industrial action, although widespread demonstrations have been especially prevalent in countries hit hardest by austerity measures, especially Greece, Portugal and Spain and to a lesser extent the UK and France. These protests are almost always directed at governments, or indeed international agencies such as the IMF, rather than the immediate employer and are designed to demonstrate the strength of feeling against austerity measures and to try to wring concessions from governments. Beyond the generalised political dimension to these protests, there are subtle differences of emphasis. There are relatively few cases in which strikes represent a traditional part of the bargaining process to try to gain improved pay offers from employers. Instead most protests are highly defensive attempts to limit the scale of concessions extracted from the workforce and to prevent privatisation and other forms of restructuring.

Second, in some countries new actors are mobilising against austerity measures because these programmes impact public services and welfare provision with major consequences for service users. This has created opportunities for coalitions, often using forms of social media, to combine service users and trade unions to counter austerity measures. These coalitions are partly intended to prevent trade union demonstrations being portrayed as simply focused on the interests of 'producers' that are seeking to maintain the interests of their members. In some countries these developments have gone further and have been fuelled by a deep-seated hostility and loss of trust in the political process and wariness towards the trade union movement. The best-known case is that of the *Indignados* (indignant) movement in Spain, comprised of young people that occupied public spaces in many Spanish cities and directed their anger at the political elites, including the trade unions, and have sought a wide ranging programme of change.

Third, protests and strikes have been combined with a variety of other responses to challenge austerity measures. The most common approach has been to launch legal challenges to aspects of austerity programmes because the constitutional validity of government policy has been questioned. In the UK, the Public and Commercial Services Union (PCS),

for example, challenged an agreement between the government and selected unions that reduced the maximum redundancy compensation available to civil servants. Similar tactics have been used by trade unions in Latvia and Romania to overturn aspects of government austerity and pension reforms (Ghellab *et al.* 2011). In Greece there has also been widespread recourse to legal challenges.

4.6. Conclusions

This chapter has assessed the impact of the economic and political crisis for public sector industrial relations. These consequences extend beyond the impact on the workforce itself because the public sector provides services that are integral to maintaining competitiveness and social cohesion within Member States. The onset of the crisis led to a sharp increase in public deficits, leading Member States to adopt fiscal consolidation measures that almost without exception have had an impact on the public sector workforce. Although the extent of change has varied significantly between countries, a common trend is for an increase in the number of countries seeking to reduce the size and scope of the public sector. Moreover, additional austerity measures have been added to those already in train, and timescales for austerity programmes have been extended.

The process of adjustment has been very different from the remedies pursued by the private sector as described in the *Industrial Relations in Europe 2010* report. The economic downturn affected private sector firms and workers through reduced demand, and short-time working and related initiatives were used to maintain skills in anticipation of an upturn in demand. In contrast, the public sector experienced increased pressure as demands on social security and health services increased, reinforcing demands on staff and jeopardising service quality as the workforce was reduced. This has occurred because fiscal consolidation has focused on spending reductions with budgets adjusted to economic circumstances rather calibrated to shifting demand. This inherently political process of setting public sector budgets and wages has been influenced by citizen and workforce responses. Attempts to influence government austerity policy have been evident in the waves of protests and demonstrations in many Member States, but the scope for political manoeuvre by governments has been constrained by external pressure from the international financial markets and tight fiscal rules.

This chapter has outlined how this process of adjustment has focused on reducing the public sector pay bill via pay cuts, pay freezes and reductions in employment, with staffing reduced by various means, including the use of staff replacement ratios. Other measures include widespread interventions to manage pension expenditure, often focused on the postponement of the retirement age and increased contributions and the alignment of conditions with those existing in the private sector. In addition, working time has been extended and work re-organised via outsourcing and other measures. Over the medium term, sustained expenditure reductions will require further changes in work organisation and patterns of service delivery that extend beyond the 'downsizing' of the public sector workforce; there are some signs of continuing modernisation and restructuring of public services in some Member States.

It has been suggested that although all Member States have suffered impacts from the crisis, the process and severity of adjustment has differed between countries and there is no straightforward North European versus Mediterranean country divide as is often assumed. A first cluster of countries, exemplified by Greece, Ireland, Portugal and Spain, have the largest programmes of adjustment because they face the most direct pressure to reduce public expenditure rapidly and have required external assistance. There is a limited tradition of structural reform of the public sector and there is an emphasis on immediate fiscal results brought about by reducing the pay bill by reductions in wages and employment. In a differing political and economic context, austerity programmes in the Baltic states, especially Latvia, but also Hungary and Romania also exemplify this pattern of adjustment. In these cases, with the exception of Ireland, governments have scarcely tried or have failed to bring about agreed changes in public sector industrial relations by a process of social dialogue. Instead, unilateral changes in pay and working conditions, usually on more than one occasion, have been imposed on the public sector workforce. This has provoked widespread protests and disenchantment with government. The most sustained mobilisation has occurred in countries that have faced the harshest adjustment programmes, and no serious attempt to engage in dialogue with the workforce has occurred, most notably in Greece.

A second cluster of countries has also implemented some austerity measures with variations in terms of severity between countries. What differentiates this cluster is that the timing and form of these programmes have been more directly under the control of their own national governments and have frequently involved the adaptation or continuation of structural reforms that have sought to boost the efficiency and effectiveness of public services. Due to the severity of the economic and financial crisis, austerity measures still markedly impact the public sector workforce, but there is often less discontinuity with previous organisational and managerial reforms. These countries have made some use of cutback management measures but often in more dilute forms. An important difference from the first group of countries is not the size of the public sector but the legacy of modernisation. This cluster is exemplified by Germany

and the Nordic countries but also France, the Netherlands and with some caveats the United Kingdom. These countries did not confront the immediate fiscal crisis and market turbulence experienced by countries such as Greece, but many of them have implemented some austerity measures to bear down on public debt and continue longer-term reforms of public sector industrial relations. Social dialogue has often been strained, but there have been more concerted efforts to consult and negotiate with the public sector workforce to bring about agreed changes in pay and working conditions. In this regard, protests and strikes have occurred, but they have been less severe than in the first cluster of countries.

Finally, what does the response to austerity indicate about longer-term trends in public sector industrial relations? In other words, are these recent interventions having a more profound i.e. structural influence on employment and industrial relations in the public sector? To respond to this question it is necessary to both look back at the changes that were implemented before the crisis and examine whether the medium- to long-term trends have been diverted or even reversed by the current reform wave. Since the mid-1990s (and in some countries well before that time), several EU countries have moved along a path marked by two main policies: on the one hand, the introduction of market-like incentives in public sector industrial relations and attempts to emulate private sector practice; and on the other, a shift to more decentralised and pluralistic forms of governance, again mimicking the functioning of the market and its responsiveness to local conditions. It is notable that these policy recipes, associated with NPM reforms, were being recalibrated before the crisis. This arose because outcomes did not seem to fulfil expectations as the capacity to control public expenditure and/or improve the productivity and quality of the public sector was uncertain. The effectiveness of decentralisation was a particular weakness of earlier attempts at private sector type reforms, such as forms of incentive pay and other pay flexibility mechanisms, because either there was very limited genuine devolution or because enforcement mechanisms at decentralised levels were eroded, encouraging opportunistic behaviour and diluting budgetary control and productivity improvements. Consequently, signs of recentralisation were evident, especially in the field of pay and compensation, by the mid-2000s (Bach and Bordogna 2011; Bach and Kessler 2012).

The austerity measures considered in this chapter seem to consolidate moves towards centralisation and unilateralism in public sector industrial relations. This represents a return to patterns of public sector industrial relations that preceded the recognition of collective bargaining in the public sector that occurred in the decades prior to the crisis, but at the same time confirms the tendency to promote the introduction of private sector HRM practices. Indeed, there are two basic features linked to the public finance priority of reducing expenditure that prioritises pre-determined expenditure envelopes and fiscal monitoring that limits the sphere of industrial relations activity and therefore greatly reduces the autonomy of decentralised actors. First, the room for manoeuvre of public managers is being substantially reduced. This is because public managers have fewer resources to invest in human resource management and development but are under pressure to meet fiscal targets. This is encouraging strategies that reduce labour costs with fewer staff employed working under worse terms and conditions of employment, raising questions about the extent to which the public sector remains a model employer. Related to this, strategies that merge organisations, outsource services and/or share services between employers all curb managerial authority at local level. Moreover, strategies that have empowered managers in the past, such as the use of individual performance-related pay, are very difficult to operate in a context of wage freezes and wage cuts.

Second, the joint and autonomous regulation of the employment relationship through collective bargaining is highly constrained both through the reduction of available resources— which are the usual and basic ingredient of negotiations— and due to direct wage freezes and the suspension of normal bargaining mechanisms. In a sense, a new centralised unilateralism is emerging, which resembles the traditional unilateral regulation of the public sector industrial relations by central political authorities, with a new emphasis on effectiveness and efficiency rather than impartiality and equity. The public sector has not abandoned attempts to be a model employer, but this principle has a far lower priority than in the past. The role of public sector trade unions has been seriously weakened and there have been limited attempts to encourage employee voice. The risk is that when economic growth returns the public sector in many countries might no longer be viewed as an employer of choice, and this could seriously jeopardise efforts to recruit and retain a talented workforce that will help deliver high quality public services that maintain competitiveness and social cohesion.

Acknowledgements

We thank Berndt Keller, University of Konstanz and Paul Marginson, University of Warwick for helpful comments and suggestions on an earlier draft of this chapter. We thank Alexandra Stroleny, King's College London for additional research assistance.

References

Avdagic, S., Rhodes, M. and Visser, J. (2011), *Social Pacts in Europe*. Oxford: Oxford University Press.

Anxo, D. (2012), 'Early fiscal consolidation and negotiated flexibility in Sweden: A fair way out of the crisis', in Vaughan-Whitehead, D. (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Baccaro, L. and Lim, S-H, (2007), Social Pacts as Coalitions of the Weak and Moderate: Ireland, Italy and South Korea in Comparative Perspective, in *European Journal of Industrial Relations*, 13, 1, pp. 27–466.

Bach, S. and Bordogna, L. (2011), 'Varieties of new public management or alternative models? The reform of public service employment relations in industrialised democracies', *International Journal of Human Resource Management*, 22, 11, pp. 2281–2294.

Bach, S. and Kessler, I. (2012), *The Modernisation of the Public Services and Employee Relations: Targeted Change*, Palgrave-Macmillan, p. 213.

Bernaciak, M., Duman, A. and Scepanovik, V.(2011), 'Employee Welfare and restructuring in the public sector: Evidence from Poland and Serbia', *European Journal of Industrial Relations,* 17,4, 365–380.

Bohle, D. (2011), *Trade unions and the fiscal crisis of the state*, Warsaw Forum of Economic Sociology, 90–103.

Bordogna, L. (2008), 'Moral Hazard, Transaction Costs and the Reform of Public Service Employment Relations', *European Journal of Industrial Relations,* 14, 4, pp. 381–400.

Bordogna, L. and Neri, S. (2011), 'Convergence towards an NPM programme or different models? Public Service Employment Relations in Italy and France', *International Journal of Human Resource Management*, 22, 11, pp. 2311–2330.

Bosch, G. (2012), 'Public sector adjustments in Germany: From cooperative to competitive federalism', in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Bosch, G., Mesaros, L., Schilling, G. and Weinkopf, C. (2012), *The public sector pay system and public procurement in Germany: National report, University of Duisburg.* Manchester: University of Manchester.

Dellepiane, S. and Hardiman, N. (2012), 'The New Politics of Austerity: Fiscal Responses to the Economic Crisis in Ireland and Spain'. *UCD Geary Institute.*

Demmke, C. and Moilanen, T. (2010), *Civil Services in the EU of 27.*Franfurt: Peter Lang.

Dukelow, F. (2011), 'Economic Crisis and Welfare Retrenchment: Comparing Irish Policy Responses in the 1970s and 1980s with the Present', *Social Policy and Administration,* 45, 4, pp. 408–429.

Dunsire, A., Hood, C. and Huby, M. (1989), *Cutback Management in Public Bureaucracies.* Cambridge: Cambridge University Press.

Doherty, M. (2011), 'It must have been love...but it's over now: the crisis and collapse of social partnership in Ireland', in *Transfer*, 17, pp. 371–385.

European Commission (2012a), 'EU-27 Government revenue and expenditure stood at 44.6 % and 49.1 % of GDP respectively in 2011', Wahrig and Gancedo Vallina, Statistics in Focus (http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-027/EN/KS-SF-12-027-EN.PDF).

European Commission (2012b), *White Paper: An Agenda for Adequate, Safe and Sustainable Pensions, Com(2012) 55 final.* Brussels: European Commission.

European Commission (2012c), *The Second Economic Adjustment Programme for Greece*. Brussels: European Commission.

European Commission (2012d), 'General government expenditure: Analysis by detailed economic function'. Freysson, Statistics in Focus (http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-033/EN/KS-SF-12-033-EN.PDF).

Featherstone, (2011), 'The Greek sovereign debt crisis and EMU: A failing state in a skewed regime', *Journal of Common Market Studies,* 49, 2, pp. 193–217.

Gautié, J. (2012), 'France: The Public Service under Pressure', in Vaughan-Whitehead, D. (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Geary, J. and Murphy, A. (2011), 'The reform of public sector pay in Ireland under social pacts', in Baglioni, M. and Brandl, B. (Eds) *Changing Labour Relations: Between Path Dependency and Global Trends.* Frankfurt: Peter Lang.

Ghellab, Y., Varela, N. and Woodall, J. (2011), Social security and social security governance: a topical ILO Perspective, in *International Social Security Review*, 64, 4, pp. 39–56.

Glassner, V. (2010), *The Public Sector in the Crisis,* Working Paper 2010.07, Brussels: ETUI.

Godard, J. (2011), 'What Has Happened to Strikes?' *British Journal of Industrial Relations,* 49, 2,

Grimshaw, D. (2012), 'Austerity, privatization and levelling down: Public sector reforms in the United Kingdom' in Vaughan-Whitehead, D. (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Grimshaw, D. and Rubery, J. (2012),'The End of the UK's Liberal Collectivist Social Model?' The Implications of the Coalition Government's Policy during the Austerity Crisis' *Cambridge Journal of Economics,* 36,1, pp. 105–126.

Hámori, S. and Köllő, J. (2012), 'Hungary: Public sector labour market from crisis to crisis' in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Hamann, K. and Kelly, J. (2007), Party Politics and the Reemergence of social pacts in Western Europe, in *Comparative Political Studies,* 40, 8, pp. 971–994.

Ibsen, C., Larsen, T., Madsen, J. and Due, J. (2011), 'Challenging Scandinavian employment relations, the effects of new public management', *International Journal of Human Resource Management,* 22, 11, pp. 2295–2310.

Ioannau, C. (2012), 'Recasting Greek industrial relations: internal devaluation in light of the economic crisis and European integration', *International Journal of Comparative Labour Law and Industrial Relations,* 28, 2, pp.199–222.

Implementation Body (2011), *Public Service Agreement 2010–2014: First Progress Report.*

IMF (2013), *Greece: First and Second Reviews Under the Extended Arrangement Under the Extended Fund Facility, Request for Waiver of Applicability, Modification of Performance Criteria, and Rephasing of Access.* Washington, D. C.: IMF.

Keller, B. (2011), 'After the end of stability: recent trends in the public sector in Germany', *International Journal of Human Resource Management,* 22, 11, pp. 2331–2348.

Krugman, P. (2008), *The Return of Depression Economics and the Crisis of 2008.* London: Penguin.

La Macchia, C. (2011), 'The protection of the strike in the internal national legal systems', in La Macchia, C. (ed), *The Right to Strike in the EU.* Rome: Ediesse.

Lasierra, J-M. (2007), 'Labour relations in the Spanish public administration in a context of change', *International Journal of Public Sector Management,* 20, 1, pp.63–74.

Leisink, P., Weske, U. and Knies, E. (2012) *Social dialogue and the public services in the aftermath of the economic crisis: strengthening partnership in an era of austerity in the Netherlands National report* (http://www.kcl.ac.uk/sspp/departments/management/Social-Dialogue-and-Austerity-EU.aspx).

Lounsbury, M. and Hirsch, P. (2010), *Markets on Trial: The Economic Sociology of the US Financial Crisis.* Bingley: Emerald Group.

Masso, J. and Espenberg, K. (2012), 'Early application of fiscal austerity measures in the Baltic states', in Vaughan-Whitehead, D. (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Muñoz de Bustillo, R. and Antón, J. (2012), 'Those were the days my friend: The public sector and the economic crisis in Spain' in Vaughan-Whitehead, D. (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Natali, D. and Pochet, P. (2009), The evolution of social pacts in the EMU Era: What type of institutionalization?, in *European Journal of Industrial Relations,* 15, 2, pp. 147–166.

O'Connell, P. (2012), 'Cautious adjustment in a context of economic collapse: The public sector in the Irish crises', in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

O'Kelly, K. (2009), The end of social partnership in Ireland?, in *Transfer* 16, pp. 425–429.

OECD (2011), *Economic Surveys: Greece.* Paris: OECD.

Office for Budget Responsibility (2010),*Economic and Fiscal Outlook*, CM 8036. London: OBR.

Ongaro, E. (2008), 'Introduction: the reform of public management in France, Greece, Italy, Portugal and Spain', *International Journal of Public Sector Management,* 211, 2, 101–117.

Pollitt,, C. and Bouckaert, G (2011),*Public Management Reform: a Comparative analysis. NPM, Governance and the Neo-Weberian State.* Oxford: Oxford University Press.

Psimitis, M. (2011), 'The Protest Cycle of Spring 2010 in Greece', *Social Movement Studies,* 10, 2, 191–197.

Rastrigina, O. and Zasova, A. (2012), The distributional impact of Austerity Measures in Latvia (http://freepolicybriefs.files.wordpress.com/2012/02/free_policy_brief_rastrigina_feb62.pdf).

Regan, A. (2011), 'The political economy of social pacts in the EMU: Irish liberal market corporatism in crisis', in *New Political Economy, online early.*

Roche, W (2007), Social partnership in Ireland and new social pacts, in *Industrial Relations,* 46, pp. 395–425.

Rubery, J. (2012), 'Public sector adjustment and the threat to gender equality', in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Schulten, T., Brandt, T. and Hermann, C. (2008), 'Liberalisation and privatisation of public services and strategic options for European trade unions', *Transfer,* 14, 2, 295–311.

Stewart, J. (2011), 'New development: Public sector pay and pensions in Ireland and the financial crisis', *Public Money and Management,* May, pp. 223–228.

Stiglitz, J. (2010), *Freefall: Free Markets and the sinking of the global economy* New York: New Press.

Theodoropoulou, S. and Watt, A. (2011), *Withdrawal Symptoms: an assessment of the austerity packages in Europe.* Brussels: ETUI.

Tzannatos, Z. and Monogios, Y. (2012), 'Public sector adjustment amidst structural adjustment in Greece: Subordinate, spasmodic and sporadic', in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Vaughan-Whitehead, D. (2012), 'Public sector shock in Europe: Between structural reforms and quantitative adjustment' in Vaughan-Whitehead, D (Ed) *The Public Sector in Shock.* Geneva: International Labour Office.

Chapter 5: Greening the social dialogue

The role of the social partners in the transition to green and greener jobs has been gradually increasing in recent years. However, more needs to be done to build a lasting and sustainable social dialogue that can help to meet the challenges posed by the move to a competitive, low-carbon and resource efficient economy.

Based on a draft by Christine Aumayr-Pintar and Christian Welz, Eurofound

5.1. Introduction: European-level policy on greening and social partner positions

This chapter aims to bring together different strands of recent research in the field of industrial relations and sustainability. It includes examples of social partner initiatives for managing the transition, results from a new study on the quality of green jobs [1], some instances of environmentally-related restructuring within the utilities sector [2] and the results of a mapping exercise [3] on the level of representation in the newly emerging renewable energy industry across Europe. Based on these pieces of research, conclusions on the importance and proposals for the promotion of 'greening' the social dialogue are drawn.

Within the framework of its Europe 2020 strategy, the European Union has re-confirmed its commitment to move towards a competitive, low-carbon and resource-efficient economy [4]. In line with this, a number of policies for coordinated Member State action have been advanced, the major ones being the following:

- European climate and energy policy set the following key targets (the 20-20-20 targets): that Member States jointly achieve a 20% energy reduction; source 20% of their energy from renewables; and cut their greenhouse gas emissions by 20% compared to 1990 by 2020. Binding legislation supporting the implementation of these targets was contained in the EU climate and energy package 2008, which includes aspects such as the Emission Trading Scheme (EU ETS), an 'effort sharing decision' for sectors not covered by the EU ETS, binding national targets for the use of renewables and a legal framework for the promotion of carbon capture storage [5].
- In its '2050 Low Carbon Roadmap' [6], the European Commission sketches a pathway towards further greenhouse gas reduction of 80%— 95% by 2050, focusing on a range of sectors.
- The labour market implications of this transition phase will be supported by the New Skills and Jobs Agenda [7].

These policies are set out as the backbone of a policy-driven technological and social change. In an optimistic scenario from an environmental point of view, a new wave of 'green restructuring' accompanied by green re- and up-skilling can be expected. While the extent of such change has been subject to some analysis (e.g. Cambridge econometrics et al. 2011 [8], see European Commission 2009 [9] for an overview), the quality of such a change and its implications for working conditions and employment have not been extensively analysed (see, however, EU-OSHA 2011a [10] and 2011b [11] for health and safety implications). Recent research by the European Foundation has tried to fill this gap.

The social partners at the European level are engaged on this topic within different forums— particularly the sectoral social dialogue committees— (see Chapter 7) and have issued a variety of position papers and opinions.

On the worker side, the concept of 'Just Transition' was adopted by the Trade Union Congress in Vancouver, ITUC (2010) [12]. It embraces a package of policy proposals aimed at fostering a socially just, environmentally sustainable transition. Policies include investment in green and labour intensive technologies and sectors, research and early assessment of social and employment impacts, social dialogue and the democratic consultation of all stakeholders, training and skills development and local analysis and economic diversification plans [13].

On the employer side, employer representatives stress the importance of maintaining competitiveness by ensuring an international level playing field

(1) Eurofound 2012a.

(2) From the European Restructuring Monitor, ERM.

(3) Eurofound 2012b.

(4) See Commission Staff Working document: 'Exploiting the employment potential of green growth' SWD(2012) 92 final.

(5) European Commission, 'The EU climate and energy package', (consulted May 2012) http://ec.europa.eu/clima/policies/package/index_en.htm

(6) European Commission 2011, COM 2011 (112) final.

(7) European Commission 2010, COM 2010 (682) final.

(8) Cambridge Econometrics, GHK and Warwick Institute for Employment Research, 2011. 'Studies on Sustainability Issues – Green Jobs; Trade and Labour' Final Report for the European Commission, DG Employment.

(9) European Commission, 2009 'Employment in Europe 2009', Luxembourg: Office for Official Publications of the European Communities.

(10) European Agency for Safety and Health at Work (EU-OSHA), 2011a 'Foresight of New and Emerging Risks to Occupational Safety and Health Associated with New Technologies in Green Jobs by 2020. Phase I— Key drivers of change', Luxembourg: Publications Office of the European Union.

(11) European Agency for Safety and Health at Work (EU-OSHA), 2011b. 'Foresight of New and Emerging Risks to Occupational Safety and Health Associated with New Technologies in Green Jobs by 2020. Phase II— Key technologies', Luxembourg: Publications Office of the European Union.

(12) ITUC (2010) 'Resolution on combating climate change through sustainable development and just transition' 2CO/E/6.10 (final).

(13) Rosemberg 'Building a Just Transition: The linkages between climate change and employment', in ILO, International Journal of Labour Research, 2010, Vol. 2, Issue 2.

for industry (BusinessEurope 2008 [14] or by keeping the regulatory burden of environmental legislation low and empowering SMEs, through training, advice and access to funding, to play their part in fighting climate change (UEAPME 2010 [15]). Fostering the adoption of cost-efficient 'climate' technologies, such as the construction of energy efficient housing, is a goal shared by all parties.

In terms of employment, it is now generally assumed that overall there will be little net gain in the number of jobs. While new jobs are expected to be created in certain sectors (such as renewable energy, environmental technologies and environmental consulting), other jobs might be transformed or lost (such as many of those in energy-intensive industries using conventional sources of energy). The vast majority of jobs, however, will have to become 'greener', i.e. generating less environmental impact, and this will require new skills and attitudes. It is generally undisputed that the social partners have an important role to play in accompanying and easing such a transition. However, this role has not been sufficiently analysed in the past and the present chapter should be seen as a first contribution to filling this gap.

The recent economic and financial crisis has not reduced the number of green jobs but has affected the overall pace of greening across industry. While some companies find it hard to balance climate change with other needs in times of crisis, others capitalise on the new opportunities and contribute to jobs preservation and creation in Europe. Thus, it seems that the design, implementation and monitoring of actions aimed at mitigating the lasting effects of the crisis on greening is a key future challenge [16].

5.2. Role of the national social partners and their level of engagement

Back in 1994, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) [17] undertook a study on social partners' cooperation in environmental protection in 10 countries of the EU-15. It concluded that social partners (with a few exceptions) did not feel responsible for environmental concerns. Where activities took place they were unilateral, and employee representatives focused on environmental concerns within their health and safety agenda. The social partners sometimes joined together to block state-imposed conditions regulating the environment in order to avoid additional financial burdens. Recent research, however, has indicated a changing attitude of both sides of industry: the most recent *Industrial Relations in Europe 2010* report [18] looked into the social partners' role in the transition towards a green economy. Drawing on a number of examples from the European Industrial Relations Observatory (EIRO), Eurofound (2009) [19], the report found that social partners in almost all Member States are actively promoting issues on the green agenda, thus exerting their influence on policy. This embraces lobbying activities (notably in relation to the climate and energy package 2008) but also consultation within tri- or multipartite forums and sometimes the conclusion of tripartite agreements. Autonomous regulation on the other hand, such as collective agreements or guidelines, remains rare in the case of greening except at the company level. However, the social partners have initiated and contributed to a wide range of activities in support of the transition to a competitive, low-carbon and resource efficient economy, including training and counselling, campaigns, research, environmental labels and others. For a general overview of all social recent social partner initiatives and activities, see Chapter 7.

Chart 5.1 has been drawn up based on the information provided in the individual national contributions to the above-mentioned report and modified according to discussions with stakeholders in various forums. The chart shows the stage of social partner and government involvement and indicates where tripartite bodies dealing with green issues are in place.

(14) Business Europe 2008 'Combating Climate Change: Four key principals for a successful international agreement' http://www.businesseurope.eu/content/default.asp?PageID=568&DocID=21780

(15) UEAPME Position Paper 2010 'UEAPMEs views on SMEs and Sustainable Development in the current economic and environmental context' http://www.ueapme.com/IMG/pdf/1009_pp_sustainable_development_final.pdf

(16) Eurofound 2012a.

(17) Eurofound 1994'Industrial Relations and Environmental Protection in Europe', Luxembourg: Office for Official Publications of the European Communities. EF/94/12/EN.

(18) European Commission 2010, 'Industrial relations in Europe 2010'.

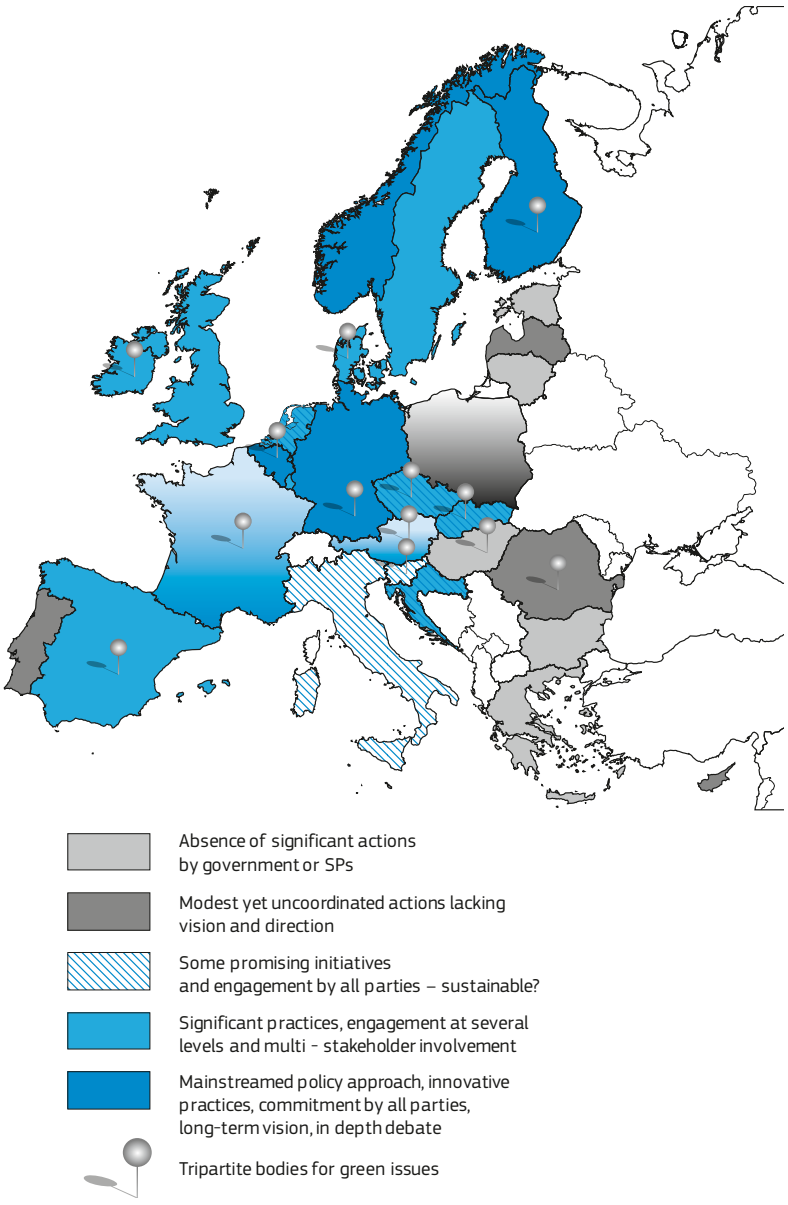
(19) Eurofound 2009 'Greening the European economy: responses and initiatives by Member States and the social partners', Broughton, Luxembourg: Office for Official Publications of the European Communities, EF/09/72/EN.

This map shows that social partners and governments across Europe are at different stages of social learning in relation to the green agenda. Nevertheless, examples of actions can be found everywhere. A few countries in mainly northern and western Europe report a wealth of interesting projects with strong social partner involvement (for example Germany, Sweden and the UK), whereas in Southern Europe as well as in the New Member States (NMS) only a small number of initiatives can be found. As for the trade union concept of Just Transition, Rosemberg (2010, p.145) notes: 'although all (...) policy options [within the framework] have been tested and proved successful in various contexts, not a single country has yet organized a massive transformation as the one the Just Transition framework calls for.'

5.3. Cooperative approaches in managing greening at the sectoral and company level

The examples of cooperative approaches contained in Table 5.1 are all featured as good practice cases from the sectoral or company level. They have been selected based on the fact that social dialogue has been used to respond to employment challenges triggered by environmental concerns. A major prerequisite for such initiatives to come into being, however, is the mere existence of social partner organisations and a functioning social dialogue at the respective level. This, as the next section shows, is by no means guaranteed, especially in the newly emerging sectors.

Chart 5.1: Level of engagement and mobilisation by national governments and social partners



Source: Eurofound own elaboration, based on 2009 report: Greening the European economy.

Table 5.1: Examples of cooperative approaches in managing greening

Sector	Example
Construction	**The joint collective training body OPCA [1] for construction in France** Sectoral OPCAs are bipartite bodies and are responsible for the provision of continuing vocational training. OPCAs collect taxes from companies (1.6% of the payroll for companies with more than 20 employees) and use this money to fund training programmes for workers. Companies choose training from a list established by their regional OPCA antenna. The law encourages management and unions to sign agreements on training, and works councils must be informed of and express their view on the company's training plan. But in general, management is not tied by the wishes and demands of the unions and workers' representatives. During the last few years, priority has been given to training related to green construction. An example for an innovative construction training method is the 'R & D concerto project in Lyon', which will be passed on to the entire OPCA network. Concerto is a European Commission programme, divided into 18 projects, which aims to promote energy savings, the development of renewable energies and energy storage in 45 communities across the EU. It produces a documented analysis of each trial to generate energy and manage demand and is particularly targeted for high-quality environmental buildings with a local energy management system. In Lyon training courses were prepared in consultation with the local energy agency (ALE) and the Rhône department's construction industry employers' federation. An original learning approach was used to motivate building workers: the transfer of skills was fostered by mixing employees from different trades and encouraging them to learn from the personal experiences of others and by identifying problem situations in order to trigger learning [2]. **Euroeneff project— Romania** Romania is one of the NMS where the social partners have been actively working together on sustainable development issues over the past few years. The Euroeneff project, launched in October 2008, is a transnational initiative dedicated to training the construction industry workforce in energy-efficiency techniques. It aims to develop a multimedia guide to energy efficiency in building renovation for the trainers and teaching staff of the vocational schools and to improve the professional skills of the workforce, thereby making the sector more competitive. The Romanian partner in this project is the Vocational Institute of Builders (CMC), a non-governmental and non-profit organisation established in 2004 by the Romanian Association of Construction Employers (ARACO) and the National Trade Union Federation in Construction and Erection Works, AnghelSaligny. CMC is directly dependent on the Builders' Social Fund (CSC), a private social security operator organised in a parity structure led by the building employers' association and trade unions. The Euroeneff project adapts a learning and teaching tool called FAINLAB, developed in Germany. FAINLAB covers some 15 professions in the construction industry, and with its multitude of aids, animations and video material, is a compilation of current knowledge. It also includes access to a large number of online information databases. Unlike the German version of FAINLAB, which focuses on apprentices, the English guide designed for Euroeneff has a broader target group and will focus on those already practising their trade (especially in SMEs), with an essential focus on energy efficiency issues in new-build and building renovation [3].
Energy	**The Lindoe Offshore Renewable Centre and its reskilling programmes— Denmark** In the Copenhagen region, a programme has been funded and implemented on retraining for staff from several shipyards to work in the offshore wind industry. Major funding has been ploughed into the creation of the Lindoe Offshore Renewable Centre (LORC) and its reskilling programmes, in cooperation with the social partners. The LORC is founded in the framework of the 'Growth fora' and dedicated to renewable energies, especially offshore renewables. LORC is a research and development centre in which the technologies associated with offshore and wind energy are tested and produced. It organises courses, seminars and conferences. Current employees of the shipyard can improve their skills and change the content of their current jobs. The social partners participate in the Council of Vocational Education at the national level, which devises the various training programmes and approves the various types of certifications, including for the so-called 'green' or 'low-carbon' industries where the social partners monitor the various climate-energy standards and legislative instruments. It also adapts the certification arrangements for vocational training [4]. **EUREM— European energy managers: a new standardised qualification** An example of an employer-driven international initiative (with various collaboration partners such as vocational training providers and research institutes) is the EUREM network, which continued after EU funding had ceased. Within this network, a standardised qualification is provided for employees of energy providers or those working in energy-intensive industries. They promote company-wide energy savings and hence contribute to climate protection. The energy concepts of more than 2000 trained Energy Managers resulted in energy savings of 1 500 000 MWh, cost savings of EUR 60 million per year, a CO_2 reduction of 400 000 tons per year and investments of EUR 200 million. Exchange between these newly trained energy managers is sought to be fostered within an international network. In the case of Austria, for instance, more than 200 energy managers have been trained to date through the Austrian Federal Economic Chamber (WKÖ). The proposals for energy savings resulted in accumulated savings of the equivalent of 200 000 households. 80% of these projects were actually implemented [5].

excel file
gif

Sector	Example
	Company example of an electricity provider— Slovakia One Slovakian electricity producer is increasingly employing green business practices. Among other things it aims for the gradual replacement of fossil fuels by biomass in two power plants and has created two new photovoltaic power plants. It is estimated that the operation of each photovoltaic power plant will reduce the volume of greenhouse gas CO_2 by 1200–1300 tons annually, in comparison with the production of the same volume of electricity in fossil-fuel power plant. The implementation of these measures has not had any significant impact on the number and structure of jobs. According to a trade union representative, management consults trade unions on the implementation of green business practices, which allows smoother implementation of related new technologies and working methods. Management also cooperates with trade unions regarding training and skill development activities through formal and informal dialogue. Training and skill development objectives are agreed in a company collective agreement [6].
Chemical industry	**Company example of an international plastic producer in the Netherlands** In 2007 this company introduced an ecological framework consisting of a life cycle-based assessment methodology by which alternative solutions can be compared. Any product or service that creates more value with less environmental impact than competing alternatives commercially available, while fulfilling the same function, can be regarded as ecological under this framework. Trade unions are involved in the company's sustainability strategy through works council discussions about future skills and sustainability-oriented behaviour. There are joint efforts to integrate the sustainability dimension into employee appraisal forms, reward schemes and collective labour agreements in order to encourage generation of more sustainable ideas. However, trade unions feel that they could be more actively engaged in the sustainability strategy, which would facilitate their own transition towards sustainability and benefit the social dialogue in the long-term. The company's remuneration structure has incorporated bonuses tied to performance on sustainability targets for higher-ranking employees. However, overall income levels have not changed significantly [7].
Non-metallic materials	**Social dialogue centre in the glass industry, Poland** In 2004, the employers' organisation PolskieSzkło (Polish glass industry), the Federation of Trade Unions in Chemicals, Ceramics and Glass, and the Secretariat of the Glass Industry NSZZ Solidarność signed a framework agreement on autonomous dialogue in the glass sector. The agreement provides for two annual meetings between representatives of employers and employees at which the major problems affecting the glass sector are discussed. This agreement has enabled common positions to be developed on environmental legislation and CO_2 quotas allocated to the sector. The social partners have created a Glass Industry Social Dialogue Centre with aid from the European Social Fund. The remit of the centre is fourfold: to constantly improve social dialogue in the glass industry, to carry out economic and technical analyses on the basis of the work by the social partners and relevant experts, to develop e-dialogue technologies, and to prepare training courses for employers and employees on topics relating to the glass industry (essentially environmental issues and social dialogue) [8].
Transport	**AENA Airports Inc. (AENA), Spain** AENA is a Spanish state-owned company that operates Barcelona's El Prat airport. Along with public agencies and trade unions, AENA has promoted the development of a mobility plan to boost sustainable mobility for the 21 000 commuters who travel daily to workplaces within the airport's facilities. The case study showed that the development of the mobility plan, as opposed to mobility patterns dominated by private motor vehicles, clearly improved and increased public transport services, reduced harmful environmental effects, generated social and economic benefits and created new jobs in transport companies. AENA has managed to induce a cultural shift among airport employees. It encouraged a move from a culture based on the use of private vehicles to a sustainable mobility culture based on public transport. Sustainable mobility could not become a reality without the active participation of the different agents in the mobility commission, including workers' representatives, employers, public agencies, transport operators, the Association for the Promotion of Public Transport (an NGO) and the external mobility consultant (ALG) [9].

(1) OPCAs (Organismes Paritaires Collecteurs Agréés) are bipartite joint social partner bodies at the sectoral level in France. They are engaged in sector-related training matters.
(2) Case taken from Eurofound 2011 ' Industrial relations and sustainability: The role of the social partners in the transition towards a green economy', Schuetze et al, Eurofound.
(3) Case taken from Eurofound 2011.
(4) Example taken from Syndex 2011'Initiatives involving social partners in Europe on climate change policies and employment. Study by the European social partners, with financial support from the European Commission'.
(5) Example taken from http://www.ihk-eforen.de/display/eurem/About+EUREM.
(6) Case taken from Eurofound 2012a.
(7) Case taken from Eurofound 2012a.
(8) Example taken from Syndex 2011.
(9) Case taken from Eurofound 2012a. The same case, with many similar others about sustainable transport to the workplace, is referred to in the study 'European Commuters for Sustainable Mobility Strategies' (ECOSMOS) carried out with the support of the Commission by a number of trade unions (CCOO, CGIL, ABVV and Auto Club Europa — DGB).

5.4. Representation within an emerging sector: electricity production from renewable energy sources (RES)

The increased production of electricity from renewable energy sources (hydro, wind, tidal, solar energy, biomass) is at the top of the joint energy policy agenda [20], and the EU Member States have included financial and other support measures for this type of business in their national energy strategies. However, in a number of countries these supports have recently been reduced or cut, either because of austerity measures, or as a result of falling production prices. While in some countries the growth of electricity production from renewables has already been largely achieved by the established electricity providers (e.g. in Austria or Denmark), a growing new business segment of smaller and decentralised electricity producers has emerged in many other countries. Representation on both sides of industry, however, poses a number of challenges, as a recent mapping exercise through the EIRO network showed [21].

5.4.1. Coverage by established actors

In countries where renewable energy sources are already traditionally used by established providers (this is often the case for hydro energy), the industry is well covered by established actors. This is the case for instance in Austria (both on the trade union and the employer side), the United Kingdom (on both sides), Denmark (high degree of representation reported by the trade unions), Ireland (trade union representation in semi-state organisations in the renewables sub-sector is as high as in the fossil fuels sub-sector), Sweden, Norway, Luxembourg (both sides), Greece (on the trade union side), Lithuania (in the case of hydro), Slovak Republic, Slovenia (both sides) and Bulgaria (trade union density within hydro energy stands at about 30%). However, in most of these countries smaller electricity providers within the newly emerging renewables sector are less likely to be covered, and social dialogue within these sub-sectors is often practically inexistent.

5.4.2. Low levels of representation

In most other countries there is little representation within the renewables sector from both sides of industry. Often this has been linked to the fact that newly-emerging areas (such as biomass, wind, and photo-voltaic) are primarily made up of small companies with few employees. In France, for example, the emergence of 'new' sources of energy seems to have a limited impact on industrial relations. In Spain, for the time being, company associations have not taken on the role of employers' organisations, and the presence of the unions is weak in this sub-sector. In Ireland in the newer private sector companies in the renewables part of the sector, it is estimated that trade union representation is much lower than in the established providers. In Malta the renewables industry is still in its infancy and it mostly relies on government subsidies to households when purchasing energy generating technology such as solar water heaters and photo-voltaic panels.

In Cyprus, within the very small number of private enterprises active in the area of renewables, terms and conditions of employment are not set through collective bargaining but in individual contracts, so this sector remains essentially uncovered in terms of collective bargaining. In Poland trade union representatives also voice objections to the social dialogue concerning renewables. In the Netherlands, Romania, the Czech Republic, Slovak Republic and Hungary, little is known about the newly emerging renewables sector, but it is presumed that representation is low on both sides of industries because of the small number of employees in the average firm.

5.4.3. Active trade union strategies

In a limited number of Member States, trade unions are actively pursuing representation in the renewables sector. For example, in Germany the metalworking trade union IG Metall has called for greater action and is trying to organise workers in the solar and wind energy sector. The union cites examples of successfully concluded single-employer agreements or of setting up works councils in companies in these industries. However, IG Metall has not yet been able to conclude a sectoral collective agreement for the solar or wind energy industries. The German services trade union ver.di additionally criticises 'poor' collective agreements and co-determination structures in companies in the renewable energy sector. Whilst ver.di wants to set up a campaign which aims to extend the usual collectively agreed standards and co-determination rights of the energy industry to the renewable energy sector, IG Metall is calling for the conclusion of separate collective agreements in the renewable energy sector, for example a sectoral collective agreement in the solar industry.

In Latvia the main trade union LAB Enerģija consistently works with new emerging parts of the sector. Recently two new trade union organisations have joined LAB Enerģija. The results are limited regarding the newly emerging parts of the sector because the majority of new enterprises are very small, with between two and five employees. In Portugal SINDEL and FIEQUIMETAL are trying to recruit members and create organisational structures. In some

[20] Renewable energy directive: Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources.

[21] Eurofound, 2012b.

cases the unions have begun negotiations on specific issues, as for instance between MFS – Acciona Energy and the FIEQUIMETAL member union SIESI. However, it seems that unions have not been able yet to create an organisation in these new companies that would be capable of acting. In Sweden the trade union SEKO reports that workers in wind turbine-producing factories that are represented by the Union of Metalworkers (IF Metall) have been contacted through their workplace in an effort to persuade them to change trade union membership. There have been some disagreements over the sectoral attachment of workers in wind turbine manufacturing. However, according to the trade union SEF, most of the workers employed in constructing wind power facilities in Sweden come from abroad, notably Denmark and Germany. In the United Kingdom, all unions appear to seek to recruit in emerging areas. For instance, the trade union Unite states: 'Whether it be wind, wave hydro or photovoltaic, our aim is to ensure that the 'new wave' generators are as organised as the existing and achieve terms and conditions that are at the cutting edge of our negotiations.' However, there are no reports of specific campaigns to recruit in these areas.

5.4.4. Emergence of new interest and business organisations

Among all 28 countries monitored in the above-mentioned Eurofound study, only one new social partner organisation was registered on the employer side. In Romania, in March 2009, 40 RES companies, most of them SMEs, united in an Employers Association for New Sources of Energy (Asociația Patronală Surse Noi de Energie, SUNE). In two countries (Germany and Denmark) it has been reported that established employers' organisations have opened new branches to represent parts of the newly emerging sectors. In Germany the association for the glass industry decided to set up a unit for the solar industry in 2008, a step reflected in a change of name to the Association for the German Glass and Solar Industry (Bundesarbeitgeberverband Glas und Solar, BAGV Glas+Solar). In Denmark DI has formed a new branch federation within the organisation DI Energy, of which another federation, DI Bio Energy, is a part. However, these federations do not take part in collective bargaining.

In other countries the emergence of interest organisations or different business associations without social partner status (i.e. not involved in collective bargaining) has been noted. This is the case for instance in Austria— (Photovoltaic Austria (PVA) or Austrian Wind Energy Association (IG Windkraft), both of which are voluntary interest organisations for companies operating in solar and wind energy. In Germany in 2006, the Federal Employer Association of the Solar Sector (Bundesverband Solarwirtschaft, BSW) was created by a merger of the two organisations previously representing the solar industry in Germany. Three new employer organisations have been created in the renewable energy sector in Estonia: the Estonian Biogas Association (EestiBiogaasi Assotsiatsioon), the Estonian Renewable Energy Association (Eesti Taastuvenergia Koda) and the Estonian Solar Energy Association (Eesti Päikeseenergia Assotsiatsioon). In Greece there were no employers' organisations in times of state monopoly. Business associations have been founded only in the past few years, after some producers, mostly in renewable energy sector, came to the market. In the United Kingdom, the Renewable Energy Association (REA), or RenewableUK, represents members from the renewable industry. In Lithuania new employer organisations— LVEA, LITBIOMA, FTVA— have been recently established to assemble enterprises functioning in the RES sector. Although all three associations are members of the peak employers' organisation— Confederation of Lithuanian Industrialists (LPK)— they do not take the role of sectoral social partners.

5.5. Job quality impacts of greening and social partner involvement

There are a number of job quality questions associated with green transition. These include the kind of impacts the green transition will have on the quality of jobs and whether this will result in any changes in working conditions. Within its study, Eurofound 2012a [22] looked into different dimensions of job quality (skills development, career and employment security, health and well-being, and reconciliation of working and non-working life), and— based on a small online survey, an expert workshop, interviews with social partners, government representatives and experts, a literature research and a number of company case studies— tried to find out the effect that the process of greening might have on each of these dimensions. It is, however, very difficult to distinguish the impact of climate change from broader contextual factors affecting job quality, such as, for instance, technological change. Further, the impact of climate change on job quality could differ significantly across sectors, occupations, regions and time, and the available literature does not provide sufficient evidence on whether a direct or indirect causality exists between climate change and job quality. Other available studies also point to a mixed effect of the greening of the economy on job quality (Cambridge Econometrics et al. 2011).

There will be a redefinition of many jobs across almost all sectors, as pointed out in the Commission Communication 'Towards a job-rich recovery' COM(2012)173. The latter distinguishes two situations concerning the job creation potential of the green economy: on the one hand 'high-carbon sectors will face the challenge of the transition to low carbon and resource-efficient

(22) Eurofound, 2012a.

economy with many jobs in these sectors to be transformed', while on the other hand 'new jobs in green and low-carbon sectors will be created'. This is why the document SWD (2012)92 that accompanies the Communication provides a very wide definition of 'green jobs', understanding them as 'covering all jobs that depend on the environment or are created, substituted or redefined in the transition process towards a greener economy'. The Eurofound study takes a similar wide approach when examining the effects of green change which it studies in 10 sectors [23].

This section aims to give a flavour of the results of Eurofound's 2012 study, focusing on three sectors: construction, the energy sector and the chemical industry. Section 5.5.1 summarises the results of the online survey and Section 5.5.2 draws on evidence from the literature as regards expected effects on job quality.

[23] Automotive, chemicals, construction, distribution and trade, energy, furniture,non-metallic materials, shipbuilding, textiles and transport.

5.5.1. Online survey findings

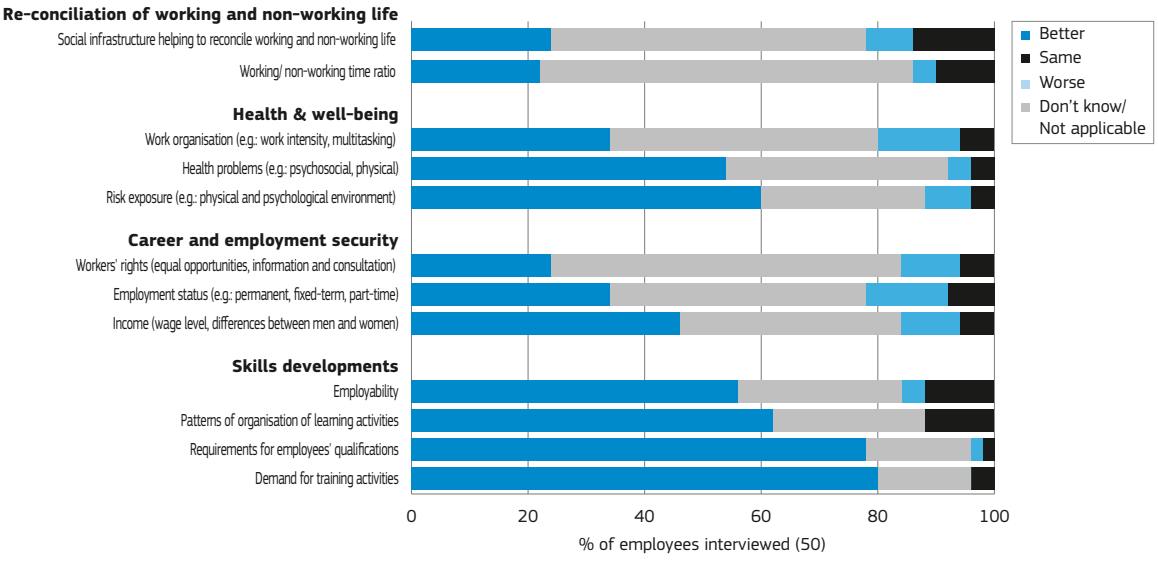
In October and November 2011, Eurofound carried out a small online survey [24] (N=145) mainly among social partners, companies and government representatives on the job quality impacts of greening. The results have to be interpreted with caution and should be considered a 'range of expert opinions' rather than hard evidence. The survey showed that:

- Training and qualification will become more important: approx. 80% of respondents, who agreed that greening affects job quality, indicated that employees working with green business practices face higher qualification requirements and more demand for training.
- Neither the working and non-working time ratio nor the social infrastructure is expected to be significantly affected by greening.
- The impact of climate change will be less significant for the career and employment security dimension than for the skills dimension. The majority of respondents who agreed that greening affects job quality expect either no changes or positive change in career and employment security, particularly income. However, representatives from the sectoral level were in general more optimistic about the impact greening will have on workers' rights, their employment status and their income than those not responding for any sector.
- Employees working with green business practices are largely expected to have better health and be less exposed to risks. However, this finding contrasts with recent research [25], which indicates that greening, more intensively than in conventional jobs, creates new combinations of risks that still need to be assessed and managed.

[24] Eurofound 2012a.

[25] EU-OSHA 2011a and 2011b.

Chart 5.2: Main differences in different aspects of job quality (i.e. better, same or worse) between employees working with green business practices and other employees, N=50 per category



Source: Eurofound 2012a, 2012b.

excel file
gif

5.5.2. Expected effects on job quality within selected sectors

While the above results are cross-sector, the study also examined greening processes more closely within 10 sectors. This section summarises some findings for three industries in which the impact of greening is expected to be relatively high. For an overview, see Table 5.2.

Construction industry

The construction industry is among the most affected sectors in terms of absolute employment by the EU's climate policies. In particular, greening may have an impact on career and employment security. A large proportion of workers in the sector in some countries are self-employed, and are thus less financially able to take up the training activities necessary to better adapt to the greening of the construction sector.

In terms of composition of the workforce, the more skilled occupations remain male-dominated in all countries, with women comprising only 8% of all employees [26]. Women are better represented in administration and service employment, but their opportunities in green construction remain somewhat unused [27]. It should also be noted that some of the jobs that will be created to meet the 2020 targets, such as those involved in the construction of renewable electricity plants, may not be suitable for older workers, and they have also not attracted a large proportion of the growing female workforce) [28].

Greening may also affect the health of construction workers. For example, green construction creates a combination of known risks in new situations (e.g. installation of renewable energy equipment at heights, the installation of new technology such as feed-in to smart grids). Potential risks also arise from dangerous substances used in new construction materials (e.g. when polishing, or grinding nano-containing bricks and paints) and in maintenance, demolishing or retrofitting activities. Further, workers participating in retrofitting are at risk of exposure to asbestos. Off-site construction could reduce risks on site but transfer risks to other groups of workers [29]. In contrast to this, most of the sector respondents to Eurofound's online survey [30] indicated that workers involved in green construction have fewer health problems and lower risk exposure. Finally, the effects of greening in the construction sector tend to be concentrated in geographical areas due to the availability of public support, a favourable investment climate or objective reasons (e.g. coastal areas for construction of wind farms). This can be expected to have an impact on the working and non-working life dimension of employees as well as working time arrangements, for example if the place of work is far from an employee's home.

Research on the green construction sector (renovation and insulation) in the WALQUING Project [31] was carried out in Belgium, Bulgaria, Hungary and Norway. In some of the 'green' companies, greening amounts to an increased standardisation of work— firstly because it is implemented through new standards for results and processes. Secondly, it may imply the use of more and more complex prefabricated parts that leave less to workers' discretion but reduce the work done on-site. During a seminar to discuss emerging research findings on the relationship between greening the economy and the quality of jobs [32], it became evident that environment-friendly innovation does not necessarily imply worker-friendly improvements.

Energy sector

The energy sector is among the sectors that will be most affected by the green transition, and this is likely to affect both low-paid unskilled and highly paid skilled occupations. Greening is therefore likely to have at least some effects across all dimensions of job quality in this sector.

Green jobs stemming from increased demand are more likely to employ men than women and less likely to be part-time or temporary, according to some sources [33]. An extensive European study (WiRES) [34] looked into the aspect of female representation within the renewable energy sector based on the hypothesis that green restructuring processes could become a driver for the creation of new and better employment opportunities, particularly for women. However, the study discovered a number of challenges for women in accessing green jobs in general and renewable energies in particular. Most specifically, the new green jobs will be created in traditionally male-dominated industries and occupations and the masculine image of the sector could deter women from looking for a job there. Also the current female skills profile— with little focus on STEM (science, technologies, engineering and

(26) Eurofound 2009b, 'Restructuring in the construction sector', Ward, T. and Coughtrie, D. Eurofound, Dublin.

(27) Sustainlabour 2009 'Green jobs and women workers: Employment, equity, equality', International Labour Foundation for Sustainable Development, Stevens et al., Madrid.

(28) Cambridge Econometrics, GHK and Warwick Institute for Employment Research 2011, 'Studies on sustainability issues – Green jobs; trade and labour, Final report for the European Commission, DG Employment', Cambridge Econometrics, Cambridge.

(29) EU-OSHA 2011b.

(30) Eurofound 2012a.

(31) WALQING: Work and Life Quality in New and Growing Jobs (FP7-SSH, 2010-2012 – http://www.walqing.eu/). For each country involved in the project, stakeholder interviews with relevant social partners and other sector experts and actors were carried out. A sectoral brochure on the 'Green Construction Sector' with summaries of key findings and selected good practice examples is available online: http://www.walqing.eu/fileadmin/walqing_SectorBrochures_2_Construction.pdf

(32) See walqing seminar 'Greening the economy: What impact on the quality of work?', Brussels 29 September 2011— Presentations available at: http://www.walqing.eu/index.php?id=62

(33) Cambridge Econometrics, GHK and Warwick Institute for Employment Research 2011.

(34) ADAPT, UPEE, University of Szeged 2009 'WiRES— Women in the Renewable Energy sector' Final Report presented to the European Commission.

mathematics) subjects— and the male orientation of vocational training in many countries act as further barriers to enabling women access to these new jobs. At the same time, the renewable energy sector requires workers with a certain level of expertise in the electricity and energy sector who are willing to travel; both factors that tend to discourage working women. On the other hand, some of the emerging job profiles, such as energy manager, could be appealing and affordable also for women.

WiRES research further highlighted the fact that there is a lack of specific social dialogue experiences in RES at the national and EU level. Health and well-being are closely related to skills, and this differs between green and non-green jobs, mainly in energy production, such as renewables. Many emerging energy sectors have specific risks related to 'engineering unknowns': mechanical failure, insufficiently tested technology, unavailability of guidance and training for workers, and infrastructure deficits [35]. Wind, solar, marine, bioenergy and battery technologies are listed among the top technologies with implications for occupational health and safety due to physical hazards, including offshore installation and maintenance [36]. Inexperienced workers are likely to face hazards in bioenergy production [37]. Manual handling of waste and exposure to hazardous substances remains an issue, and public pressure likely will mean that less waste is exported to developing countries [38] [39].

Chemical industry

The chemicals industry is one of the major contributors to greenhouse gas emissions and the process of greening will therefore have a significant impact on this industry, mainly through regulations such as the IPPC (Directive on Integrated Pollution Prevention and Control); the Environmental Liability Directive (ELD) [40]; the European Emissions Trading System (ETS); the regulation on classification, labelling and packaging of substances and mixtures (CLP); and the REACH regulation. These regulations are also expected to have an impact on the skills required: most occupations in the sector will be required to have legislative and regulatory knowledge of environmental legislation and strong e-skills, but also skills in green marketing, environmental impact assessment skills, skills in life cycle analysis, knowledge of the ecology of products and skills in environmental communication.

In terms of social dialogue, new industries emerging in the green chemistry sector (e.g. genetics and biotechnologies) are less organised and many companies in these areas have no collective agreements. Thus, the quality of jobs in these industries may be less protected than in conventional areas of this sector [41].

For an overview of the impact of greening on job quality in construction, energy and chemicals, see Table 5.2 below.

(35) EU-OSHA 2011b.

(36) EU-OSHA 2011b.

(37) EU-OSHA 2011b.

(38) EU-OSHA 2011a.

(39) Arbeiterkammer Wien, Institut für Wirtschaft und Umwelt 2000, Umwelt und Beschäftigung: Strategien für eine nachhaltige Entwicklung und deren Auswirkungen auf die Beschäftigung [Environment and employment: Strategies for sustainable development and their impact on employment], Fritz, O., Getzner, M., Mahringer, H. and Ritt, T., Vienna.

(40) TNO, ZSI and SEOR 2009, 'Investing in the future of jobs and skills. Scenarios, implications, and options in anticipation of future skills and knowledge needs'. Sector report: Chemicals, pharmaceuticals, rubber and plastic products, European Commission, Directorate-General Employment, Social Affairs, and Equal Opportunities, Brussels.

(41) Eurofound 2012a.

Table 5.2: Summary of expected job-quality impacts in three selected sectors

	Construction industry	Energy	Chemical industry
Skills development	High impact. Move towards more skilled jobs. High demand for, for example, technicians and (associate) professionals. High demand for recognition of green skills, training innovations (for example on-site training of workers), interdisciplinary (especially in retrofitting) and generic green skills Progress in green skills development is especially needed in SMEs and the relatively large informal construction sector.	High impact. High demand for hard transferable skills such as STEM. Highest need for new skills in renewables. Lower impact in waste and gas subsectors.	Moderate to high impact due to long time frame for greening of the sector. Lower impact on the pharmaceuticals sector which is more driven by climate change adaptation.
Career and employment security	High impact. Potentially high negative effects on self-employed workers who are harder to motivate and less financially able (outsourcing is increasing subcontracting and self-employment due to higher complexity of tasks). Women and youth underrepresented. Low sector attractiveness among youth— need to improve image of the sector and overall HR development in companies to attract new staff. Likely positive effects on equal opportunities from automation.	Moderate impact. In general green jobs in the sector are more likely to employ men than women. Jobs in traditional subsectors are less likely to be part-time or temporary; however, jobs in renewables industries and energy services tend to be less well-paid and enjoy less secure employment conditions.	Moderate to high impact on less-organised subsectors within the green chemistry industry.
Health and well-being	High impact due to the potential for work accidents that is on average 3–4 times higher than in other sectors, and higher risk of exposure to dangerous substances causing occupational diseases compared to other workers (ILO, 2011a). Likely positive effects on health from automation practices.	Moderate impact. Many emerging energy sectors have specific risks related to 'engineering unknowns'. Traditional industries less affected.	High impact (of emerging new technologies and substitution of chemicals for environmental reasons) due to sector specifics.
Reconciliation of working and non-working life	High impact. Possibly highest negative impact for on-site self-employed workers engaged in project-based, fixed-term and seasonal work. However, standardisation of building elements, tight management of processes and use of eco-friendly materials may reduce occupational accidents and health problems (most likely in large companies), at the expense of workers' autonomy and craftsmanship.	Moderate impact. As typical regionally concentrated, traditional power generation is phased out, workers will face a more pressing need for retraining and regional mobility (for example, longer commuting time). Inflexible working hours and multiple shifts widespread in renewables.	Moderate to high impact on less organised subsectors within the green chemistry industry.

Source: Eurofound 2012a.

excel file

gif

5.6. Green restructuring

The transition process to 'green' and 'greener' jobs does not go always smoothly, as reports by the European Restructuring Monitor [42] suggest. See also 2012 research from Eurofound (Eurofound 2012c). While RES-oriented companies have been growing over the past few years, there are now reports of cases of closure or downsizing of solar and wind energy producers. However, job growth in the green economy has been positive throughout the recession and is forecasted to remain quite strong. The energy efficiency and renewable energy sectors alone could create 5 million jobs by 2020 [43].

These include announcements from the German company Phoenix Solar that it will shed around 200 jobs, and the loss of 150 jobs at the UK-based Carillion Energy Services, a supplier of heating and renewable energy, which has been attributed to a government decision to halve the amount of money people receive for selling solar energy to the national grid in the UK. In Norway the Renewable Energy Corporations decided to close down its solar cell plant in Porsgrunn, with loss of 370 jobs, due to operating losses.

Nevertheless, there is also clear evidence of growth in research-intensive activities within the renewable energy subsector. For example, the renewable energy firm Swalec Smart Energy in the UK has announced that it is to create a new £7m renewable energy training centre with the creation of 250 jobs, co-financed by the Welsh government. Baltic Solar Energy, a company engaged in solar energy production, has launched a project which will lead to the creation of more than 100 new jobs in Vilnius during the next five years [44]. Further, five high-tech companies (Intersurgical, Sicor Biotech, Baltic Solar Solutions, ViaSolis, and Baltic Solar Energy) will lead a joint development project whereby a research and development centre for the solar power and digital optical storage technologies is being set up. Also in the UK, the energy giant Scottish and Southern (SSE) announced the creation of 100 jobs in Glasgow following the collaboration of the company with Mitsubishi Heavy Industries on the development of low carbon technology, including offshore wind farms and carbon capture. SSE said it expected employment to rise significantly over the next five years to up to 1000 posts. Furthermore, in Romania three new wind parks were created by Eolenvest, which announced its intention to hire 880 employees in 2012.

The bigger cases of restructuring, in terms of employees involved, have been seen among the 'traditional' energy providers, with the first cases now being linked to the German political decision of denuclearisation following the Fukushima catastrophe. This includes 6000 job cuts in Germany at the German energy provider Eon and around 1000 job cuts by the end of 2016 at the German Energy Provider RWE Power. Further, the French public multinational industrial conglomerate Areva (120 500 employees), operating in the nuclear energy sector, will cut 1500 positions in Germany, close a plant in Belgium (160 employees) and reduce its workforce in France by natural departures of 200 to 250 employees per year by 2016. On the other hand, the French electricity producer and distributer EDF has announced its intention to recruit 5000 employees in 2012 as a way of compensating for large-scale departures due to retirement the coming years. 2200 jobs will be created in nuclear and engineering activities.

Together with the observation [45] that decisions to further invest in and promote [46] or to phase out nuclear energy [47] have been taken by Member States within their national energy strategies, it can be expected that some intra-European job-mobility within the nuclear energy sector will be seen in the years to come. This will most likely concern a high-skilled workforce such as nuclear engineers.

For further details, see Table 5.3 below.

In the renewables industry, increased competition from China has been named a major driver of restructuring, together with 'homemade' pressure in the form of overcapacities worldwide in the solar cells market, which has decreased prices significantly. At the same time some Member States have changed their support schemes, for example lowering the feed-in-tariffs or cutting other subsidies, often linked to the tight budget situation and austerity measures.

The Danish wind turbine blade manufacturer LM Wind Power has presented a labour force adjustment plan affecting the entire workforce (more than 200) of its plant located in Ponferrada (León, Spain). The dismissals are due to the economic downturn in Spain, the unfavourable climate in the wind turbine market and a decrease in demand for LM's products.

(42) Eurofound's European Restructuring events database: http://www.eurofound.europa.eu/emcc/erm/index.php?template=searchfactsheets (Dates in brackets refer to the announcement date registered on the factsheets).

(43) COM(2012) 173 final 'Towards a job-rich recovery'.

(44) Case study in Eurofound 2012a.

(45) Eurofound 2012b.

(46) E.g.: France, the Czech Republic, the United Kingdom and other countries have announced to actively promote the usage of nuclear energy.

(47) E.g.: Germany and Italy, among others will.

Table 5.3: Recent restructuring cases in renewable energy-producing industries and in the nuclear energy sector

Date announced	Country	Company	Sector	Announced number of jobs created/destroyed
08-05-2012	EU	Phoenix Solar	Electricity from RES producer/ Solar Manufacturing	-179
24-04-2012	NO	Renewable Energy Corporation	Electricity from RES producer	-200
28-02-2012	RO	Eolenvest	Electricity from wind energy producer	+880
15-02-2012	UK	Carillion Energy Services	Heating from RES	-150
04-01-2012	FR	EDF	Nuclear energy	+2200
16-12-2011	DE	RWE Power	Nuclear energy	-1000
14-12-2011	UK	Swalec Smart Energy	Electricity from RES producer	+250
26-10-2011	FR	Areva	Nuclear energy	-1560 to -1910
16-07-2010	UK	Scottish and Southern	Electricity from RES producer	+100
02-07-2010	LT	Baltic Solar Energy	Electricity from RES producer	+160

Source: European Restructuring Monitor, events database, Eurofound.

excel file

gif

However, the solar manufacturing industry is growing in other countries. In Hungary the creation of a substantial number of jobs has been announced by two companies: Orient Solar (+ 300) and Solar Energy Systems (+ 108). Furthermore, in Slovenia Bisol, in the photovoltaic sector, has announced a business expansion and the creation of 230 new jobs by the end of 2011. In Italy, in the region of Catania, Sicily, 3Sun, a joint venture created by Enel Green Power, Sharp and STMicroelectronics, is to create 400 new jobs by the end of 2012. It aims to manufacture innovative photovoltaic cells and panels. In June 2011 the company and the trade unions reached an agreement under which 3Sun will hire unemployed workers, with a particular focus on workers who have already worked in STMs on temporary contracts. In July 2011 3Sun had around 50 employees.

Such examples of direct transition are, however, rare. As with all sectoral and cross-sectoral restructuring processes, jobs are seldom created in the same location or region or the same subsector or occupation in which jobs have been destroyed. Furthermore, they also do not necessarily affect the same people: while many redundancy announcements are linked to early retirements, posts in new positions might be filled by workers from elsewhere. In addition to the local-level social partners, the inclusion of sectoral social partners in such cases of restructuring is crucial.

For an overview of recent restructuring events in the green manufacturing industries, see Table 5.4 below.

Table 5.4: Recent restructuring cases in 'green' manufacturing industries

Date announced	Country	Company	Sector	Announced number of jobs created/destroyed
03-07-2012	CZ	Schott Solar	Solar manufacturing	-500
18-06-2012	BG	Solarpro Holding AD	Solar manufacturing	-156
01-06-2012	DE	Solarworld	Solar manufacturing	-250
25-05-2012	DE	Odersun	Solar manufacturing	-260
17-04-2012	DE	First Solar	Solar manufacturing	-2000
11-01-2012	ES	Silicio Solar	Solar manufacturing	-295
30-11-2011	HU	Orient Solar	Solar manufacturing	+300
15-11-2011	FI	Moventas Wind	Wind turbine manufacturing	-120
18-10-2011	ES	LM Wind Power	Wind turbine manufacturing	-209
17-10-2011	NL	Solland Solar	Solar manufacturing	-190
06-07-2011	IT	3Sun	Solar manufacturing	+400
29-03-2011	HU	Solar Energy Systems	Solar manufacturing	+108
13-12-2010	PL	LM Wind Power Services	Wind turbine manufacturing	+200
10-12-2010	SI	Bisol	Solar manufacturing	+230
12-01-2010	DK	Siemens Windpower, Aalborg	Windmill production	+130
05-08-2010	DK	Siemens Windpower, Ballerup	Windmill production	+200

Source: European Restructuring Monitor, events database, Eurofound.

excel file

gif

5.7. Conclusions

Overall, the views of social partners on the industrial relations implications of the greening of the economy have changed from initially critical towards a more positive and supportive, yet differentiated, stance. At the international, European and to varying degrees national level, the social partners are actively involved in shaping policy responses to climate change and environmental protection. However, greening as such is not a topic of major importance to the social partners. The social partners at the sectoral and company level in particular tend to be less active in this area, with the notable exception of the good practices cited in this chapter. In addition, the current recessionary times have perhaps also served to shift the social partners' focus away from this agenda. In this regard it would seem crucial that the higher level social partner organisations on both sides of industry work to ensure a trickle-down of their climate-change policies so that the social partners at lower levels (in sectors, regions and companies) can implement them on the ground.

There is also something of a gap between the level of participation and mobilisation of the social partners in the 'old' and 'new' Member States (the EU-15 and EU-10) and the degree of their exposure to these issues. The latter exhibit much higher shares of workers in the high-carbon industries in which major adjustments need to take place [48], while the social partners and governments are often not as active. The European-level social dialogue is a forum where learning processes between the social patterns of different countries can be promoted. For more details on social dialogue in the Central and Eastern European countries of the EU, see Chapter 2.

Overall, industrial relations in green sectors (in particular in the newly-emerging subsectors such as electricity production from renewable energy) are still rather weakly developed. Efforts to establish representation in these industries can be

[48] See Commission Staff Working document: 'Exploiting the employment potential of green growth' SWD (2012) 92 final.

found in some countries on both the trade union and the employer side. However, on neither side is this process advanced enough to enable proper social dialogue to take place. Time will tell whether the scattered landscape of business associations will develop into fully-fledged employer organisations with the right to bargain collectively for their members, and whether and how trade unions will be able to represent newly emerging green sectors. It has been noted several times by EIRO correspondents that these rather fragmented industries are outside the interest of social partners in many countries. However, this so-called failure of representation could be counterbalanced by governments, for instance by encouraging the foundation of new social partner organisations, by promoting and kick-starting the sectoral social dialogue in newly emerging green industries, and by guaranteeing a broader coverage through legal extension mechanisms of collective agreements, thereby fostering the inclusion of small businesses in the dialogue. Sector-level social dialogue would then gain more importance. The establishment of a functioning social dialogue within green sectors is even more urgent, as the sector itself has come under some pressure. Large firm closures and restructuring events announced in the solar and wind industry are linked to some Member States' decisions to de-nuclearise, the change in the energy mix triggered by the renewable energy directive, recent changes in subsidies or trends in international manufacturing. Further restructuring within established energy providers or equipment manufacturers is still on-going.

It is up to sectoral and company level social partners themselves to engage in ensuring a successful transition of employees to new and, ideally, greener and decent jobs and to ensure that newly-emerging jobs can be filled by appropriately qualified people. Where direct transitions are not feasible— new jobs do not necessarily emerge in the same region or within the same companies— the importance of maintaining the employability of workers, promoting regional job creation and mobility of workers and ensuring a good match of jobs and workers is even more pressing. Here the sectoral and regional-level stakeholders (including companies) will play a major role in developing tailored solutions.

Providing vocational training and retraining facilities at the sectoral level is a promising approach, as the examples cited here show. The availability of such measures at the sectoral level ensures that SMEs also have access to these facilities, which is crucial, bearing in mind that newly emerging parts of sectors are often fragmented. A further challenge is to mainstream low-carbon skills into all kinds of training, curricula and apprenticeships.

Transitions to greener activities will only be successful if the quality of jobs in terms of working conditions and pay is ensured. The quality of green and greener jobs is difficult to assess and depends, amongst other things, on the sector. The skills and training dimension is expected to be the most affected by the process of greening, while other aspects of job quality, such as health and well-being, the reconciliation of work and family life or career and employment security, might be less subject to change. However, this should not prevent the social partners from focusing on continuous improvement in working conditions and job quality during the transition in general and in relevant cases in particular, as these results vary to a great extent across sectors and occupations.

At the company level, the transition could be achieved by various organisational 'eco-innovations' [49] in participation, such as involving employees' representatives or trade union representatives in green management structures with responsibility for environmentally-related training or energy audits or by including energy-efficiency targets and benefits for employees associated with their achievement into collective agreements.

Despite the above social dialogue initiatives in the field of climate change, governments at all levels (European, national and local) remain the key players in promoting this policy-based transition. At the European level, the European Social Fund is an important tool to support the transition of labour force towards greener skills and jobs, especially in the context of the 20% climate mainstreaming objective in the 2014–2020 Multiannual Financial Framework. Eurofound and other research has highlighted some successful results of cooperation between the social partners, but more research on the role of the social partners role at different levels as well as monitoring of their involvement in this transition is needed.

[49] Eurofound 2012a.

References

Arbeiterkammer Wien, Institut für Wirtschaft und Umwelt2000,Umwelt und Beschäftigung: Strategien für eine nachhaltige Entwicklung und deren Auswirkungen auf die Beschäftigung [Environment and employment: Strategies for sustainable development and their impact on employment], Fritz, O., Getzner, M., Mahringer, H. and Ritt, T., Vienna.

Business Europe (2008) 'Combating Climate Change: Four key principals for a successful international agreement' (http://www.businesseurope.eu/content/default.asp?PageID=568&DocID=21780).

Cambridge Econometrics, GHK and Warwick Institute for Employment Research, 2011. 'Studies on Sustainability Issues – Green Jobs; Trade and Labour'. Final Report for the European Commission, DG Employment.

Eurofound (1994), 'Environmental protection in Europe – The effects of cooperation between the social partners', Dublin.

Eurofound (2009), 'Greening the European economy: Responses and initiatives by Member States and social partners', Andrea Broughton (http://www.eurofound.europa.eu/eiro/studies/tn0908019s/index.htm).

Eurofound (2009b), 'Restructuring in the construction sector', Ward, T. and Coughtrie, D., Dublin.

Eurofound (2011), 'Industrial relations and sustainability: the role of the social partners in the transition to a green economy', Dublin (http://www.eurofound.europa.eu/publications/htmlfiles/ef1126.htm).

Eurofound (2012a) 'Growth and employment: Anticipating and managing the effects of greening of industries in the EU', Gaušas S. et al., Dublin.

Eurofound (2012b) 'The Changing Business Landscape in the Electricity sector and Industrial Relations in Europe', Pedersini, Dublin.

Eurofound (2012c), 'After restructuring: Labour markets, working conditions and life satisfaction', Publications Office of the European Union, Luxembourg.

European Commission 2010, *Industrial relations in Europe 2010*.

European Commission 2010, The EU climate and energy package (online web page), last updated 2010, available online at http://ec.europa.eu/clima/policies/package/index_en.htm.

European Commission 2011, *An Agenda for new skills and jobs: A European contribution towards full employment*, COM(2011) 682 final.

European Commission, *A Roadmap for moving to a competitive low carbon economy in 2050*, COM(2011) 112 final.

European Commission 2009, Employment in Europe 2009, Luxembourg: Office for Official Publications of the European Communities.

European Agency for Safety and Health at Work (EU-OSHA), 2011a. *Foresight of New and Emerging Risks to Occupational Safety and Health Associated with New Technologies in Green Jobs by 2020. Phase I — Key drivers of change*, Luxembourg: Publications Office of the European Union.

European Agency for Safety and Health at Work (EU-OSHA), 2011b. *Foresight of New and Emerging Risks to Occupational Safety and Health Associated with New Technologies in Green Jobs by 2020. Phase II — Key technologies*, Luxembourg: Publications Office of the European Union.

ITUC 2010 Resolution on combating climate change through sustainable development and just transition. 2CO/E/6.10 (final).

Simonas Gaušas (PPMI), Radosław Owczarzak (Eurofound) and Agnė Paliokaitė (PPMI), *Anticipating and managing the effects of greening of industries in the EU: skills development in the overall context of job quality*, draft working paper, presented on 23 February 2012 at the Cedefop Green Skills Forum, https://events.cedefop.europa.eu/GreenSkills-Forum2012

Syndex, 2011. *Initiatives involving social partners in Europe on climate change policies and employment*. European Commission. Summary report for the conference on 1 and 2 March 2011, in Brussels, Brussels.

OECD 2010 *Greening Jobs and Skills: Labour market implication of addressing climate change*.

UEAPME Position Paper 2010 'UEAPMEs views on SMEs and Sustainable Development in the current economic and environmental context' (http://www.ueapme.com/IMG/pdf/1009_pp_sustainable_development_final.pdf).

UNEP, ILO, IOE, ITUC, 2011. 'Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication'.

CHAPTER 6: Social partner involvement in unemployment benefit and pensions systems in the EU

The social partners are involved in the shaping and running of unemployment benefit and pensions systems to varying degrees across the EU. However, social partners in all countries are facing challenges and opportunities linked to the crisis. On the one hand, governments are tending to take rapid and unilateral action in order to accelerate reforms to welfare and pensions systems as part of austerity and cost-cutting measures. On the other hand, the growth of occupational and private pension schemes as a way of plugging the gap left by dwindling state provision offers the social partners a real opportunity to help shape these schemes.

Based on a draft by Andrea Broughton, Institute for Employment Studies

6.1. Introduction

This chapter examines social partner involvement in the unemployment benefit and pensions systems of the EU Member States. One of the effects of the crisis on public sector industrial relations, as examined in previous chapters, has been the introduction of changes to national welfare and pensions systems as governments try to cut public spending and implement austerity measures. This is turn is having an impact on the role of the social partners as they seek involvement in and influence over these major reforms. This chapter therefore attempts to explore the role of the social partners in this regard, looking in particular at instances when they typically support and oppose reform, and how they have fared in their attempts to influence government policy.

For policymakers, there are many advantages to involving the social partners in the formulation of social policy. However, there are also a number of potential challenges. This chapter explores both the positive aspects of social partner involvement in benefit and pension reforms and the potential challenges and barriers. Specifically in terms of pensions, one key question concerns how far it is possible for the social partners to assume a self-regulatory role by means of negotiating occupational pensions, which are beginning to fill the gap left by dwindling state provision. These are difficult questions to answer, but this chapter explores some of the main issues, with the aim of contributing to the debate.

This chapter focuses on the following areas:

- The extent to which the social partners are involved in the formulation of social policy, using governance and involvement models to categorise country-specific traditions.
- The interaction between industrial relations and social policy in terms of the strength and influence of collective bargaining and what this means in terms of the influence of the social partners on unemployment and benefit policy.
- The range of unemployment benefit systems in existence, the main challenges, and the extent of social partner involvement in these systems.
- The main trends and challenges relating to pensions policy and the extent of social partner involvement in moves to reform pensions.
- The particular effects of the crisis on unemployment benefit and pension systems and the actions of the social partners in terms of trying to work with the government in modifying unemployment benefit and pension systems in the context of the crisis.
- Conclusions and future developments.

6.2. Social partner involvement in social policy: involvement and governance models

This section of the chapter attempts to categorise the diverse governance systems in place in EU Member States into four main clusters. It also examines the main reasons for and the potential problems of social partnership involvement in unemployment benefit and pensions systems, the differences in terms of employer and union interests in unemployment benefit and pension policy, and summarises views on the value of social partner involvement in social policy overall.

The EU Member States exhibit a great diversity of histories and traditions in relation to the management of welfare and benefits. Despite this diversity, however, it is possible to categorise these different systems to a certain extent. For example, Ebbinghaus (2010a) defines four general social governance models for sharing responsibilities between the state and the social partners, noting that 'depending on country-specific historic traditions of sharing public space, the social partners have very different degrees of influence on policy outcomes'. These four governance models are:

- Institutionalised consultation, in which the state may consult the social partners but does not necessarily act on their opinions.
- Voluntary social concertation, in which an agreement or social pact is entered into between the government and the social partners. This will usually involve some concessions on the part of the government.
- Delegated self-administration, under which some decision-making authority and power of implementation is

delegated to an independent self-administered agency, which may be more or less autonomous with regard to the state. In this case, the influence of the social partners would tend to be lower if this self-administration is decentralised— made up of representatives elected from open lists, tripartite, and with no minority veto; it would be higher if this self-administration is centralise— social partners can nominate representatives, composition is bipartite and each side has a right of veto.

- Autonomous self-regulation, under which the social partners operate under a voluntary agreement without state interference. This may apply, for example, to the negotiation of occupational welfare provision outside of the public welfare system. The state can only indirectly affect outcomes in this case by, for example, refusing *erga omnes* extension of collective agreements.

It is helpful to bear this classification framework in mind when examining the level and nature of involvement of the social partners in the unemployment benefit and pension systems of their countries. It is worth noting that examples from all four governance models can often be found in the same country in different areas of social policy, depending on the particular point in time and the reform processes that are undertaken.

Accordingly, examples of institutionalised consultation exist in Germany, and here to some extent social partnership has been institutionalised through autonomous collective bargaining and codetermination in the area of industrial relations (Ebbinghaus 2010a). Nevertheless, the tripartite Alliance for Jobs initiatives since the 1990s have not lead to successful institutionalised consultation on social policy in Germany. In the Netherlands, institutionalised consultation takes place through the tripartite Social and Economic Council (SER). For an overview of the history and functions of the SER, see Box 6.3. Consultation in the Netherlands also takes place through the Labour Foundation (Stichting van de Arbeid), which was set up in 1945 and comprises representatives of the social partners only. Twice a year, in spring and in autumn, the Labour Foundation consults with the government on policy. Other examples of countries with institutionalised consultation arrangements include Italy and Spain, although here the role of the advisory councils that exist tends to be more symbolic than influential (Ebbinghaus 2010a).

6.2.1. Advantages of social partner involvement

There are differing views on the value of social partner involvement in unemployment benefit and pension reforms. The social partners themselves would of course argue that their involvement is a force for the good, and Watt (2009) also found that where unions had an influence in drawing up Member States' fiscal reform packages, the incorporation of social and equity concerns was more likely. In countries where there is a history of social partnership and good relationships between government and the social partners, social partner involvement can certainly be beneficial in terms of achieving buy-in to reforms among both the social partners and the wider population, thus avoiding conflict and protest.

In this context, Ebbinghaus (2010a) discusses the social partners' power of veto and the extent to which it depends on the options of voice versus exit in the case of disagreement (i.e. whether the social partners decide to influence policy by participating and engaging or try to exert influence by withdrawing and protesting). In the cases of consultation and self-administration noted above, voice, not exit, is the main option. In the cases of concertation and self-regulation, however, exit is a viable option as these options are based on voluntary agreement, although there is a high risk of defection where there are rival union and employer organisations.

The social partners themselves have many incentives for being involved in social policy reform, not least of which is a way of avoiding the imposition of more severe welfare entrenchment (Ebbinghaus 2011). Furthermore, cooperation in reform plans means that the social partners are at the centre of debate rather than being marginalised or even subject to social governance reforms on the part of governments seeking to curtail their opposing voice. Trade unions have an interest in fulfilling their mandate to represent and protect their members to the best of their ability. Employer organisations also have members' interests to represent and while they may have different views on some aspects of social and economic policy, they also have an interest in being seen as partners in debate about reform, as this increases their visibility and validity to their membership.

6.2.2. Disadvantages of social partner involvement

There is a converse argument that social partner involvement in reform and change can result in more limited change than would be the case if policy-makers acted unilaterally (Marier 2008). For example, where there is formal social partner involvement in pension reform, this can lead to a more limited reform resulting in a situation much nearer to the status quo, as a social partner-agreed structure is likely to have more built-in points of veto.

The nature of the relationship between the government and the social partners is also likely to have an effect on the implementation of social reforms. Marier looks at whether social partner involvement in welfare reform is more successful in the case of a cooperative relationship with the government (as in Belgium), than a

conflictual relationship (as in France). He finds that France has actually been more successful in implementing reforms than Belgium, even though French unions tend to be 'outsiders' (opposing rather than participating in reform). One reason for this may be that Belgian pension reforms in 1996 tended to be less effective than similar French reforms, as they included many social compensations, such as exemptions or payments to compensate for losses incurred as a result of the reform, and were lesser in scope to start with.

Industrial relations and social policy are intertwined to a considerable degree in the context of the social partners' continuing influence on welfare reform in many countries, and there would seem to be scope in the future for more social partner influence in the reforms that will be needed in the future. For example, in the context of the restructuring of the welfare state, there is increased scope for the conclusion of social pacts involving the social partners and for the creation of more private occupational welfare arrangements such as private pension provision (Ebbinghaus 2010b)— see the section below on pensions for more details.

Further evidence of the interconnection between industrial relations and social policy is the fact that social contributions can be seen as reducing net wages for workers and increasing non-wage labour costs for employers (Ebbinghaus 2010b). Any changes, i.e. increases, in these social contributions will therefore reduce wages and raise overall labour costs, thus making it logical to class wage negotiations and social policy reforms as interdependent activities.

This section has sketched some of the key issues relating to the debate about social partner involvement in social policy development more widely and unemployment benefit and pension systems in particular. Although there is a wide difference between national systems, some categorisation is possible. Common to all national systems are issues surrounding the perceived advantages and disadvantages of social partner involvement in policy formulation, although the precise nature of this depends on issues such as the relationship between the social partners and policymakers and the exact role that they play. The involvement of the social partners in social policy development sits at the interaction between industrial relations and social policy, as many outcomes of social policy, such as social charges, have a direct effect on net pay. This therefore binds the social partners more tightly into discussions on social policy and benefit reform. In the past there has been an exchange between wage moderation and social rights (i.e. lower wage increases in exchange for improvements in social rights), but today's international economic competition and limits on state welfare spending no longer permit such an exchange (Ebbinghaus 2010b). A balanced view of the role of employers and unions therefore needs to be developed in order to understand the ongoing challenges facing employers and unions, shifts in responsibility between state and non-state actors, and the repercussions of this for income inequality and social security.

6.3. Unemployment benefit systems

This section of the chapter examines the main characteristics of unemployment benefit systems in the EU Member States, highlighting the differences and the similarities and also examining their degree of embeddedness. It also analyses the degree of social partner involvement in the establishment and organisation of unemployment benefit systems, which can range from no involvement to a high degree of involvement. The latter is the case particularly in countries that operate under the Ghent system, under which the main responsibility for unemployment benefits is held by trade unions in their role as administrators of government-subsidised unemployment insurance funds. Main trends are also examined, including the impact of institutional changes, and issues such as lack of consensus between the parties. This section also considers the changing face of unemployment benefit systems and what this means for social partnership.

6.3.1. Main characteristics

The unemployment benefit systems of the EU Member States differ significantly in terms of their basic characteristics and the degree of involvement of the social partners. This is due to factors such as the history and culture of industrial relations, the nature of social dialogue, and tripartism and culture concerning the nature of the state, including whether or not it acts autonomously with regard to the unemployment benefit system or whether decisions are based on tripartite consensus.

The degree of embeddedness of unemployment benefit systems— i.e. how long they have been in operation— also plays a defining role. Eurofound (2007) note that in the Nordic countries (Denmark, Finland, Norway and Sweden), the origins of present social security systems date back to the end of the 19th or beginning of the 20th century. The welfare state in most of the oldest EU Member States was established after World War II, while countries such as Greece, Cyprus and Malta began to develop a social security system in the second half of the 1950s. The basis for a welfare state in Spain was created in the mid- to late-1970s, while the creation of comprehensive social security systems in some of the new Member States only took place following the 1989 transition.

Furthermore, in some countries a system operates under which individuals may qualify for partial unemployment benefits if they are looking for full-time work and have accepted a part-time job. Some studies have looked into the role of partial unemployment benefits in terms

of providing a stepping stone into full employment. For example, Kyyrä (2008) explores this issue in Finland, finding evidence to support this. Partial unemployment benefit was used extensively by governments in some countries, such as Germany, Italy and Austria, during the crisis in order to support short-time working. For more details, see Eurofound (2010).

Notwithstanding these differences, however, there are core similarities between the unemployment benefit systems of Member States: some common characteristics are as follows (Eurofound 2007):

- the dual character of the systems (i.e. comprising insurance and assistance);
- means of funding and calculating unemployment benefits;
- basic qualifying conditions (eligibility criteria);
- the development of active labour market policies to complement the unemployment benefit system;
- certain administrative characteristics, such as the fact that unemployment insurance systems may be administered by government departments or take the form of self-governing institutions that are usually managed by representatives of insured workers, employers and the government;
- certain general aspects of the coordination of social partner involvement (despite major differences in the actual participation of social partners in unemployment benefit systems within the different countries).

Table 6.1 below sets out the main characteristics of unemployment benefit systems in EU Member States.

Table 6.1: Unemployment benefit systems in Europe

	Countries	Funding	Main qualifying conditions	Benefits
Unemployment insurance	All	Contributions from employer and, in most cases (18 countries), also employee, often (in 14 countries) topped up by government payments.	Involuntary unemployment— employment record— actively looking for work	Earnings-related
Unemployment assistance	AT, DE, FI, FR, EL, ES, IE, NL*, SE, SI, UK	Contributions from employer and employee and/or government payments.	Unemployment insurance expired or not eligible for it— (often) a short employment record— actively looking for work	Social minimum, partly means-tested
Social assistance	All except EL and IT	Taxes	Unemployment insurance expired or not eligible for it— (for most categories of claimants) actively looking for work	Social minimum; comprehensively means-tested

Source: Social Partners and Social Security Systems, Eurofound 2007.
* In the Netherlands, the UA arrangement is expiring as the so-called follow-up benefit was abolished for persons becoming unemployed after 11 August 2003.

excel file
gif

6.3.2. Social partner involvement in unemployment benefit systems

The social partners play a distinctive role in the formulation and operation of unemployment benefit systems in many EU countries, although the precise nature of the role differs widely according to country (for more details see Eurofound 2012a). In addition, even though formal involvement and cooperation may be in place, the degree of actual influence of social partner involvement can also differ: in some countries the social partners commonly complain that although they are asked for their opinions and input, governments do not act on their advice.

There are significant differences between social partner involvement in the *preparation and establishment*, i.e. the *creation*, of unemployment benefit systems by country. For example, at one end of the scale countries such as Austria and Finland have systems that are based on well-established tripartite cooperation. In other countries, such as Belgium, the Netherlands and France, the preparation and establishment of unemployment benefit systems is dominated by bipartite consultation.

At the other end of the scale, the new EU Member States have only recently developed tripartite concertation, and social dialogue as a whole does not have a long history. Furthermore, in countries such

as the UK, Germany and Greece, there is an absence of tripartite consultation on unemployment benefits (Eurofound 2007).

Similarly, the role of the social partners in the *administration* of unemployment benefit systems ranges from high levels of formal involvement and participation to countries where the social partners have no role at all. Eurofound have summarised the involvement of the social partners in the administration of unemployment benefit schemes and unemployment benefit services, highlighting national differences. For example, although the French social partners play a formal role in decision-making, their actual influence is reported to be minimal. In Greece, although efforts have been made to include the social partners more fully in the administration of benefits, their influence is reported to have remained minimal in practical terms. This is also reported to be the case in Spain, where although there are high levels of involvement, actual influence is not reported to be high. Conversely, in countries such as Cyprus, Ireland, Italy, Norway, Slovakia and the UK, the social partners have no formal role in the administration of the unemployment benefits system.

Countries where there are high levels of formal involvement and influence include Austria, Belgium, Denmark, Finland, France, Slovenia and Sweden, where the social partners play an important role in the administration of unemployment benefit systems. This list includes the countries in which the Ghent system operates (see below).

The most recent comparative research examining social partner involvement in unemployment benefit systems (Eurofound 2012) groups the involvement of the social partners in these systems into five categories:

- institutional involvement in stable tripartite institutions connected to the policy-making process. This is the case in a large number of continental and Nordic countries, such as in AT, DE, LU, NL, DK, PT, BG, CY, CZ, EE, EL, HU, LV, LT, PL, RO, SK, SI;
- institutional involvement in stable bipartite bodies associated to the process, such as in BE and FR;
- involvement in ad hoc committees established by public authorities when needed, as in FI;
- Non-formal involvement in information and consultation practices within the policy-making process, such as in IT, NO, SE, UK; and
- participation without (at least explicit) involvement on the part of the state, as in IE, MT, ES.

Under this classification, Eurofound notes that in almost all countries the social partners are, to some extent or another, involved by public authorities in the design or readjustment of unemployment benefit systems. However, it is important to stress that the form that involvement takes does not necessarily predict the actual role of the social partners in the decision-making process.

6.3.3. Union involvement in unemployment insurance— the Ghent system

Under the so-called Ghent system, the main responsibility for unemployment benefits is held by trade unions, which administer government-subsidised unemployment insurance funds. This system is in place in Denmark, Finland, Iceland and Sweden and to some extent Belgium, which is deemed (Böckerman and Uusitalo 2006) to have a hybrid system under which the government also has a role in the distribution of benefits.

In countries operating under the Ghent system, workers often need to belong to a union to receive these benefits, which means that union membership tends to be higher in these countries. Theoretically it is possible to become a member of a union-administered fund without joining the relevant trade union, although in practice this has traditionally rarely been the case.

Trade unions involved in Ghent systems arguably have an interest in maintaining these systems, as this gives them an active role and involvement in unemployment benefit policy, raises their profile and visibility in a wider sense and may therefore result in higher membership rates. Involvement in the operation of unemployment benefit funds also means that trade unions can be insulated to some extent from the widespread membership decline due to economic and social trends that has been felt by trade unions in countries that do not operate with this system.

There have been a number of studies of trade union involvement in the administration of unemployment benefit systems under the Ghent system and what this means for trade union membership in Denmark, Finland, Iceland, Sweden and to some extent Belgium. For example, Blaschke (2000) looks at trade union density trends in Europe, concluding that there is no general trend. Rather, two groups of countries can be distinguished that show a common union density trend: those operating the Ghent system (which tend to have comparatively high trade union density rates) and those that do not. This study concludes that 'The Ghent system is the most important institution on the national level which determines the development of union density'. For more discussion of trends in trade union density and membership, see Chapters 1 and 3 of this report.

However, the Ghent system is not infallible in terms of ensuring high membership levels for trade unions. Ebbinghaus (2002) notes that although trade union membership in countries operating the Ghent system grew until the early 1990s, it then stagnated and even declined,

although the pace of decline has varied in the different Member States. He concludes that 'union-led unemployment insurance seems no longer to protect union movements from decline, while improved labour market conditions and increased partnership initiatives have not (yet) facilitated the hoped turn around in unionisation'.

In Finland for example, the Ghent system began to come under pressure starting in 1992 due to the establishment of an independent fund, YTK. Research found that the link between union membership and the entitlement to earnings-related unemployment benefits was being increasingly eroded by the success of YTK, the membership of which reached 10% of the Finnish labour force by 2005 (Kuusisto 2005). Union density rates fell simultaneously, from 85% in 1993 to 79% by 2000, although density increased back up to 83% by 2004 due to reactions to the crash of the IT sector. Böckerman and Uusitalo (2006) also examine the functioning of the Ghent system in Finland, noting that union density declined by more than 10 percentage points in fewer than 10 years (from 84% in 1993 to 73% in 2002), and conclude that this decline is mostly due to the erosion of the Ghent system caused by the creation of the YTK fund.

Furthermore, in Sweden the Ghent system was also eroded during the second half of the past decade, due to reforms to unemployment benefit insurance introduced by the government. In this case it would appear that the funds were a battleground on which the government sought to influence wage policy. Kjellberg (2009) notes that increases in the fees of union unemployment funds, aimed at pressuring unions to moderate their wage claims, resulted in significant losses in the membership of trade unions and of the funds: 'In 2007, union unemployment funds lost almost twice as many members as the unions did. In a period of one year, union density declined by 4 percentage points, which is unique in modern Swedish history and remarkable also from an international perspective … by changing the Swedish Ghent system the government caused a fall in union density with no parallel in modern Swedish history.'

6.4. Main trends in social partner involvement in unemployment benefit

The context within which unemployment benefit systems operate has changed radically since many of these systems were first created. Clasen and Clegg (2011) note that many of these benefit systems were designed in economies that were predominantly industrial and characterised by employment relationships that were largely standardised and followed a stable career path. Over the past 20 years or so, this scenario has changed significantly as the result of a move towards predominantly service-based economies and demand for more flexibility in terms of wages and employment terms and conditions. These types of changes in circumstance and context have had an influence on the level and influence of the social partners, although it would seem that the degree of change depends to a large extent on the national context.

Eurofound (2007) note that social partner influence is likely to be stable and undisputed in countries with a strong and continuing tradition of social partnership (such as Finland and Sweden), where there is a strong tradition of state leadership in social security (such as in Hungary), or where there is little social partner influence in the area of social security and no debate on changing the situation (e.g. in the UK). In countries such as Slovenia and Malta, although influence is stable, the social partners are demanding more influence in the area of social benefits.

Institutional changes are deemed to have had a negative impact on the influence of the social partners on unemployment benefit systems in some countries, such as Denmark and Germany. Furthermore, lack of consensus among the social partners themselves in some countries, such as France, was also identified to have a negative impact on social partner influence in the area of social benefits.

Some trends can also have positive influences on social partner involvement and influence. These include institutional changes to the advantage of the social partners and proactive social partner approaches. This has been the case in Ireland where, although the welfare system is not generous, social partner influence has increased since 1987 due to the growth of social partnership (although this has now come under severe pressure as a result of the financial crisis). On occasion, trade union action has resulted in policy influence— this has been the case in recent years in countries such as Austria, the Netherlands and Spain.

Most recently, the pressures affecting the operation of unemployment benefit systems are likely to have been exacerbated by the crisis as governments implement austerity measures and cost-cutting plans (see also Chapter 4 of this report). Social partners are being involved to a greater or lesser extent in this process— for more details, see the section below on the effects of the crisis.

Another issue relevant to the formulation of unemployment benefit policy and the social partners' involvement in this is that of the reservation wage— the lowest level of income that would be acceptable to a worker for a particular type of job. There have been a number of studies devoted to assessing whether this reservation wage changes if a person remains unemployed, as this would have an impact on setting the level of unemployment benefits, something on which the social partners would have a view. Research has found some elasticity,

although on the whole this is not deemed to be significant. For example, Addison et al (2010) examined whether an individual's reservation wage declined over the course of a period of joblessness. They found that this was the case, but that this elasticity is quite small. They also found that there was well-determined direct association between completed duration of a period of unemployment and reservation wages, which is to be construed as higher reservation wages lead to higher jobless duration. Krueger and Mueller (2011) have also examined the reservation wage and the role it plays in job searches. They found that the self-reported reservation wage predicts whether a job offer is accepted or rejected and that the reservation wage is basically stable over the course of unemployment for most workers, with the notable exception of workers who are over age 50 and those who had substantial savings at the start of the study. They also found that many workers who are looking for full-time work will accept a part-time job that offers a wage below their reservation wage. Further, they found that the amount of time devoted to job search and the reservation wage help to predict early exits from receiving unemployment benefits. This issue is of direct relevance to the social partners as it has a direct impact on the lives and income of benefit recipients and will therefore influence any positions that they take with regard to benefit changes or reform.

This section has examined social partner involvement in and influence over unemployment benefit systems, which is characterised by high levels of diversity. Nevertheless, there are some common trends and challenges, such as meeting the challenge of adapting to the labour market and economic developments of the past 20 years or so and the reaction of the social partners to this. Most recently, the economic crisis has posed a huge challenge to unemployment benefit systems, and this issue is examined later in this chapter.

6.5. Pension systems: key issues and challenges

This section examines the key issues and challenges facing national pension systems in the EU Member States. More specifically, it looks at pension reform as the main challenge for the future that is common to all EU Member States in the context of changing demographics. It highlights the main national pension reform plans in the context of EU guidance, and considers the reasons why social partner involvement in pension policy can make a significant contribution. In particular, it examines trends such as the development of second and third-tier pension provision and the opportunity that this presents for greater social partner involvement in policy development.

Pension reform is one of the key issues facing European policymakers and is likely to become ever more pressing over the coming decades due to changing EU demographics. Pay-as-you-go (PAYG) pension systems, which rely on those working to fund the pensions of those who are retired, are facing increasing strain as the number of those in retirement grows in relation to those working. This is a major issue in EU countries which rely on such systems: it is recognised that there is a need to move away from these PAYG systems towards alternative forms of provision, such as occupational and privately-funded schemes. However, this path is fraught with difficulties and often encounters high levels of protest from trade unions.

Overall in the EU, the proportion of those who are over 65 and dependent on those in the labour force has increased from almost 21% of the population in 1990 to almost 26% in 2010 according to Eurostat, and is predicted by Eurostat to reach just over 34% by 2025 and over 53% by 2060. Further, according to the most recent Eurostat data on this subject, which relates to 2009, no EU Member State had reached the replacement fertility rate of 2.1 (i.e. each woman needs to have an average of 2.1 children over her lifetime in order to keep the population constant). France and Ireland came closest (2.0 each in 2009), but Germany, Hungary, Italy, Latvia, Malta and Portugal had fertility rates of less than 1.5, which are among the lowest in the world. The EU average fertility rate in 2009 was 1.59, according to Eurostat data.

Special mention should be made of the Member States in central and eastern Europe, which faced the challenge of pension reform as part of their move away from a planned to a market economy at the beginning of the 1990s. One of the key issues in these countries during the 1990s was the use of early retirement to absorb the high number of people made redundant due to enterprise restructuring. This in turn created a large number of retired people in relation to the working population. Hirose (2011) notes that many of these countries decided during the 1990s and 2000s to create second-pillar pension provision as part of structural reform. As social dialogue was relatively weak in these countries (see also Chapter 2 of this report), influence on national pension policy was limited. The most recent reforms have concentrated on increasing the retirement age, reducing the deficit in the state pension system, freezing indexation mechanisms, modifying qualifying conditions and eliminating privileged rights for special groups of workers such as military personnel and the police force.

At the European level, the European Commission issued a White Paper entitled *An Agenda for Adequate, Safe and Sustainable Pensions* [1] in February 2012, in which it addresses the key issues facing pensions in the EU and puts forward a number of proposals to support EU Member States reforming their pension systems. Reinforcing the role that the social partners can

[1] European Commission: An Agenda for Adequate, Safe and Sustainable Pensions. COM (2012) 55 final. 16 February 2012.

play in pension reform, the White Paper states that: '*Member States, European institutions and all stakeholders, in particular social partners, need to respond together and within their respective roles, to the challenges that population ageing represents*' (p.15). For details on the White Paper, see Box 6.1 below.

Box 6.1: Main points of the European Commission's 2012 White Paper: An Agenda for Adequate, Safe and Sustainable Pensions.

The main challenges for EU Member State pension systems, as identified in the White Paper are:

- Financial sustainability. Despite reforms, EU pension systems still face financial difficulties related to demographic changes (the number of those in work shrinking in relation to the number of retired people), and so further reforms are needed.
- Maintaining the adequacy of pension benefits. Although most schemes in the EU allow older people to enjoy decent living standards and economic independence, the Commission highlights a number of gaps, such as women over the age of 75. Further, recent pension reforms will result in lower income replacement rates.
- Raising the labour market participation of women and older workers. The Commission states that the trend in recent decades towards earlier retirement has been reversed, although more needs to be done. Labour force participation is currently still too low in the age groups just below the retirement age and progress too limited. Further, the success of reforms aimed at increasing pension eligibility ages depends on better opportunities for older women and men for staying in the labour market.

Key actions to support Member States in pension reform include the following:

Balancing time spent in work and retirement

- Monitoring of and support for Member State actions, awareness-raising, support for policy coordination and joint work on enabling and encouraging older workers, women in particular, to stay longer in the labour market, primarily through the Europe 2020 Strategy.
- Within the framework of the European social dialogue, consulting the EU social partners to develop ways of adapting work place and labour market practices, including career management especially regarding strenuous jobs, so as to facilitate longer working lives.
- Consultation of the social partners on how unwarranted mandatory retirement ages could be revised in collective agreements and national legislation.

Developing second-pillar (occupational) and third-pillar (private) arrangements

- A review of the IORP directive on activities and supervision of institutions for occupational retirement provision. The aim of this is to promote more cross-border activity in this field and to help improve overall pension provision in the EU.
- Initiatives to increase protection of workers' occupational pension rights in the event of employer insolvency.
- The development of a pension portability directive setting minimum standards for the acquisition and preservation of supplementary pension rights and continue on-going work on a pan-European pension fund for academic researchers.
- The development of a code of good practice for occupational pension schemes, addressing issues such as better coverage of employees, payouts, risk-sharing and mitigation, cost effectiveness and shock absorption.
- In the case of third-pillar products, by 2013 the Commission will present an initiative aimed at raising the quality of these products and improving consumer information and protection standards via voluntary codes and possibly an EU certification scheme.

6.5.1. Social partner involvement in pension systems

As with unemployment benefit systems, there is significant diversity in the way in which the social partners are involvement in pension policy in EU Member States. Social concertation plays an important role in pension reforms where public policy is traditionally shared or when governments do not have the capacity to push through unilateral reforms due to union opposition. This is particularly the case in Bismarckian pension systems, where attempts at significant reform can provoke opposition from workers and their representatives. For more information on Bismarckian and Beveridge pension systems, see Box 6.2.

An example of social concertation is the pension pact negotiated in 1995 in Italy by the government and trade unions, with the government making concessions in order to reach agreement with the unions. A similar type of agreement was reached on pensions more recently between the government and the social partners in Spain (see below).

Box 6.2: Bismarckian and Beveridge pension systems

Pension systems can broadly be classified into two types: Bismarckian and Beveridge. Under the Bismarck model, pensions are social insurance-based and contributions to social insurance funds are divided between employer and employee. These systems provide earning-related pension benefits aimed at maintaining economic status during old age. Countries with Bismarckian systems traditionally include Austria, Germany, France and Italy. In countries with the Bismarck system, state first-pillar provision is strong and supplementary occupational and private provision is comparatively weak.

Sweden, Finland and Norway moved towards the Bismarckian system in the late 1950s and 1960s by introducing a second public pillar of pension provision in order to supplement the first pillar of state provision. This second pillar of public provision is based on a pay-as-you-go principle and provides for income-related benefits. Since the introduction of this second pillar, the first pillar of public provision has declined.

Under the Beveridge model, the pension system is aimed mainly at poverty prevention and typically provides universal flat-rate means-tested benefits. Countries operating the Beveridge model are typically the Anglo-Saxon countries such as the UK. In the UK and also the Netherlands, state provision is basic and occupational and private pension schemes are well-developed.

Examples of self-administration and self-regulation can be found in Bismarckian social insurance systems. Here, for example, the social partners are elected into the administration bodies of pension funds at different levels. In France and the Netherlands, the social partners play a more direct role in social insurance, with French union and employer representatives sitting on the boards of national, regional and local social insurance funds. In the Netherlands, the social partners are involved in the administration of both the first-pillar state pension and second pillar occupational pensions. In the Nordic countries, social partner involvement in drafting legislation, including in the area of welfare, is well-embedded in the national system of governance.

In terms of the first pillar of pension provision (state provision), the formal involvement of the social partners varies from strong involvement, as in France, to more or less no involvement, as in the UK. The precise role that the social partners play reflects historical variations in the development of welfare states, for example the Bismarckian social insurance or the Beveridge-type welfare state models (Natali 2009). In countries with a strong consultative tradition, such as the Netherlands, tripartite bodies such as the SER and bipartite bodies such as the Labour Foundation exist to advise the government. For an overview of the SER and its recent input into pensions policy, see Box 6.3 below.

Van het Kaar (2004) notes that often the social partners have an advisory or consultative status, sometimes without a formal basis. Further, although in several countries the social partners have no formal influence on first-pillar provision, their role in practice can be significant. For example, in Finland, state pension provision is based on law, but its principles are mainly agreed in negotiations between the social partners.

Box 6.3: The Social and Economic Council of the Netherlands

The Social and Economic Council of the Netherlands (De Sociaal-Economische Raad, SER) is an advisory and consultative body made up of employer and union representatives and independent experts. Its aim is to help create social consensus on national and international socioeconomic issues. It was established in 1950 by the Industrial Organisation Act (Wet op de bedrijfsorganisatie) and is the main advisory body to the Dutch government and the parliament on national and international social and economic policy. The SER is financed by employers and acts wholly independently from government. It represents the interests of trade unions and employers, advising the government (upon request or at its own initiative) on all major social and economic issues, including social security and benefits. It is funded by a mandatory tax levied by the Chambers of Commerce.

The SER's three key objectives are:

- Balanced economic growth and sustainable development
- The highest possible employment rate
- A fair distribution of income

In terms of the weight that the SER's advice carries, the SER itself notes that the effectiveness of its advice is not easy to quantify: it cannot be measured purely by the extent to which it is incorporated into legislation and regulations, as not all advice is given for the purpose of developing a legislative proposal. In most cases, the advice given concerns the SER's response or views on a policy document. Often parts of a SER advisory report are eventually included in legislation and regulations, although as it takes a long time for policy to be implemented, it may be some time before the effects of the advice become apparent.

The influence of the SER has arguably waned over the past two decades. Ebbinghaus (2006) notes that in the early 1990s, the SER failed to find solutions to the disability pension problem, and its slow decision-making process has also been widely criticised. In 1994, when a new left-liberal government came to power in the Netherlands, it abolished the obligation to consult the SER, later often bypassing the SER on legislative projects in social and economic policy matters.

In June 2010, the SER concluded an agreement on pensions in which it sets out the adjustments it believes are necessary for the stability of state pensions and of occupational pensions, for which the social partners represented in the SER bear particular responsibility. It made a number of recommendations for changes to the Dutch system in order to introduce more flexibility and in response to an ageing population. Proposals included changes to the pension system that do not increase contributions in occupational provision but secure the system against increases in life expectancy and negative developments in financial markets; changes to make the state system more solid as a basis for pension provision; more leeway for individual choice; and the introduction of new measures to ensure long-term employability and improve labour market mobility for older employees. In terms of implementation, the accord states that the signatory parties trust that the government will facilitate the accord; if not, further consultations will be held. An agreement on pension reform was reached in June 2011 between the government and the social partners.

In addition, trade unions play an important role in representing pensioners in some countries. In Italy, for example, pensioners' trade unions represent a significant proportion of Italian trade unions, accounting for around half of their membership and taking on a significant role in social policy and collective bargaining on welfare issues more widely (Eurofound 2000). Given the ageing of Europe's population, this is likely to continue over the coming decades.

6.5.2. Second- and third-pillar pension provision

One key aspect of pension provision, and the main area of development in terms of pension policy, has been the growth in recent years in second-pillar (occupational) and third-pillar (private and supplementary) pension schemes, mostly as a supplement to dwindling state provision. In many countries, the growth of these additional pillars has increased social partner involvement in the formulation and implementation of pension provision. Involvement of the social partners in these additional pillars is important in terms of long-term sustainable and secure policy formulation, as these additional schemes are intended to plug the gap left by the reduction of state pension provision.

In some national systems, such as those in Sweden and France, the social partners have a long tradition of involvement in second pillar pension provision, and so their involvement is well established. In Sweden occupational pension schemes date back to the 1970s, and the social partners were involved in the late 1990s in negotiating changes to the funding of occupational pension schemes, alongside reforms in the state pension scheme (Ebbinghaus 2002). In France also, the social partners jointly run the two national supplementary pension schemes— Agirc for managerial/professional staff and Arrco for other employees.

The social partners also play a role in savings schemes that contribute to pension funds in France and Italy (Natali 2009). In France these are company-level schemes such as employee savings plans and profit-sharing schemes, while in Italy the social partners play an important role in managing the shifting of resources from severance pay schemes (the end of service allowance— *trattamento di fine rapporto*, Tfr) into pension funds. However, problems can arise, due to a lack of expertise and knowledge if, for example, board members are appointed on the basis of their trade union status rather than on the basis of their pension knowledge and expertise. This issue is also relevant to recent debate in the Netherlands, where the Minister of Social Affairs stated that management of pension funds should be carried out by relevant experts rather than the social partners (Eurofound 2011a).

Social partner involvement in the negotiation and running of second-pillar occupational pension schemes demonstrates the intersection of industrial relations and social security policy, as occupational pensions take the form of deferred wages for employees in a given sector. However, the presence of well-developed social partners is a prerequisite for this to be successful: in order to be able to engage meaningfully in discussions on the development of occupational pensions, unions and employers need to have a certain level of strength and support. Further, the strength of collective bargaining machinery and institutions is also vital to the coverage, financing and benefits of these schemes. Negotiated and funded occupational pension schemes are arguably the next best thing to PAYG state schemes from the point of view of trade unions, as they provide a degree of security to employees, particularly if unions are actively involved in co-managing these schemes. In countries such as Italy (see Box 6.4) and Germany (see Box 6.5), the social partners have successfully become involved in the negotiation of occupational pensions systems.

Box 6.4: Occupational pension funds in Italy

In Italy, supplementary occupational pension schemes for companies or specific categories of employees only were typical until the mid-1990s reform of the public pension system, which aimed to create a homogeneous system which could potentially provide all workers, both employees and self-employed, with supplementary pension coverage.

Today, under a legal framework, pension funds are financed by both employer and employee contributions, as agreed in industry-wide collective bargaining. Sectoral pension funds at the national level have since been created by the social partners in sectors such as metalworking, chemicals, utilities and the food sector.

Most recently, trade unions and employers representing the temporary work sector launched a sectoral pension fund for this sector in July 2011. The fund, Fontemp, was created under the framework of a renewal of the collective agreement for this sector in 2008 and has been set up by the employers' organisation Assolavoro and the trade unions Felsa-Cisl, Nidil-Cgil and Uiltemp. The fund is financed on the basis of contributions from employees, employers and the end of service allowance (*trattamento di fine rapporto*). It is a defined contribution scheme, with employee contributions tax deductible up to a ceiling (currently €5,164). Employees may remain members of the fund even if they leave the temporary work sector upon gaining an open-ended employment contract. After two years of contributions, they may also transfer their capital to another supplementary pension fund.

Sources: Planet Labour (2011d), EIRO.

In Germany, the social partners have not traditionally been involved in the formulation of pension policy. However, employers and unions were involved a decade ago in the creation of voluntary privately-defined contribution sectoral pension funds in metalworking and chemicals. These funds were based on collective agreements and were concluded after a pension reform law required employees to invest up to 4% of gross income in company or private schemes in order to supplement state provision (Eurofound 2001; Bispinck 2002). It should be noted that these agreements were concluded during a time of industrial relations conflict centring on working reduction (trade unions failed to achieve the introduction of the 35-hour week in metalworking in eastern Germany) and therefore were viewed as a renewal of social partnership. For more details, see Box 6.5.

Box 6.5: Sectoral pension provision in the German metalworking and chemicals industries

In the autumn of 2001, employers and unions in the German metalworking and chemicals industries negotiated agreements providing for the creation of voluntary private defined contribution pension funds. The schemes were based on pension legislation enacted shortly before these agreements, which stipulated that workers should invest up to 4% of their income in private pension schemes.

Trade unions and employers were at the time keen to take the opportunity to create company-level and industry-level schemes (Eurofound (2001). Among the first to set up a scheme was the management and works council at the German carmaker Volkswagen AG. This was followed by the creation of a joint industry-level fund in the construction industry and shortly afterwards schemes based on agreements for the metalworking and chemicals sectors, thus ensuring that labour-management sponsored private pension schemes were available for a large part of the German workforce. However, the two schemes in the metalworking and chemicals sectors go beyond this in that they provide workers with options to convert part of their income into pension assets. The schemes also exempt investment from tax and social security contributions.

Chemicals sector

The chemicals sector fund offers a high level of flexibility in investment decisions and minimises administrative costs. Initially the social partners had hoped to sign up about 300 000 workers out of the 590 000 who were covered by this collective agreement. Under the scheme, employees can convert up to 4% of their income directly into pension assets. These contributions are tax-exempt. Income includes pay, annual bonuses, holiday bonuses and capital formation payments. Employer contributions account for just over 28% of total investment. The chemicals agreement builds on an existing system of company-level supplementary pension schemes and was amended in 2008. According to the German chemicals trade union (IG Chemie) the main pension fund for the sector, ChemiePensionsfonds fund, covers more than 700 companies and almost 73 000 workers, who save on average €800 per year towards their pension. The social partners sit on the fund's board of directors and investment committee.

Metalworking sector

In the metalworking sector, employees may also put up to 4% of their income into the new sectoral scheme (MetallRente), which is run jointly by employers and unions. In this case, income covers pay, annual bonuses, holiday bonuses and 'other income'. As there was no pre-existing company-level supplementary pension provision in the metalworking sector, this agreement means that many small and medium-sized companies were required for the first time to offer supplementary pensions to their employees.

Today, the metalworking sectoral fund covers over 21 000 companies and 450 000 workers and is the largest scheme in Germany. It has been extended to the steel, wood, plastics and textile sectors and is also open to companies outside the sector.

By contrast, the social partners in the UK and Ireland have been less involved in the negotiation of occupational pensions than their counterparts in some other EU Member States, as in these countries occupational pensions remain largely a voluntary initiative on the part of the employer, with little involvement from the social partners.

There is a debate in some countries concerning the interests of those no longer actively employed and are receiving occupational pensions. Where trade unions are involved in the governance of schemes, there is sometimes special provision for pensioners. In Sweden, for example, retired workers have the same rights of expression as active members of pension funds as long as they remain trade union members. In Belgium there are no specific legislative provisions requiring the consultation of pensioners, but both main trade union confederations contain structures representing retired workers (van het Kaar 2004).

6.5.3. Social partner involvement in pension reform

Within the context sketched out above, pension reform in EU Member States is largely based on increasing the statutory retirement age in phases over a defined period, restructuring and limiting access to early retirement schemes, and boosting incentives for individuals to remain in the labour market for longer at the end of their career. These are long-term policy decisions and as such need to enjoy cross-party political support if they are to endure. Social partner involvement in decisions on these types of important reforms can therefore be seen as a way of creating and deepening political and societal consensus. Involving the social partners in these decisions can avoid reform blockage by means of vetoes and can also ensure that reform is largely equitable and widely accepted. Ebbinghaus (2011) notes that governments may actually actively seek social consensus with trade unions and employers as an explicit means of overcoming reform blockage in political decision-making: 'Today governments need more than their own political majorities to provide sufficient momentum to overcome vested interests in reforming established pensions systems in an ageing society. The more responsibility for retirement income is divided between the state and society, the more possibilities there are for trade unions to influence political decision-making'.

However, as set out at the beginning of this chapter, there can be difficulties and challenges as a result of seeking consensus. For example, political compromise between all stakeholders (i.e. the government, the political opposition and the social partners) can result in concessions that may delay reform or result in weaker reform than what is actually needed, meaning that additional reform will need to take place in the future.

One of the most common actions of Member State governments is the raising of the state retirement age in order to meet the challenges of an ageing population. This type of change has generally been unopposed by employer representatives but strongly challenged by trade unions. In some cases, unions have been successful in winning concessions from the government. In Spain, for example, the government issued in January 2010 proposals for a reform of the country's state pensions system, aimed at ensuring its sustainability in the medium and long term, notably in the face of demographic change (EER 2010a). The proposals centred on increasing the statutory retirement age from the current 65 years to 67. It was envisaged that the rise would be gradual and start from 2013, with the process being completed by 2026. The Spanish government indicated its willingness to engage with the social partners on this issue, and while the main national employers' organisation, CEOE, welcomed the initiative, the CCOO and UGT trade union confederations were opposed and staged protests. However, the social partners and the government began social dialogue at the beginning of 2011 which resulted in a tripartite agreement on guaranteed pensions. The agreement delays the full implementation of the increase in retirement age by one year, until 2027, contains extra protection for women and young workers and provides for a range of active labour market measures, some of which will increase the social protection of unemployed people. Commentators note that the government was under pressure to negotiate on pension reform from financial markets and by the unions, which had threatened a general strike (Eurofound 2011b).

Likewise in France, where the normal retirement age was increased from 60 to 62 by controversial legislation adopted in November 2010 (EER 2010b), the legislation followed a period of formal consultations with the social partners: trade unions were opposed to the plans and organised a series of industrial actions in the summer of 2010. In response, the government made some adjustments to changes for workers with long careers or performing arduous work, although the increase in the overall pension age went ahead: the retirement age is increased by four months per year from 1 July 2011, reaching 62 in 2018. In addition to the basic state pension, most people receive a supplementary pension under one of two national schemes— Agirc for managerial/professional staff and Arrco for other employees. These schemes are run jointly by trade unions and employers' organisations, and although they are not directly affected by the increase in the statutory retirement age, the social partners are now expected to negotiate over aligning the supplementary schemes with the basic state scheme. Commentators note that this conflict altered the relationship between the French president and the trade union CFDT (Eurofound 2011c).

In other countries trade unions have opposed government plans but appear to have had little influence on the final

outcome. In Ireland for example, the government announced in March 2010 plans to increase the retirement age from 65 to 68 by 2028 and to require employers to enrol employees in a new supplementary pension scheme (EER 2010c). Furthermore, in order to boost supplementary pension coverage, a state-administered 'auto-enrolment' scheme was to be introduced from 2014. Although the plan was supported by employer representatives, trade unions opposed it, particularly the plans to widen supplementary pension coverage. Similarly, in April 2012 the Polish government passed legislation raising the retirement age to 67 by 2020 for men and by 2040 for women, despite fierce opposition from trade unions (Planet Labor 2012a). Further, in Denmark, pension reform was agreed by the government in May 2011, in the teeth of bitter opposition from trade unions. Under the reform, the statutory pension age will be raised to 67 by 2022, and the age at which voluntary early retirement can be taken will increase from 60 to 62 by 2017. Employers had been campaigning for the abolition of early retirement for some time (Planet Labor 2011a).

In the new Member States, pension provision has been completely overhauled over the past 20 years. New institutions, new processes and new systems have been created in an attempt to put into place pension provision for the workforce in the context of the shift from a planned to a market economy. Guardiancich has carried out a number of studies on developments in the pensions systems of new Member State countries over the past 20 years. For example, looking at Hungary and Croatia, he finds that the multi-pillar pension arrangements that both countries have put into place, broadly based on World Bank recommendations, did not involve a great deal of discussion with the social partners (Guardiancich 2009).

This section has focused on social partner involvement in pensions and pension reform, a policy area that, in the light of changing demographics, is deemed to be an extremely high priority for governments. There are clear advantages for governments to encourage the social partners to be involved in pension reform, linked to ensuring sustainable solutions to this key policy issue. However, there are also issues surrounding the possibility that the social partners may not be able to deliver the radical reforms that are needed in some cases. Certainly, the past few years have seen major opposition to pension reform plans on the part of trade unions in many EU Member States. In some cases, governments have taken on board social partner counter-proposals, but in others social partner influence has been negligible. Second and third tier pension provision is a clear growth area, filling the gap left by declining state provision, and this represents an opportunity for the social partners to become much more active in the formulation and management of provision, particularly in the case of occupational pensions. Key challenges remain, however, not least the ongoing impact of the crisis, which is discussed in the next section.

6.6. Effects of the current crisis

This section explores the effects of the economic crisis on unemployment and pension systems, examining the reactions of governments and the social partners and any impacts in terms of the involvement of the social partners in reforms to unemployment benefit and pensions systems.

The severe and ongoing economic crisis in the EU that began in 2008 has had a major impact on the financing of pensions and social benefit systems, adding fuel to existing debate about sustainability in the context of changing demographics and economic shifts in the EU. The level of influence and involvement of the social partners in these debates has varied across the EU.

Watt and Nikolova (2009) carried out an analysis of Member States' fiscal stimulus packages, looking amongst other things at social partner involvement in these packages, which typically contain public spending measures designed to boost employment and in turn kick-start the overall economy. They found that there was an even split between countries where unions have been supportive, critical or neutral. They note that 'where unions have had a voice in designing the packages, governments have benefited from their political support for the package as a whole, even though they may be critical of specific measures or would have wanted a greater level of ambition'. Social partner consultation and involvement has been more common in countries with a relatively strong social partner tradition, i.e. in northern Europe, Austria, Belgium and Spain. However, no union has accepted national packages as being adequate in terms of the scale of the economic crisis. Particular concerns on the part of trade unions focus on the longer-term implications of spending cuts and the attention given to the situation of low-income groups. They conclude that the involvement of the social partners, and particularly trade unions, in these packages was 'not satisfactory', although unions sometimes had some influence following protests.

6.6.1. Differing outcomes for social partner influence on unemployment benefit policy in the crisis

The crisis is having severe effects on social partner involvement in unemployment benefit systems. One effect is that a greater number of workers have lost their job, thus increasing overall reliance on unemployment benefits; at the same time, public finances are under pressure from the austerity demanded by the crisis in many countries (see Chapter 4 for more details). In addition, as Eurofound (2012) notes,

the decreasing flow of social contributions resulting from the growth in unemployment and reduced wages is threatening the financial sustainability of unemployment benefit schemes. Further, declining trends in trade union membership overall may contribute to a further weakening of the unemployment benefits system in those countries where trade unions play a role in these systems. The potential serious nature of this cannot be underestimated: Eurofound (2012) notes that future of the various welfare regimes as we know them and more generally the survival of the European Social Model are considered to be at stake.

Many governments are attempting to make changes to their unemployment benefit systems in the context of the pressures brought about by the crisis, essentially reducing the level and/or length of replacement income and increasing activation pressure. For example, in Sweden the government is thinking of introducing a compulsory unemployment insurance scheme in response to the significant increase in the number of unaffiliated employees. However, this is being rejected by trade unions and employers on the grounds that contribution levels will be too high (Lefresne 2010). For trade unions, this also has wider potential repercussions: 'The risk facing the trade unions managing these insurance funds is that they will suffer an erosion of their legitimacy, as the principle of voluntary membership has long been based on an individual undertaking to sign up to collective rules and regulations. The entire collective bargaining system might suffer as a result' (Lefresne 2010).

The influence of the social partners on changes to unemployment benefit regimes in the context of the crisis differs widely across the EU, depending on the starting point, the economic context, the institutional surroundings and the social partners themselves. The social partners in some countries have not experienced any changes to their level of involvement—both in countries where the tradition is strong and in those where it is weak—, while some social partners have felt marginalised. In a few countries, the social partners have gained a higher profile in the area of policy-making about benefits. Eurofound (2012) charts the main trends in terms of social partner involvement in unemployment benefit reform in the context of the crisis, revealing some wide differences around Europe. Table 6.2 offers a summary and classification of these in selected EU Member States.

Table 6.2: Trends in the involvement of the social partners in unemployment benefits during the crisis in selected EU Member States

Country	Tradition of social partner involvement	Developments in the crisis	Classification
Austria	Strong	Continuing involvement of the social partners in the unemployment benefit regime, albeit with differing views between unions and employers on the best action to take. The social partners have continuing decision-making competences in terms of unemployment benefit and labour market policy.	Continuing strong position
Belgium	Strong	Involvement of the social partners is continuing, although it may be that they find themselves party to an agreement that they do not support from an ideological point of view.	Continuing strong position
Cyprus	Weak	Involvement of the social partners in unemployment benefit has not changed during the crisis due to low unemployment and lack of motivation on the part of the social partners.	Continuing weak position
Czech Republic	Developing	Trade unions have been active in criticising legislative changes to unemployment benefit and have received wide support for this. They have also been fighting abuses in terms of recourse to benefits.	Increased during the crisis
Denmark	Strong	Although the social partners remain involved in the administration of the unemployment insurance system, reforms undertaken in the 2000s excluded them to some extent. Reforms dating from 2010 were pushed through that can be said to weaken the Danish flexicurity model.	Weakened during the crisis
Estonia	Developing	Social partner involvement in the unemployment benefit system was undermined in 2011 when the government made two major funding decisions without consulting the social partner representatives in the tripartite supervisory body of the country's unemployment insurance fund. Social partner influence on delivery of benefits was unaffected.	Weakened during the crisis

excel file
gif

Country	Tradition of social partner involvement	Developments in the crisis	Classification
Finland	Strong	The social partners continue to be actively involved in proposals for the reform of unemployment insurance and benefits. Involvement has included participation in round tables and discussions on labour market measures to respond to the crisis.	Continuing strong position
France	Strong	Long tradition of social partner involvement in unemployment benefit, which has continued during the crisis and beyond the creation of the employment agency Pole Emploi.	Continuing strong position
Germany	Strong	The social partners maintain involvement in unemployment benefit and labour market policy through the tripartite nature of the Board of Governors of the Federal Employment Agency and the administrative committees of local employment agencies.	Continuing strong position
Hungary	Developing	Previous strong involvement in the development of unemployment benefit systems was discontinued in 2011 with the abolition of national tripartite bodies in this area.	Weakened during the crisis
Italy	Strong	The involvement of the social partners is continuing and may even be strengthened in some cases.	Continuing strong position
Latvia	Weak	Involvement of the social partners in unemployment benefit has not changed during the crisis.	Continuing weak position
Lithuania	Weak	Involvement of the social partners in unemployment benefits has not changed during the crisis due to continuing dominance of the government.	Continuing weak position
Luxembourg	Strong	Opinions of the social partners regularly taken on board.	Continuing strong position
Netherlands	Strong	The influence of the social partners in unemployment benefit policy has been weakened over the past decade. The government is now formulating reforms in the crisis in which the social partners are not being involved to the extent that they were previously.	Weakened during the crisis
Poland	Weak	Involvement of the social partners in unemployment benefit has not changed during the crisis.	Continuing weak position
Portugal	Strong	Decreasing influence due to the economic situation of the country in the context of the crisis.	Weakened during the crisis
Romania	Developing	Since 2009 the social partners have been financing projects aimed at the vocational training, counselling, and the professional readjustment of unemployed people.	Increased during the crisis
Slovenia	Weak	The social partners have traditionally not been active in the development or administration of unemployment benefits. However, during the crisis they have been more active in reaction to unpopular government measures. The most successful example of recent social partner cooperation is the development of the Labour Market Regulation Act of January 2011, aimed at improving the status and conditions of unemployed people.	Increased during the crisis
Sweden	Strong	The social partners were not closely involved in unemployment insurance reforms in 2007. The reforms are believed to have damaged union strength. In the crisis, the reform appears to have made it more difficult for outsiders to gain access to the labour market. The social partners and government are unsure of the way forward.	Weakened during the crisis

Source: Eurofound (2012).

excel file
gif

6.6.2. Social partner influence on pension policy during the crisis

Pension reform is arguably one of the largest social policy challenges for the EU and has been impacted by the crisis. Many governments are attempting large-scale reforms, often in the teeth of opposition from trade unions. In many cases, reforms already in train have been accelerated by the crisis. In some countries trade unions have merely registered their opposition, whereas in others they have been more successful in engaging with their government and influencing the outcome of reforms, even though they remain in many cases unhappy with the overall outcome.

In the Netherlands, for example, trade unions have succeeded in altering government policy to some extent: a pension reform bill was published at the end of 2011, with some concessions to trade unions and the political left. Similarly, in Italy the government is conducting meetings with the social partners on economic reform in the context of the crisis, including pension reforms. The aim is to increase the retirement age for men and women to 66 for men and 62 for women by 2018. The move has been heavily criticised by all the main Italian trade union confederations (Planet Labor 2011b).

By contrast, in the UK trade unions have arguably had a limited impact on government pensions policy. The UK government has introduced highly controversial reforms to public sector occupational pension schemes against fierce opposition from trade unions. In November 2011, a coordinated 24-hour strike involving members of 30 trade unions took place across the UK to protest against proposed changes to public sector occupational pension schemes. Based on the recommendations of an independent Commission, the changes include replacing existing final salary schemes with those linking employees' pension entitlements to their career average earnings, raising the age at which pensions are payable, and raising employee pension contributions. Trade unions had been involved in talks on pension reform for some months before the strike action took place (Eurofound 2012b). Furthermore, government plans to move some civil servants out of the central government pension scheme into a privately-owned fund controlled by a profit-making mutual organisation have been opposed by the Public and Commercial Services (PCS) union as 'privatisation by the back door', and the union held a strike to oppose this in July 2011 (Gall, 2012).

Similarly, towards the end of 2011 the Irish government published legislation aimed at reforming pension provision for new entrants to the public service (Eurofound 2012c). The changes were announced by the government following consultation with the public service unions, but no formal agreement was reached. Some changes were made to the proposals following the consultation process, but teachers' unions have strongly criticised the reforms. Table 6.3 gives an overview of trends in social partner involvement in pension reforms during the crisis.

Table 6.3: Trends in the involvement of the social partners in pension reform during the crisis in selected EU Member States

Country	Developments in the crisis	Classification
Belgium	Trade unions organised protests in 2011 against the government's lack of social partner consultation on planned pension reforms. Following this, consultation took place that will influence the reform	Involvement (after protest) and influence on outcomes
Bulgaria	Trade unions staged protests against government pension reform plans in 2011 focusing on raising the retirement age. Subsequent government talks with the social partners did not, however, result in agreement	No embedded consultation and no influence on outcomes
Denmark	Pension reforms despite trade union opposition	No influence on outcomes
France	Adjustments to planned pension age increases made by the government following protests by trade unions in 2010	Involvement and influence on outcomes
Greece	Protests have been taking place against the government's austerity measures, including pension reform. Social partner demands unlikely to be acted upon.	No influence on outcomes
Hungary	Pension reform with little involvement of the social partners	No involvement or influence on outcomes
Ireland	Some consultation on pension reform in the public service, although trade unions are opposing the reforms. Opposition to planned increase in retirement age and introduction of a new supplementary pension scheme	Involvement
Italy	Government consultation of the social partners on pension reform and most specifically increasing the retirement age	Involvement

excel file
gif

Country	Developments in the crisis	Classification
Luxembourg	Government sought consultation with the social partners on planned pension reform in 2010	Involvement
Netherlands	Pension reform bill published at the end of 2011 contained concessions to the trade unions and the political left	Involvement and influence on outcomes
Poland	Pension reforms despite trade union opposition	No influence on outcomes
Spain	Pension reform is based on a tripartite agreement on pensions, agreed in 2011	Involvement and influence on outcomes
United Kingdom	Trade unions have been involved in talks on public sector pension reform but are largely taking the route of opposition to planned changes	Involvement

Source: EIRO 2010–2012; Planet Labor.

excel file

gif

Another consequence of the economic crisis has been the effect on second- and third-pillar pensions, which are tied to the stock market to a greater extent than state provision. According to OECD data, private pension funds in OECD countries lost 23 per cent of their asset value on average in 2008 (Hirose 2011). While this will not have an immediate effect on those who are not nearing retirement age, those who are about to retire will be finding that their defined contribution-based pensions fall short of what they had expected before the crisis hit.

Furthermore, Ebbinghaus and Wiß (2011) examine private supplementary pension funds in a range of EU countries in the light of the effects of the financial crisis. They also show how these funds have lost considerable wealth over the past few years as a result of insufficient regulation. Documenting the trend away from defined benefit and towards defined contribution schemes, they note that this has led to an individualisation of financial risks, which has been exacerbated by the crisis, especially where the state or collective regulation has not intervened. They conclude that the move away from state to additional pension provision will increase the role of the social partners in old age provision and that the social partners are increasingly called upon to become involved in decisions on financial markets, as the majority of supplementary pension schemes are funded schemes, and that this may be desirable for all parties. 'A stronger inclusion of unions and workers' representatives in supplementary pensions may balance the interests and risks between employers (low administration costs), financial institutions (profit) and beneficiaries (high benefits). The retreat of the state from public pension commitments has not only increased the need to fill the retirement income gap by private funded pensions but has led to demands for better regulation of these pensions'.

The shift away from state to private, third-pillar pension provision, which has been well-documented over the period from 1981 to 2007, has been effectively put on hold by the crisis. However, it would appear that there is some evidence of a 'rebirth' of pension privatisation as governments encourage individuals to save for their retirement while continuing to provide minimum state pensions (Orenstein 2011). Orenstein sees the future as a broad landscape of minimum pensions financed by taxation or other sovereign means, plus 'nudge-type' automatic enrolment in pension schemes, notional defined contribution and quasi-mandatory occupational schemes: 'Global pensions policy has shifted from an emphasis on harnessing free market wizardry to controlling costs through raising the pension age, better covering the poor, and nudging people to save rather than mandating them to do so. This reflects the outcome of a debate that has taken place for years within the pension policy community but took on new form and immediacy with the effects of the global financial crisis'.

Box 6.6: Contract/occupational welfare benefits

One relatively recent development has been the rise of so-called contract, or occupational, welfare benefits, which are welfare benefits negotiated by the social partners as an extra contractual benefit. These can include benefits related to pensions, healthcare or health insurance, sickness insurance, and extra unemployment or accident insurance, to which employees would be entitled in addition to mandatory public social insurance or social protection. In some countries, these types of benefits are being provided by some employers in order to complement or even replace public welfare. Further, employers, constrained in terms of not being able to offer pay increases in the context of the current crisis, are offering these types of benefits in their place.

This phenomenon has been increasing in Italy for some time. Recent examples in Italy include: the eyewear company Luxottica, which has created the most comprehensive system of occupational welfare in Italy; SEA, which operates Milan's airport system; and the employers' association Unindustria Treviso, which has created a system of regional welfare. The development of occupational welfare in Italy has been encouraged by the state through the provision of fiscal incentives, which grant tax exemptions on worker benefits (Eurofound 2012d).

This section has attempted to show the effects of the ongoing crisis on unemployment benefit systems and pension systems, and the impact that this has had and is still having on social partner involvement in these systems. Governments have been under pressure to carry out cost-saving reforms in the context of austerity, within the context, in the case of pension provision, of an ongoing need to respond to demographic developments. The social partners have, in many cases, been opposed to government plans and have on occasion managed to influence policy, but the sheer speed of events and the need to push through reforms immediately has meant that the influence of the social partners in many cases has been limited. This is in line with the conclusions of Chapters 3 and 4, which document a move towards centralisation and unilateralism. Nevertheless, there appears to be scope for increased social partner influence on the development of second- and third-pillar pension provision, which is increasing and will need effective regulation in the future.

6.7. Conclusions and future developments

The social partners will continue to play a part in the formulation and administration of unemployment benefit and pension policy, although the extent of their influence is likely to vary depending on factors such as national history and culture, embeddedness of tripartism and the nature of industrial relations culture. While national systems remain fluid to a certain extent, responding to a range of internal and external pressures, one common feature across all Member States is that governments are currently trying to stabilise their welfare and benefits systems in response to demographic and economic issues, many of which are now being exacerbated by the crisis.

The future looks somewhat uncertain at the time of writing, given the ongoing economic crisis in the eurozone countries and continuing concerns over the levels of sovereign debt and the need to pursue austerity. There are, however, a number of identifiable trends that are linked to the current economic environment.

Continuing austerity and public spending cuts have led to changes in tax, benefit and pensions systems in many EU Member States (for more discussion of the effects of austerity, see Chapter 4). Generally in the EU, changes to unemployment benefit systems include a reduction in the level or duration of benefits paid or tightening up of eligibility criteria. Pension reforms that were already in train in response to demographic trends are now more urgent in the context of the crisis. These reforms generally centre on a reduction of state provision. Linked to this, it is likely that second- and third-pillar pension provision will continue to grow in order to compensate for cutbacks in first-pillar state provision. Systems that rely primarily on contribution-based financing are more conducive than tax-based systems to the achievement of stable public finances in difficult economic times, as they focus on keeping employment stable, this being their main source of revenue (Wagner 2009). Overall, therefore, this means a trend towards the increasing privatisation of public welfare benefits, translating into an ongoing growth in the level of second- and third-pillar benefits.

All of these developments represent significant challenges for the social partners. Governments are clearly under pressure to find solutions to, on the one hand the very acute challenges posed by the crisis, and on the other hand the longer-term challenges posed by demographic and economic shifts. Seeking consensus with stakeholders such as the social partners is one way of achieving this. Nevertheless, the social partners will need to develop strategies to ensure that they remain at the negotiating table when governments are formulating rapid responses to the crisis. The development of second- and third-pillar pension provision represents a real opportunity for the social partners to become major stakeholders in reform. However, they need to carve out a longer-term strategy in response to this in order to ensure their position as players in the development of this kind of provision rather than relying simply on state regulation.

Acknowledgements

The author would like to thank Bernhard Ebbinghaus, University of Mannheim, and Robbert van het Kaar, University of Amsterdam, for helpful comments and suggestions on an earlier draft of this chapter.

References

Addison J, Machado J, Portugal P (2010), *The Reservation Wage Unemployment Duration Nexus* IZA Discussion Paper No 5077, July 2010

Avdagic, S., Rhodes, M., and Visser, J. (eds) (2011) *Social Pacts in Europe: Reemergence, Evolution, and Institutionalization.* Oxford: Oxford University Press.

Bispinck, R. (2002), *Tarifpolitischer Jahresbericht 2001: Moderate Lohnabschlüsse plus Altersvorsorge*, WSI Mitteilungen, 2/2002, 67–76.

Blaschke, S. (2000) 'Union Density and European Integration: Diverging Convergence,' European Journal of Industrial Relations 6(2): 217–36.

Böckerman P. and Uusitalo R. (2006) *Erosion of the Ghent System and Union Membership Decline: Lessons from Finland*. British Journal of Industrial Relations, June 2006.

Boeri, T., Brugiavini, A., and Calmfors, L. (eds) (2001) *The Role of Unions in the Twenty-First Century*. Oxford: Oxford University Press.

Clasen, J. and Clegg, D. (eds) (2011) Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe. Oxford: Oxford University Press.

Ebbinghaus B (2002), *Trade unions' changing role: membership erosion, organisational reform, and social partnership in Europe.* Industrial Relations Journal 33(6): 465–83.

Ebbinghaus, B. (2010a) 'Reforming Bismarckian Corporatism: The Changing Role of Social Partnership in Continental Europe', in B. Palier (ed.) A *Goodbye to Bismarck? The Politics of Welfare Reforms in Continental Europe, pp.* 255–78. Amsterdam: Amsterdam University Press.

Ebbinghaus, B. (2010b) 'Unions and Employers', in F.G. Castles et al. (eds) The Oxford Handbook of the Welfare State, Oxford: Oxford University Press, 196–210.

Ebbinghaus B (2011) '*The role of trade unions in European pension reforms: From 'old' to 'new' politics?*' European Journal of Industrial Relations 2011, Vol. 17, No 4.

Ebbinghaus, B. and Wiß, T. (2011) 'Taming pension fund capitalism in Europe: collective and state regulation in times of crisis,' *Transfer* 17(1): 15–28.

Eurofound (2000), 'Pensioners' trade union organisations examined', Dublin, EIROnline.

Eurofound (2001), 'Agreements establish pension funds in metalworking and chemicals', Dublin, EiroOnline (http://www.eurofound.europa.eu/eiro/2001/11/feature/de0111201f.htm) (consulted April 2012).

Eurofound (2005), 'Independent unemployment insurance fund "undermining unions"', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2005/10/feature/fi0510202f.htm) (consulted April 2012).

Eurofound (2007), 'Social partners and social security systems', Dublin (http://www.eurofound.europa.eu/eiro/2005/09/study/tn0509103s.htm).

Eurofound (2010), 'Extending flexicurity — The potential of short-time working schemes: ERM Report 2010', Dublin.

Eurofound (2011a), 'Minister acts on pension agreement', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2011/12/articles/nl1112029i.htm).

Eurofound (2011b), 'Agreement signed on growth, employment and guaranteed pensions', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2011/02/articles/es1102031i.htm).

Eurofound (2011c), 'Social partners set social agenda for 2011', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2010/12/articles/fr1012021i.htm) (consulted April 2012).

Eurofound (2012a), 'Social partner involvement in unemployment benefit regimes in Europe', Dublin.

Eurofound (2012b), 'Public service workers strike over pension reforms', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2011/12/articles/uk1112029i.htm) (consulted April 2012).

Eurofound (2012c), 'Change in public service pensions for new recruits', Dublin, EIROnline (http://www.eurofound.europa.eu/eiro/2011/10/articles/ie1110029i.htm) (consulted April 2012).

Eurofound (2012d), 'Rise in occupational welfare benefit schemes', Dublin, EIROnline.

European Commission: *An Agenda for Adequate, Safe and Sustainable Pensions*. COM(2012) 55 final. 16 February 2012.

European Employment Observatory Review (2011), *Adapting unemployment benefit systems to the economic cycle*. GHK, Birmingham, UK.

European Employment Review 2010a March: *Spain: Government proposes increase in retirement age*. IRS/Xpert HR, London (consulted April 2012).

European Employment Review 2010b December: *France: Pensions reform legislation adopted*. IRS/Xpert HR, London (consulted April 2012).

European Employment Review 2010c March: *Ireland: Government plans to increase retirement age from 65 to 68*. IRS/Xpert HR, London (consulted April 2012).

Eurostat (2009), *Fertility rates by age*. Database accessed May 2012.

Gall G (2012). *Great Britain: My Civil Service Pension, first experiment for the 'Big Society' concept.* Planet Labor, 3 February.

Guardiancich I (2009), *Institutional survival and return: examples from the new pension orthodoxy*. ETUI working paper 2009.08.

Hirose K (2011), *Pension Reform in Central and Eastern Europe in times of crisis, austerity and beyond*. International Labour Organisation.

Kjellberg A (2009) 'The Swedish Ghent system and trade unions under pressure'. *Transfer* 3-4 2009.

Krueger A and Mueller A (2011), *Job Search and Job Finding in a Period of Mass Unemployment: Evidence from High-Frequency Longitudinal Data*. CEPS Working Paper No 2 15 January 2011

Kyrrä T (2008), *Partial unemployment insurance benefits and the transition rate to regular work*. Government Institute for Economic Research, Helsinki.

Lefresne F 2010: *A comparative overview of unemployment benefit: striving to provide security for employees in their career paths*. In: ETUI, *Unemployment benefit systems in Europe and North America: reforms and crisis*.

Marier, P. (2008) *Pension Politics. Consensus and Social Conflict in Ageing Societies.* London: Routledge.

Natali D (2009), *Public/private mix in pensions in Europe. The role of state, market and social partners in supplementary pensions*. ETUI working paper 2009.10

Orenstein, M.A. (2011) 'Pension privatization in crisis: Death or rebirth of a global policy trend?,' *International Social Security Review* 64(3): 65–80.

Planet Labor (2011a), Denmark: historical agreement on pension reform. 18 May 2011 (consulted April 2012).

Planet Labor (2011b), *Italy: Council of Ministers agrees to the new government's 'austerity measures'*. 5 December 2011 (consulted April 2012).

Planet Labor (2011c), *Italy: temporary social partners launch sectoral pension funds.* 11 July 2011 (consulted April 2012).

Planet Labor (2012a), *Poland: Council of Ministers adopts bill bringing statutory retirement age to 67*. 24 April 2012 (consulted April 2012).

Schludi M (2005), *The Reform of Bismarckian Pension Systems. A comparison of pension politics in Austria, France, Germany, Italy and Sweden*. Amsterdam University Press.

Wagner N (2011), *Financing social security – business as usual?* ETUI working paper 2011.09.

Watt A and Nikolova M (2009), *A quantum of solace? An assessment of fiscal stimulus packages by EU Member States in response to the economic crisis*. ETUI 2009.05.

CHAPTER 7: European social dialogue developments 2010–2012

European social dialogue supports and enriches the social dimension of the European Union by constituting a significant and attractive forum for negotiations, consultations and discussions. It facilitates communication and enables social partner consultations, joint actions and negotiations. The past two years have proved the importance of the European social dialogue, with the increasing number of social dialogue committees, numerous projects conducted and the more than seventy common texts adopted by the social partners, including four agreements setting minimum standards.

7.1. Introduction

The two years since 2010 have been turbulent times for Europe. In the midst of a severe economic and financial crisis that is exerting a heavy social cost and increasing unemployment, European social partners have addressed difficult, sometimes conflicting policy issues in the search for common agreed solutions, thereby demonstrating the value of dialogue between management and labour at the EU level. In times of crisis the EU's task of promoting the role of social partners at the European level, as defined in the Treaty on the Functioning of the European Union (TFEU), takes on special significance and importance.

The Treaty mandates the European Commission with facilitating the dialogue between the social partners, i.e. the representatives of management and labour. This is achieved in the framework of the cross-industry social dialogue committee and some 40 social dialogue committees for different sectors of the economy. In these committees, employers' organisations and trade unions autonomously decide on their work programme and the issues they wish to address. The committees are the place for consultations, discussions and joint actions of the social partners. If the social partners wish, the committees also provide a forum for negotiations leading to binding agreements, which could become EU legislation (see Box 7.1 for details).

Box 7.1 The principles of European social dialogue

The Treaty on the Functioning of the European Union (TFEU) recognises the importance of the social dialogue between management and labour and states explicitly in Article 152 that 'the Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.' The Treaty acknowledges as well the role of the Tripartite Social Summit for Growth and Employment, which meets at least once a year and brings together representatives of the Council Presidency, two subsequent Presidencies, the European Commission and the social partners, who are divided into two delegations of equal size comprising 10 workers' representatives and 10 employers' representatives. Furthermore, Article 154 TFEU obliges the Commission to promote and support the consultation of management and labour at the European level. The Commission must consult the social partners twice on each legislative proposal in the fields of social policy: first on the possible direction of EU action, and in a second stage on the content of the Commission's proposal. In respond to either a first- or second-stage consultation, the social partners have the right to inform the Commission that they wish to start formal negotiations on the given subject. If they decide to do that, the social partners have nine months to reach agreement, during which the Commission suspends its work on the proposal. The nine month period can be extended if needed and agreed with the Commission.

The social partners can negotiate binding agreements at EU level either in response to a Commission consultation or on their own initiative. According to Article 155 TFEU, agreements reached by the social partners can be implemented in two ways. First, agreements can be adopted 'in accordance with procedures and practices specific to management and labour and the Member States', which means that the social partners are responsible for implementing agreements at the national level and in a way stipulated by national legislation or practice (autonomous agreements). This procedure can be used for autonomous agreements between the social partners on any subject. Second, on matters falling under Article 153 TFEU, the social partners can jointly request the Commission to submit their agreement to the Council, which can adopt it by decision, making it legally binding in the EU. The European Parliament will be informed if this legislative procedure is used. If the social partners' agreement is adopted as a legislative act, the Member States are obliged to implement its provisions as in the case of other Directives, and the Commission monitors the transposition process to the national legal systems. Article 153 of the Treaty also allows the Member States to entrust national social partners with the implementation of a Directive's provisions.

In addition to European social dialogue at the cross-industry and sectoral level, dialogue between the representatives of management and labour also takes place at the level of transnational companies, including through European works councils. Section 8.2.5 in Chapter 8 provides basic information on these forms of social dialogue, while further details on transnational company agreements, including the 2012 Commission staff working document entitled 'Transnational company agreements: realising the potential of social dialogue' are available online (http://ec.europa.eu/social/main.jsp?catId=707&langId=en&intPageId=214).

The continued attractiveness of European social dialogue for management and labour can be seen in the continuing interest in creating new sectoral social dialogue committees. One sector, the food and drink industry, launched its committee— the 41st European sectoral social dialogue committee— in early 2012. The social partners in the sport and active leisure sector are advancing towards the creation of a social dialogue committee, while organisations in the graphical and ports sectors are also working on setting up social dialogue committees. As a result the total number of social dialogue committees is expected to reach 44 in the near future (Box 7.2).

This chapter chronicles the developments in European social dialogue during the past two years, which has witnessed the signing of several social partner agreements, showing that social partners are increasingly making use of the space for European collective bargaining provided for in the Treaty. The past two years also continued to be dominated by the fallout from the financial and economic crisis. A wide variety of topics were dealt with in the framework of European social dialogue, ranging from restructuring to corporate social responsibility, health and safety at work and training issues. In addition to the initiatives of the social partners themselves, the Commission consultations and social partners' involvement in impact assessments provide a basis for the work of the social dialogue committees. In the formal mechanism foreseen by the TFEU, the social partners were consulted three times over the past two years, namely on the need to adapt EU Directives in the field of health and safety at work to a Regulation on the classification, labelling and packaging of chemicals; on the review of the European Company Directive; and on a quality framework for trainees. Yet the role of social partners in the law-making process as consulted stakeholders goes far beyond these formal social partner consultations. In fact the expertise of the EU cross-industry and sectoral social partners is continuously sought by the Commission in many policy areas, reflecting social partners' increasing role as consulted stakeholders in the preparation of legislative or strategic proposals (see also Box 7.3).

The chapter will start with a chronological presentation of the four sectoral social partner agreements reached in 2012. This is followed by an overview of the activities connected to the crisis, including the related topics of restructuring, training and skills. Section 7.3 summarises the work of the sectoral social dialogue committees in other fields, such as health and safety, corporate social responsibility and gender equality, while the final part of the chapter reports on an evaluation of past actions developed in the cross-industry social dialogue committee.

Box 7.2 New sectoral social dialogue committees

In 2012 a new sectoral social dialogue committee was established for the food and drink industry, bringing the total to 41 sectoral social dialogue committees. The food and drinks industry had been the last industrial sector that was not covered by a European social dialogue committee. The first meeting of the new committee took place on 23 January 2012. During this meeting, a work programme was agreed by the social partners EFFAT and FoodDrinkEurope. The main priorities of the programme are employment and development of competition and policies affecting the food and drink sector. The committee is currently also examining the impact of the common agriculture policy on the sector.

The consolidation of social dialogue in the sport and active leisure sector has again advanced. Social dialogue here dates from 2008, when the European Association of Sport Employers (EASE) and Uni Europa Sport mutually recognised one another as social partners for the sport and active leisure sector, including not-for-profit sport, professional sport and active leisure. On 17 June 2011, the two organisations signed a joint statement on the Informal European Sectoral Social Dialogue Committee for sport and active leisure, in which EASE and Uni Europa Sport reaffirmed the importance of having one European sectoral social dialogue committee for the whole sector, as is the case for professional football. The two organisations also validated the operational structure of the future committee. On 11 and 12 December 2012, the Commission has launched the start of a test phase for this sector.

In the graphical sector, in 2011 Intergraf and UNI Europa Graphical submitted a project which aimed to continue the informal social dialogue between these two social partner organisations and prepare a formal request for the creation of a sectoral social dialogue committee for this industry. The graphical sector covers some 120 000 undertakings and around 710 000 workers in Europe (2009) and includes all types of printing activities, such as newspapers, books and packaging printing, as well as associated support activities, such as pre-press and pre-media services and book-binding. The committee is expected to be formally established in 2013.

In 2011 the EU social partners acting in the ports sector, ETF and International Dockworkers Council (IDC) on the workers side, and FEPORT and ESPO representing the employers, sent a joint letter to the Commission requesting the creation of a new social dialogue committee in this sector. Based on the assessment of the representativeness of these stakeholders, the ports social dialogue committee could be created in 2013.

Box 7.3 Social partner involvement in impact assessments

In line with Articles 8-10 TFEU, the European Commission conducts comprehensive assessments of the potential impacts of all its policies and initiatives. Stakeholders are consulted in a systematic manner during the preparation of these impact assessments. The guidelines used in preparing the assessments highlight the obligation to consult European sectoral social dialogue committees in cases where the Commission initiative could be expected to entail social implications for the concerned sector(s).

While based on available information, consultation of sectoral social dialogue committees is complementary to other forms of consultation, notably public consultations. It also differs from wider consultation of other actors of civil society in that social partners engaged in European sectoral social dialogue are recognised by the Commission as representative actors of the sector concerned. A possible joint position of the social partners in a sector can therefore give a strong and representative indication about realistic policies and their impacts and implementation.

A consultation of a sectoral social dialogue committee on an impact assessment covers the underlying problem definition and baseline scenario, subsidiarity questions, the relevant policy options and, in the further process, the estimated social and employment impacts of the various options and possible accompanying or mitigating policy measures. Social partners are particularly well placed to provide detailed evidence and expertise for their sector, including data and other technical input, thereby contributing to the quality of both the impact assessment and the Commission's decision-making.

7.2. Main developments in European social dialogue

7.2.1. European social partner agreements

The two-year period since 2010 has seen the signing of four sectoral social partner agreements: inland waterway transport, professional football, hairdressing and sea fisheries. For the agreements in waterway transport and hairdressing, the social partners have requested implementation by Council decisions in accordance with Article 155(2) TFEU, and the same request may be made by the social partners in the sea fisheries sector once their agreement is finalised. The Commission services are currently assessing the two finalised agreements with a view to deciding whether to present a proposal to the Council. In line with a well-established procedure, the Commission is examining the representativeness of the signatory parties and their mandate, the legality of all clauses in the agreements in relation to existing EU law, and the provisions regarding SMEs. In the case of the agreements in the inland waterways transport and hairdressing sectors, negotiated on the initiative of the social partners themselves, the Commission is also assessing the appropriateness and added value of EU action in these respective fields based on an estimation of costs and benefits. The agreement in the professional football sector will be implemented autonomously by the social partners according to the procedures and practices specific to management and labour and the Member States. Details of all four agreements are set out below.

Inland waterway transport

The agreement in the inland waterway transport sector concerns certain aspects of the organisation of working time. It was negotiated at the own initiative of the sectoral European social partners, who signed the agreement on 15 February 2012. The European Barge Union (EBU) and the European Skippers' Organisation (ESO) representing the employers' side, and the European Transport Workers' Federation (ETF) representing the workers' side, considered that the general Working Time Directive is not adapted to the needs of their sector (for example in the areas of reference periods and work organisation) and negotiated, between 2008 and 2011, an agreement which takes account of their sector's distinctive working conditions while ensuring a high level of protection for these workers' health and safety. It covers both crew members and shipboard personnel (for example hotel and catering workers on board ships).

The agreement lays down important minimum rules:

- total working time may not exceed 48 hours per week, though this may be averaged over up to 12 months;
- total night working time may not exceed 42 hours per week;
- a right to at least four weeks' paid annual leave and to paid annual health checks;
- a right to at least 10 hours' rest every day (at least six hours must be uninterrupted) and at least 84 hours' rest in total every week.

At the same time, the agreement provides some flexibility to suit the specificity of this sector. For example, the normal working day is eight hours, but daily working time may be longer and some weekly rest days may be temporarily postponed provided that the minimum standards set out above are always respected.

Professional football

On 19 April 2012, the EU social partners in the professional football sector signed an agreement on minimum requirements for standard players contracts. The

agreement was the result of negotiations between the European sectoral social partners that started with the establishment of the Sectoral Social Dialogue Committee in 2008. The text was signed by the International Federation of Professional Footballers (FIFPro), the European Professional Football Leagues (EPFL), the European Club Association (ECA)— and UEFA, the governing body of European football. It is expected to be implemented in the EU, but also beyond the EU in all 53 UEFA countries.

The agreement is a significant achievement for the EU social dialogue in the professional football sector. Its main goal is to offer minimum social standards concerning players' contracts. To ensure that player contracts throughout Europe meet certain minimum standards, contracts must be in writing and registered and must be signed by the parent or guardian in the case of a player that is a minor. Contracts must define the respective obligations of clubs and players. On the clubs' side this includes provisions on regular payment of salaries, social security or paid leave and mandatory insurance coverage. The club must respect minimum wages for the players if this has been agreed by social partners at national level. On the players' side, contracts must also refer to their duty to participate in training, to maintain a healthy lifestyle and to comply with disciplinary procedures. Standard contracts will also contain provisions on dispute resolution and applicable law. Furthermore, the agreement provides that clubs and players will contractually commit themselves to act against racism and other discriminatory acts and to fight against doping in football. The agreement also contains provisions related to the protection of young sportspersons, in particular paragraph 6.5 which obliges clubs to respect Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work and to ensure that every youth player involved in its youth development programme has the right to follow mandatory school education in accordance with national law and that no one is prevented from continuing their non-football education.

The EU social partners in the professional football sector have committed themselves to autonomously implementing the agreement by using the most appropriate legal instruments as determined by the relevant parties at the national level in the EU and in the remaining countries of the UEFA territory. The agreement has been accompanied by a joint letter stipulating that in a certain number of countries the standard of contractual protection is already above the standards provided for in the autonomous agreement and, consequently, no further action is required. The agreement should be implemented no later than three years after its date of signature in all countries concerned.

The agreement, its implementation and monitoring is not only an expression of the autonomy of the social partners but also of the autonomy of sport as recognised in the Lisbon Treaty.

Hairdressing

The agreement of the social partners in the personal services (hairdressing) sector, Coiffure EU and UNI Europa Hair & Beauty, is a comprehensive framework agreement on the protection of the occupational health and safety of workers in the sector. It was signed on 26 April 2012 and aims to reduce the risk of occupational diseases and accidents in hairdressing in order to protect the health and safety of workers. This is part of the overall objective of the EU sectoral social partners to increase the professionalism and profitability of the hairdressing sector. The negotiations on this agreement were launched on the initiative of the European social partners themselves and built upon their previous work on health and safety.

There is scientific evidence that hairdressers are exposed to high risk of occupational disease, in particular skin diseases and musculoskeletal disorders. Hairdressers are affected by these diseases to a much greater extent than the general population. Therefore, since the establishment of the sectoral social dialogue committee in this sector in 1999, the social partners have worked on these issues, concluding a joint declaration ('covenant') on health and safety in 2005. New scientific research conducted since then documented continuing high rates of risk and uneven progress between and within Member States. The European social partners also felt that the protection provided to consumers through the European cosmetics legislation was not sufficient to address the work-related health risks of professional hairdressers. The social partners came to the conclusion, therefore, that only an EU-level agreement could bring about a sustainable improvement in the situation of occupational health and safety in hairdressing throughout the EU.

The negotiations leading up to the agreement and its implementation are being accompanied by further joint action of the European sectoral social partners on the issue of health and safety. In the framework of the so-called 'SafeHair' projects, co-financed by the European Union, they have partnered with the University of Osnabrück with the purpose of providing scientific advice for the content of the agreement and of developing didactical materials for its practical application. Furthermore the sectoral social partners will disseminate the agreement throughout the European Union through a series of regional workshops in 2013.

The agreement builds on existing best practices in the Member States, where experience has been gained with the cost-effectiveness of the measures. It aims to set meaningful minimum standards to improve the situation EU-wide and addresses five main problem areas related to occupational health and safety in the hairdressing sector:

1. *Use of materials, products and tools with the aim of protecting the skin and respiratory tract*: the agreement foresees that gloves should be worn for wet work, that a balance between wet and dry work should be organised, and that certain materials, products and tools should be substituted for safer alternatives whenever possible.

2. *Musculoskeletal disorders*: the agreement specifies that a rotation of tasks should be organised whenever possible to avoid repetitive movements, that the most recent ergonomic practices should be taken into account when new equipment and tools are purchased and that newly acquired treatment chairs should be height-adjustable.

3. *Working environment and organisation of work*: the agreement stipulates that salons should have sufficient space, adequate ventilation, especially for workstations where chemical substances are transferred or mixed, and that adequate facilities and products for the hand hygiene of workers are available.

4. *Maternity protection*: given the demographics of the hairdressing workforce, the agreement reiterates the importance of the protection of pregnant workers, in line with EU and national legislation, and stipulates that the employer and worker concerned should assess whether specific tasks can be carried out (in case of doubt a doctor should be consulted).

5. *Mental health and wellbeing*: the agreement underscores the importance of social dialogue, the necessity to carefully plan working time and work organisation in the salon, and confirms the implementation of the European cross-industry social partners' framework agreement on work-related stress of 8 October 2004.

The agreement in the hairdressing sector became the subject of much attention when several media outlets, especially in the UK, criticised and in some cases misrepresented its contents. For instance, several newspaper articles claimed that the agreement would lead to a ban on the wearing of high-heeled shoes in hairdressing salons or to a limit to the number of haircuts that can be performed in a day, neither of which is true. The media attention was matched by growing political attention, with nine Member States and an Acceding Country expressing concerns about the agreement and asking the Commission not to present it to the Council on the grounds of subsidiarity and proportionality. At the same time, the Party of European Socialists, several Members of the European Parliament and many European trade union confederations, including the ETUC, criticised the initiative of these Member States and asked the Commission to continue the procedure as foreseen in the Treaty.

The current debate around the hairdressers' agreement points to the need to improve and clarify the criteria to be used by the Commission in the assessment of social partners' agreements that are submitted to the Commission for implementation by means of a legislative instrument. Such criteria were defined most recently in a communication from 2002 [1]. Since then new practices and methods of preparation of legislative proposals have been introduced in line with the principles of the Smart Regulation agenda. These involve inter alia the preparation of extensive ex ante impact assessments defining the problem, setting the objective clearly and comparing costs and benefits across a range of different policy options. The Commission has indicated that it would look at the ways in which, without undermining the autonomy of the social partners, the impact of future agreements should be evaluated, thereby enabling the Commission and the Council to make an informed decision. For its part, and with respect to the agreements that were submitted in 2012, the Commission will analyse their impact, including their benefits and costs, on the basis of all facts and figures available. The results of the assessments of the agreements in the hairdressing and inland waterway transport sectors should be available during the course of 2013.

[1] COM (2002) 341 of 26 June 2002. 'The European social dialogue, a force for innovation and change'.

Sea fisheries

With the objective of ensuring that fishers have decent conditions of work on board fishing vessels, in 2007 the International Labour Conference of the International Labour Organization (ILO) adopted the Work in Fishing Convention (C188). Its provisions address minimum requirements for work on board, conditions of service, accommodation and food, occupational safety and health protection, medical care, and social security. The ILO Convention has been adopted by all 27 Member States of the European Union.

In order to ratify the Convention, both national and EU regulations need to be adopted. With regard to EU law, the Commission initiated a legislative process through the consultation of the social partners in 2007. Following a period of negotiations, the EU social partners acting in the sea fisheries social dialogue committee, ETF (representing workers) and Europêche and Cogeca (the employers' representatives) signed an agreement on 21 May 2012 implementing the ILO Work in Fishing Convention. By concluding this agreement, the European social partners contribute to the systematisation of the social *acquis communautaire* in the fishing sector, with the aim of encouraging Member States to ratify the Convention and complete a European and global level playing field on the matter. The EU social partners have expressed the intention to ask for the Commission to present to the Council their agreement in order to implement it

via a Council decision in accordance with article 155(2) TFEU. To this end, they sent to the Commission an official letter by which they expressed their intention to revise their so-called autonomous agreement signed on 21 May 2012 so that it fully complies with the existing EU law and *acquis communautaire* as far as working conditions, labour law, sea fisheries and maritime transport regulation are concerned.

7.2.2. The crisis and European social dialogue

Cross-industry social dialogue

Employment

Over the past two years increasing divergences have become apparent between the cross-industry social partners at the EU level, in particular on the causes of the crisis, the austerity programmes and the economic policy mix. The European Trade Union Confederation (ETUC) has frequently expressed its dissatisfaction with the austerity policies which have been pursued at EU and national levels during the past two years and which, in its view, have paralysed growth, caused employment to deteriorate, increased inequalities and weakened confidence in the EU. At the Tripartite Social Summit on 1 March 2012, ETUC called for a new vision for Europe and announced that it would draw up proposals for a new social contract for Europe. On the employers' side, BUSINESSEUROPE welcomes the emphasis placed on growth and competitiveness by EU leaders. It emphasises the risk of the EU engaging in continuing cycles of low and slow growth and the need for determined action to restructure the EU economy through smart structural reforms, 'even if some may be painful'. There is, however, consensus between the two sides on the potential added value of EU level social dialogue, acknowledged not only on the occasion of high-level meetings (such as the Tripartite Social Summit) but also in joint projects carried out throughout 2011, as well as in individual positions.

Nevertheless, over the past months, the social partners have reached something of a consensus in relation to their responses to the crisis at EU level: both sides consider that the first political priority at the EU level should be restoring growth and jobs. Both workers and employers' organisations believe that creating the conditions for strong investment and concrete actions at the EU and national level to boost growth and support job creation should be the overarching objectives of the European Union's future political agenda. The social partners support a policy mix and believe that they should play a role in this policy mix. They state that they are ready to contribute to the design of reforms if these reforms lead to restoring growth, jobs, competitiveness and social cohesion.

Box 7.4 The negotiations on working time

The cross-industry social partners at the EU level (BUSINESSEUROPE, CEEP and UEAPME representing employers, and ETUC including CEC and Eurocadres representing workers) began negotiations in December 2011 on a review of the Working Time Directive, which ended without an agreement in December 2012. The Commission will now need to decide whether it should still present a legislative proposal (based on its consultations and impact assessment work) during the current mandate.

During the negotiations, delegations agreed to keep the process out of the media spotlight and that they would refrain from any interim statements while their talks continue. The general atmosphere was reported to be constructive. Regarding scope, the employers' side wished to focus on on-call time and paid annual leave/sick leave, while the trade unions' side considered that all issues, including the opt-out from maximum working time, must be on the table.

In late July 2012 the cross-industry social partners sent a joint letter to Commissioner Andor asking for the extension of time beyond the basic nine month period mentioned in the Treaty and indicating that their talks were making progress. On 14 August the Commission agreed to extend the period for the social partners' negotiations until 31 December 2012, when the social partners informed the Commission that they were not able to reach an agreement.

In the past two years a number of important developments in the cross-industry social dialogue can be highlighted, including the adoption by the European social partners of their 4th joint work programme covering the period between 2012-2014 and the launch of negotiations on working time (see Box 7.4), which ended, however, without an agreement. Nevertheless, these are strong signs of the social partners' commitment to social dialogue at all levels. The 4th joint work programme, which was adopted following three negotiation meetings, reflects the commitment of both sides to make their contribution to the shaping of a sustainable exit from the crisis. It foresees the launch of a reflection in the social dialogue committee on the role of social partners in the economic and social governance at the EU level (see also Box 7.5). Moreover, it also foresees a joint analysis on the functioning of labour markets and on mobility and economic migration (two pillars of the EU's employment package). The programme includes the following: joint work on youth employment, including transitions from education to work; an analysis of the functioning of the European labour markets (targeting both short-term, crisis-related challenges and structural issues); follow-up work on gender equality; follow-up work on education and lifelong learning; mobility and economic migration; the consequences of the European economic governance on social dialogue at the EU and national level; and a joint assessment of social dialogue instruments and capacity-building projects.

Following the Commission's Communication on a Youth Opportunities Initiative in December 2011, in January 2012 the members of the European Council called for immediate action targeting youth unemployment, to be developed by Member States in a strong partnership with the social partners. Social partners welcomed this initiative and indicated their willingness to take part in its implementation. They considered the initiative to be a good basis, but underlined the need for more concrete measures in order to be effective. There was a general consensus that creating growth is a crucial step in tackling the crisis and that young people need to be fully involved in that exercise through active participation in the labour market. ETUC specifically highlighted that youth unemployment is a moral, social and economic issue. It believes that more funds are needed to coach young people, while mobility and stimulating young business starters are not necessarily the best means to tackle the issue. With its Youth Committee, ETUC has set up a focus group and will forward its recommendations for concrete measures to the Commission.

On the employers' side, BUSINESSEUROPE has advocated supporting youth entrepreneurship and particularly dual learning and apprenticeships. It believes that there is also a need for better matching the skills of young people with the skills needed by companies. BUSINESSEUROPE has established a taskforce on youth employment to look at concrete proposals on how the EU can better support apprenticeships and dual learning systems through the use of EU Funds. The document 'Creating opportunities for Youth' puts forward recommendations to the EU institutions, the Member States and the companies at the EU and national level.

According to the document, the EU should take a range of actions, including the allocation of a share of the European Social Fund and the Erasmus for All programme to provide seed funding for Member States that wish to establish or reform their dual learning systems, support European and national campaigns for changing the perception of vocational education and organise a regular forum for discussions on monitoring of the European apprenticeship strategy. The Member States are also encouraged to support and facilitate dual learning and apprenticeship systems, for instance through integrating work-based learning into the educational system. Employers' organisations are encouraged to take part in the governance of dual learning apprenticeship systems and contribute to the design of curricula and their adaptation over time. Furthermore, they should try to motivate companies to become involved in the dual system. Finally, companies should provide high-quality training and promote the take-up of apprenticeships by the younger generation.

In the framework of their agreement on inclusive labour markets from 2010, the social partners have organised a large number of awareness-raising actions at national level. In some Member States the social partners have focused on youth; for instance in Austria they have promoted joint projects intended to accelerate youth integration into the labour market, and in Denmark they have provided a significant contribution to improve the vocational and educational system.

Box 7.5 The role of social partners in the new EU economic governance structures

In his speech on the State of the Union in September 2011, President Barroso emphasised his intent to further develop EU social dialogue:

To guarantee these fundamental values (of the Social Charter) in Europe, I believe we need to boost the quality of social dialogue at European level. The renewal of Europe can only succeed with the input and the ownership of all the social partners— of trade unions, of workers, of businesses, civil society in general.

More active involvement of the social partners in the EU governance has been the subject of debate on various occasions over the last two years: it was discussed at previous Tripartite Social Summits in 2011 and 2012 and was highlighted in a letter sent to the Commission by the French Ministers of Labour and of European affairs on 29 April 2011.

There is wide consensus on the need to better involve social partners in the governance of the Europe 2020 Strategy, in particular to ensure a contribution on the substance of debates. The Tripartite Social Summit is a major element of this governance. However, a more comprehensive discussion and involvement of social partners in the preparation of EU policy priorities is needed.

A core document of the Europe 2020 governance is the Annual Growth Survey (AGS). In this context, the idea of consulting social partners on employment and social issues ahead of the AGS— through an exchange of views with the Commission on its analysis/proposals— is explored by the Commission together with the social partners. This would also be in line with the proposals made by French and German Ministers to improve the governance and provide the opportunity for an exchange with the social partners as part of the preparation of the AGS at a decisive moment of the implementation of the strategy between the end of the European Semester and the beginning of the new cycle. The Commission shares the view of the Ministers that EU and national social partners should be further involved in the EU governance and in the implementation of national reform plans in the context of the European Semester.

Through the AGS the Commission has emphasised the need for modernising wage-setting systems, so that wage developments better reflect developments in labour productivity and competitiveness. This is a necessary condition to reduce unemployment and favour correction of large macroeconomic imbalances that have materialised in a number of European countries. The role of social partners and collective bargaining has to be respected in the process. The Commission is engaged in promoting and supporting social dialogue throughout the EU, while fully respecting the autonomy of the social partners and the diversity of national systems of industrial relations.

The Employment Package, presented in April 2012, proposes to reinforce the involvement of the EU social partners in the European Semester, together with the reinforcement of multilateral surveillance in the area of employment policies and a strengthening of the link between employment policies and relevant financial instruments. Among other elements, the Commission has put forward plans for EU-level exchanges of views on and monitoring of wage developments. A first exchange with the social partners on wages developments at EU level took place at the end of January 2013.

Flexicurity

In May 2011 the European social partners completed a joint study on *The implementation of flexicurity and the role of the social partners*, the main purpose of which was to 'jointly monitor the implementation of the common principles of flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons.' A further aim was to promote greater trust and mutual understanding among the social partners to facilitate the implementation of the flexicurity principles at the national level. The project specifically examined the impact of the crisis on the concept of flexicurity.

Importantly, the study showed that if flexicurity is implemented in a balanced way, an overwhelming majority of employers and a certain majority of trade unions believe that it has the potential to provide win-win situations. At the same time, however, the project indicated that certain challenges remain, and not only those caused by the 2008 global financial and economic crisis. In particular, in countries where the past decade has been characterised by strong pressure towards a liberalisation of labour law regulations and more flexible forms of employment, it has proved very difficult for the social partners to develop a joint understanding and common view on flexicurity. The study uncovered rather worrying evidence from countries normally cited as models of flexicurity, namely the Netherlands and Denmark, where trade unions are concerned about negative effects of recent reforms and changes in the balance of flexibility and security in the labour market. The Dutch trade unions reject the concept of flexicurity, and while the Danish trade unions are still convinced of the potential strength of this labour market model, they are concerned about the erosion of some of its major components.

The major concern of trade unions in most countries is related to the imbalance of flexibility and security in today's labour market, the polarisation between workers 'inside' and at the 'margins', the increase in precarious forms of work and

other trends of labour market segmentation. In this context, both trade union representatives and employers have stressed the need to define 'modern social protection rights' that reflect the challenges and risks in today's labour markets. Making the notion of flexicurity live for Europe's small and micro businesses is also a major challenge that can only be addressed by businesses, employers' organisations, trade unions and the state working together to provide a positive and supportive environment for skills development and the management of individual and collective job transitions.

Sectoral social dialogue

The crisis and restructuring (see also Box 4.2 in Chapter 4)

The social dialogue committee for **local and regional government** has adopted several joint opinions and statements on the crisis and restructuring. In December 2010, the social partners in this sector (the Council of European Municipalities and Regions Employers' Platform (CEMR-EP), representing municipal employers, and the European Federation of Public Service Union (EPSU), representing workers) issued a joint analysis on the impact of the economic crisis followed by a common statement on the crisis in October 2011. In March 2012, as a reaction to the consultation on the European Commission's Green Paper on restructuring, CEMR-EP and EPSU adopted a common response. In their documents, the social partners remind decision-makers to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection and the fight against social exclusion in defining and implementing EU policy as set out in Article 9 of the Treaty on the Functioning of the European Union (TFEU). CEMR-EP and EPSU expressed their concern about the current economic and social developments and jointly stated that:

(1) The austerity policy followed by dramatic cuts in public services and investments has only contributed to the negative development in growth and employment and will continue to undermine labour markets and the social model of Europe. The current overriding concern in economic policy has been to foster economic stability and balance budget deficits at the expense of the public sector without reflecting on alternatives of public income.

(2) As a result, resources for local and regional government are being continuously cut, which leaves local and regional government with new and greater obligations to maintain quality local public services. Creating new financial burdens is risking a race to the bottom for the provision of these services to European citizens and excluding the most vulnerable, the young, the elderly, the low-skilled or the unemployed.

(3) The European Council must take a long-term perspective maintaining sustainable development in all its dimensions when coordinating their responses to the crisis and reflect this in their national reform plans, in order to ensure that local and regional governments are able to continue long-term planning and develop viable approaches. Strengthening, facilitating and enhancing the social dialogue, including finding innovative ways of cooperating, is vital in achieving this goal.

CEMR-EP and EPSU also recall their joint statements from February and December 2010 presenting a joint analysis on the impact of the economic crisis on local and regional government, which contained a range of key messages to the European Council on issues such as public spending, supporting sustainable employment, the positive role of public sector policies, access to finance, and balanced economic governance.

The social partners in the local and regional government sector have also launched a common project entitled 'Future of the Workplace: Providing quality jobs, modern and sustainable workplaces in local and regional government,' which began in January 2012. The final objective was to develop a common European framework for action for municipalities and regions as employers, which was adopted in December 2012. This framework of action is composed of a series of six recommendations, which aim to contribute to a social and sustainable Europe at the local and regional level that supports the public sector as an employer. These recommendations concern the following issues: improving performance and securing necessary resources, recruitment and retention, skills and lifelong learning, gender equality, migration and providing sustainable workplaces.

Similarly, in December 2011 the **central government administrations** social dialogue committee adopted a joint statement on the effects of the crisis. This followed a letter in June 2011 on the Europe 2020 strategy on jobs and growth and the Single Market Act to the President of the European Council and the President of the European Commission. In their contribution to the consultation on the Commission green paper on restructuring, the social partners in this sector, the Trade Unions' National and European administration Delegation (TUNED) and the European Public Administration Employers (EUPAE) welcomed the references to the important role that central administrations play both as an employer and service provider for Europe's social cohesion and competitiveness and thus in tackling the effects of the crisis. They feel that this is particularly welcome as, in their view, this role has often been in the past underestimated or neglected in European policies. Further, they welcome the fact that the Green Paper recognises that public sector employees are affected by cutbacks across the EU, and thus that the impact of restructuring must be dealt with in the public sector as well as the private sector. The issue of the crisis and restructuring also runs through the committee's work

programme of 2011–2013. EUPAE and TUNED have also launched their first project since the creation of the sectoral social dialogue committee. The aim of this project, entitled 'Improving the Image of Central Government Administrations in Europe,' is to enhance the attractiveness and image of the sector which faces austerity measures, restructuring and demographic changes. The final project conference took place in Prague on 4 October 2012.

In December 2012, EUPAE and TUNED also signed a European *Framework Agreement for Quality Service*. Through this framework of actions, the European social partners in this sector commit themselves and their national affiliate members to implement public service values, including a high level of quality, safety, affordability, equal treatment and the promotion of universal access and user rights as set out in the protocol attached to the EU Treaties on services of general interest as well as the right to good administration enshrined in the European Charter of Fundamental Rights. To meet these requirements, 20 commitments were made by the European public employers and trade union representatives. They pledge, in particular, to enhance the efficiency of public services and ensure quality, cordiality, fairness and integrity, the quality of working life, trade union rights, and communication and transparency vis-à-vis users and in the relationship between employers and employees.

In December 2010, the social dialogue committee for **hospitals and healthcare** adopted a framework of actions on recruitment and retention. In this the sectoral social partners— the European Hospital and Healthcare Employers' Association (HOSPEEM) and EPSU— reaffirmed that access to healthcare services for all is a fundamental human right and forms an essential part of the European social model. They also call upon all relevant actors to be committed to the effective functioning of healthcare services. This implies a multifaceted approach that has to take into account the various challenges different countries are experiencing in terms of healthcare shortages. These challenges are multiple and complex and include the ageing population, which increases the demand for healthcare services and social services, coupled with an ageing workforce and difficulties in recruiting and retaining healthcare workers. Given the demanding nature of the work in this sector, ensuring an optimal working environment is particularly important in order to ensure that patients receive high-quality care. The financial and economic crisis affects the healthcare sector in different ways in different countries. In the view of the social dialogue committee, cuts in healthcare resources as applied in some Member States are short-sighted measures with detrimental consequences for public health, the availability of healthcare staff and infrastructures. To maintain and further improve the services, the committee urges Members States to maintain their autonomy and capacity to plan services and organise resources at the local, regional and national level, with a view to securing and building the overall sustainability of healthcare systems. HOSPEEEM and EPSU commented as well on the Action Plan for the EU Health Workforce and issued a joint statement on the subject in September 2012. The Action Plan is a component of the so-called 'Employment Package', which focuses on growth and employment in Europe. The social partners agree with the analysis of quantitative trends presented in the Action Plan and suggested several ways of improving the situation in the sector, for example, earmarking EU funds (ESF) in order to retain health workers in countries suffering from outward migration of these workers.

In September 2010, the European Trade Union Committee for Education (ETUCE) organised a conference on the impact of the economic crisis on the **education** sector, with contributions from the European Federation of Education Employers (EFEE) and the European Commission. The results of two surveys carried out in 2009–2010 and presented at the conference were very diverse, although the overall trend is worrying, in particular regarding public spending on education and on teachers' working conditions. The social dialogue committee, established in June 2010, adopted its first joint opinion on education, training and research, entitled 'Investing in the Future,' in January 2011. Programmes of fiscal consolidation should, in the opinion of the EU-level social partners in this sector, give priority to areas of spending that are an investment in the future, thereby supporting access to learning at all levels. Member States and employers should make the appropriate investments and organisational arrangements to ensure that all Europeans are provided with attractive opportunities for lifelong learning. While accepting that education should continue to be a national competence and that it should therefore not be regulated at European level, the social partners support the EU initiatives of mutual learning and coordination of policies, as well as EU-funded education and training programmes. The social partners see it as their responsibility to work together to influence European initiatives so as to ensure that they are useful and practical.

In April 2012 the social partners in the **postal services** social dialogue committee signed a new joint declaration on the evolution of their sector. It sets key principles to better guide the profound restructuring that is affecting all postal companies in Europe: anticipation of change, recognition that change management benefits from cooperation between social partners, development of the employability of workers and encouragement of investment in the postal sector. The declaration updates an earlier document dating from 2007 and builds upon the conclusions drawn from several projects co-financed by the EU, within which the European social partners in the postal sector set up a social observatory.

In the postal sector social partners are also in continuous cooperation

and information exchange with the Commission with regard to postal reform and sector developments. They play an important role in the Postal Users Forum organised by the Commission once per year in Brussels, where postal services users, postal operators and trade unions discuss the effects of postal liberalisation in direct dialogue with the Commissioner and/or high level representatives from the Commission. Moreover, the social partners are contributing to the study on major developments in the postal sector 2010–2013 and to the 5th report on the application of the Postal Directive, which will be published early 2014.

The social dimension of the Energy 2050 Roadmap is a key issue for social partners in all energy-related sectoral social dialogue committees. The Roadmap states that the transformation of the European energy sector will affect employment and jobs, require a modified approach to education and training and a more vigorous social dialogue. In order to efficiently manage the upcoming change, the involvement of social partners at all levels will be necessary in line with just transition and decent work principles.

The sectoral social dialogue committee for the **extractive industries** regularly discusses the restructuring of the European energy sector and the challenges posed by climate change. The European social partners in this sector have criticised Council Decision 2010/787/EU establishing a time limit for the financial support of uncompetitive coal mines, in so far as according to them the strict rules for granting of closure aid impede the development towards a subsidy-free industry. The committee has also worked on the issue of shale gas, including the economic and environmental aspects of its exploitation and resource efficiency. In addition, it has engaged with the EU's initiative, a Resource-efficient Europe, which is part of the Europe 2020 Strategy, the EU's Energy 2050 Roadmap and the EU's Roadmap for moving to a low-carbon economy by 2050. The social partners also issued a joint position on the European Parliament's report *An effective raw materials strategy for Europe* with the aim of presenting their opinion on the issue of taxation of raw materials. They also expressed their position regarding reuse, resource efficiency and recycling where technically, environmentally and economically feasible and encouraged innovation and sharing of proven best practice to increase resource efficiency. They believe that in the current difficult financial and economic climate, a further tax burden would be a wrong signal for recovery. Several existing studies on raw material taxation, at both European and national levels, demonstrate a mixed picture on the effectiveness of energy taxation. Therefore the social partners believe that a tax on mineral resources is not an adequate fiscal tool for increasing resource efficiency.

The Budapest III declaration adopted in January 2012 expresses similar views to those of the social partners on the extraction and use of coal. Essentially the social partners support the position that the competitiveness of European industry and the fight against climate change and maintenance of the European industrial base are not mutually exclusive goals. The social partners advocate the increased use of technology in tackling any environmental pollution that might result from coal mining and increased research and development spending in the mining sector, which has for many decades provided cheap energy and secure jobs for workers in many European countries. They also mention the use of carbon capture and storage (CCS) and carbon capture readiness (CCR) technologies, which will help to make the extraction and use of coal cleaner in the future than it is today. According to the declaration, the above-mentioned Council decision 2010/787/EU limiting the financial support of uncompetitive coal mines should be changed, extending support beyond 2018 due to the changing geopolitical situation and the need to guarantee current energy prices, the security of energy supply and provide secure jobs. The debate connected to this decision feeds into the larger debate about restructuring, environmental sustainability versus industrial competitiveness and the need to maintain growth and jobs in Europe.

The social dialogue in the **gas** sector, similar to that of the extractive industries, has been highly influenced by the process of restructuring of the European energy market. Structural changes in the sector led to the problem of representativeness on the employers' side. The liberalisation of the energy market and the separation of transmission and distribution operation systems have increased the number of companies active in the sector. However, these are not represented in the sectoral social dialogue committee on gas, as Eurogas remains the only employers' organisation participating in the dialogue. It is therefore not surprising that the committee has spent a lot of time looking into the future of the sector and examining its changing structure, including the fragmentation of the sector, the development of specific sectors of gas consumption, security of supply concerns, relations between conventional and unconventional (shale) gas as well as how electricity and gas convergence has positive as well as negative effects. Other areas of interest are corporate social responsibility (CSR), the changing regulatory framework, including fragmentation of company structures, and the value chain. The social partners in this sector have also issued a joint declaration on the Energy Roadmap 2050, pointing out that more attention should be paid to the social dimension of Europe's energy policy, particularly to its role in creating employment both directly in the energy sector and indirectly in the broader economy. They also stressed that the Roadmap should address in greater detail the issue of emerging skills and competency problems for the European labour market and the different energy sectors, including the gas industry. It is clear that a lack of skilled and competent staff will be a constraint on further development of the energy sector and energy services.

The sectoral social dialogue committee in **electricity** has been dealing with ongoing restructuring in the European energy market. Following the publication of the Commission's Green Paper on restructuring, the social partners in this sector discussed a possible update of the 2008 toolkit on socially responsible restructuring and stressed that the Commission should respect the position the Treaty gives to the employers and trade unions and follow the established procedures. Moreover, employers emphasised the importance of addressing restructuring at the local level and pointed to the broader societal context. The Energy 2050 Roadmap and the restructuring envisaged in this triggered analyses of the social dimension of the transformation process, including issues of just transition, employment, skills and qualifications. In 2011, the social partners finalised a project entitled 'Towards a Low Carbon Electricity Industry: Employment effects and opportunities for the social partners', which emphasised that the profound changes that are expected will be positive as well as negative and will cause significant shifts in employment between sectors: 'In terms of number of jobs, studies consider an increase in the workforce of the electricity sector, but with differences between types of fuels. Coal- and oil-fuelled power plants will see their workforce reduce, while gas and renewables will increase.' Developments in the distribution field are more difficult to estimate. The social partners' joint position on smart meters 12/2010 notes that new technology can contribute to raising customers' awareness of their energy consumption, the development of new products and services in the retail market and the promotion of a broader technological development of the network infrastructure (so-called smart grids).

The social partners in the electricity sector also asked the Commission for the inclusion of Just Employment Transition Principles in the Energy 2050 Roadmap. In a joint study, they indicated that 'just transition can be seen as the transition (or shift) towards a more sustainable and environmentally-friendly economy, based on social dialogue between governments, employers and trade unions, in a way that promotes high economic growth and investment in low-carbon technologies, while ensuring a smooth social transition through adaptation and mitigation actions as well as through the development of skilling and reskilling programs (or just new skills) and the creation of quality jobs.' This approach is also in line with the agreement reached at the Climate Change Summit in Cancun in December 2010, where the EU and other governments recognised the importance of ensuring a just transition, decent work and quality jobs. The social partners also commented on a public consultation on the external dimension of EU energy policy. In a joint position, they stated that the European Commission should recognise the dialogue between the social partners as a valuable contribution in Europe and in neighbouring countries to shaping the external dimension of EU energy policy and energy dialogue. Further, trade unions from several European Member Sates conducted a project on the relationship between the quality of social dialogue and nuclear safety. Social dialogue in the nuclear energy sector is always closely linked to the state and characterised by the prominent role of employee representations. This project stressed the role of maintaining a vibrant social dialogue in times of restructuring, the end of former monopolies and increased reliance on subcontracting.

Since 2008, the social dialogue committee for the **live performance** sector has been discussing the impact of the crisis on this sector. The economic slowdown has placed the sustainability of this sector under pressure due to the consequences of austerity for public finances. In May 2009, the social partners adopted a joint statement expressing their concerns and calling for sustained public funding support for the performing arts. In January 2011, the social partners sent a joint letter to the Dutch authorities conveying their concerns about what they considered to be alarming plans for the future funding of the performing arts in the Netherlands, urging the Dutch government to reconsider its intentions. In December 2012, the social partners of the live performance committee were among the signatories of an open letter of the International Cultural Industry Associations to the Spanish Prime Minister Mariano Rajoy, as well as the European Parliament and the Commission, protesting against the Spanish government's intentions to abolish the reduced VAT rate applicable to admissions to cultural activities such as cinema, live music events and theatre. The organisations concerned claim that this will lead to a reduction of investments in the entire Spanish cultural sector and will destroy thousands of jobs.

Employment, industrial policy and competitiveness

Against a background of continuing economic uncertainty in many parts of the EU, the related topics of industrial policy, the competitiveness of economic sectors, the employability of the workforce and the challenge of demographic change have continued to receive special attention in social dialogue.

An agreement on competence profiles for process operators and first line supervisors in the **chemical industry** was signed by the social partners in this sector— ECEG and EMCEF— on 15 April 2011. This framework of action was the outcome of a project managed jointly by the two social partners and includes the definition of minimum core competences for the two job profiles and a commitment by their national member organisations to report annually on all implementation actions. On 20 March 2012, ECEG and EMCEF also adopted a joint opinion on the proposal for a Directive on energy efficiency, with the aim of ensuring the global competitiveness of the European chemical industry.

In the **civil aviation** social dialogue committee, three of the recognised social partners, representing airports, independent ground handlers and workers (ACI-Europe, the International Aviation Handlers' Association (IAHA) and the European Transport Workers' Federation, ETF) adopted a joint opinion on the consultation regarding the potential impact of new Commission proposals on ground-handling services. Although the airlines could not subscribe to the end result, the achievement of this 'Statement on the Revision of the Ground Handling Directive' of 7 April 2011 was considered to be an important step forward in the social dialogue in this sector. The signatory parties called for improvements to the current tender system and for a social clause on transfer of staff in case of partial or total loss of activity. The Commission proposal, published on 1 December 2011, is now being discussed by Council and Parliament.

In November 2011, the European social partners from the air traffic management (ATM) working group jointly organised a conference on The Role of the European Social Dialogue in the Implementation of the Single European Sky, during which they signed a declaration in which they outlined their future work. In their joint conference statement, the ATM social partners set out a number of aims to address the social challenges that the industry is facing: to maintain and enhance safety across Europe; to ensure a sustainable European aviation industry through the implementation of the Single European Sky, and to make it a success story; to improve industrial relations through the continued improvement of social dialogue based around agreed principles; and to contribute to delivering an efficient ATM industry.

The European social partners in the **rail sector** (the Community of European Railways and Infrastructure Companies (CER), the European Rail Infrastructure Managers (EIM) and ETF) have been working on the challenges of demographic change in the context of the project 'Employability in the Face of Demographic Change— Prospects for the European rail sector'. The result is a guide with more than 30 examples of good practices addressing the issue of demographic change and employability in European railway companies. These actions focus on the areas of recruitment and retention, education and training, further education and qualifications, health promotion, and appropriate working conditions for the various life phases. In addition, the guide includes the outcomes and evaluation of a survey that was carried out during the course of the project. A total of 35 European railway companies and trade unions participated in this survey. Given the advanced average age of the workforce in many of the companies surveyed (34% of the workers are older than 50) and the difficulties for certain occupational groups, almost 80% of these companies expect that demographic change will impact recruitment in their companies. At the same time, however, age-specific actions have not yet spread very widely among railway companies.

Similar to many other economic sectors of activity, the European **insurance** sector is exposed to a process of far-reaching change, which to a large extent is driven by demographic developments. The creation of socioeconomic conditions that will allow both employees and employers to keep pace with this changing environment represents a huge challenge for Member States, the EU institutions and the social partners. The social partners in the insurance sector decided on a very wide approach to the demographic challenge, including not only age-related human resources policies but also work-life balance in wider sense, qualifications, lifelong learning, health and safety. A project entitled 'Addressing the Demographic Challenge in the European Insurance Sector: A collection and dissemination of good practices' is the first project dealing with the demographic challenge in the insurance sector from a pan-European perspective. It aims to raise the attractiveness of the sector by sharing and disseminating good practices and therefore includes the publication of a booklet of good practices, a conference in June 2012 and a seminar in September 2012. It is a major step forward in the follow-up to the insurance sectoral social dialogue committee joint statement of January 2010. The good practices collected for inclusion in the booklet will be selected on the basis of their originality and innovative character. The project is also directly linked to the Europe 2020 strategy and the European Year for Active Ageing and Solidarity Between Generations 2012. The Commission has welcomed the priority given by the European social partners in this sector to key issues such as demographic change, work/life balance, lifelong learning and health and safety, noting that their contribution is crucial for the European Union to meet the objectives of the Europe 2020 Strategy.

The subject of active ageing was also discussed by the social partners working on common guidelines in the **hospitals and healthcare** sector. Further, the social partners in the **chemical sector** adopted general remarks in January 2011 on the Commission's *Green Paper towards adequate, sustainable and safe European pension systems*. The European Chemical Employers Group (ECEG) and the European Mine, Chemical and Energy workers' Federation (EMCEF) state that they subscribe to the most of the targets presented in the Commission's document, however, they perceive some specific goals to be inadequate, particularly the provisions on occupational pension schemes. Furthermore, the social partners expressed their disagreement with the procedure followed by the Commission and argued that they were insufficiently consulted on the issue. The social partners did, however, note that the existing institutions concerning pension policy at the European level are sufficient.

The sectoral social partners in the **temporary agency work** sector, the European Confederation of Private

Employment Agencies (Eurociett) and UNI Europa prepared and launched a joint project on 'Temporary Agency Work and Transitions in the Labour Market'. The project aims to assess the possible role of the sectoral social partners in facilitating transitions in the labour market (from education to work, from unemployment to work, and between different types of labour contracts). It looks at the profile of temporary agency workers (skills level, age, gender, main sectors in which they work) and at the career of temporary agency workers (for example, the situation before and after temping, average length of assignment, types of labour contracts offered to them, quality of transitions and applicable working conditions). The project also aims to find out to what extent some agency workers might be in a precarious situation, focusing in particular on women, migrant, low-skilled and older workers. In a further development, during the past two years the social partners in this sector have supported their national members during the implementation phase of Directive 2008/104/EC on temporary agency work. In close cooperation with their global counterparts, Eurociett and UNI Europa also promoted the ratification of ILO Convention 181 on Private Employment Agencies as a relevant international framework for regulation of temporary agency work and as a way to promote decent work. The final conference of the project took place in December 2012.

In April 2012, the social partners in the **commerce** sector issued a joint contribution on social issues for the European Retail Action Plan which is being prepared by the European Commission. The main policy objective of this Action Plan is to ensure a consistent and systemic approach to the treatment of issues identified as hampering the provision of more efficient and fair retail services in Europe. In their contribution, the social partners call upon the Commission and the Member States to: promote social dialogue, collective bargaining and the development of free and democratic trade unions and employers organisations across the EU; promote and fund initiatives for improving health and safety at the workplace and fostering a more inclusive labour market; take all possible action to fight the use of undeclared work, while reducing administrative burdens, especially for SMEs, as an incentive to develop regular activities; support projects aimed at identifying skills needs and mismatches; and provide the necessary funding for investments in education and training, including for the development of systems for the recognition of skills acquired on the job.

In September 2011, taking forward the work of its working group on demographic challenges, the social partners in the **education** sector launched a joint project on recruitment and retention of teachers. Many Member States are facing shortages of teachers, notably for certain subject matters and at disadvantaged and remote schools. In addition, concerns are being raised regarding the evolution of the quality of the teaching workforce. The project's objective was to examine the current situation and existing national policies regarding recruitment and retention in the education sector in order to develop a joint approach among the social partners to respond to the main challenges. The resulting recommendations, endorsed at the committee's plenary meeting in November 2012, called upon the social partners to: continue to monitor this serious issue and to build on and consolidate these results in their future work, with a possibility of looking for further projects on exchange of national practices; consider strategies to address job insecurity and its negative consequences; remind national policy-makers and decision-makers of their full responsibility in this respect, notably by developing new strategies aimed at increasing the attractiveness of the teaching profession and enhancing the image and the public perception of the teaching profession; launch and engage in a cross-sectoral dialogue with other stakeholders, as recruitment and recruitment issues do not only affect the education sector.

In the **metal industry**, the Council of European Employers of the Metal, Engineering and Technology-Based Industries (CEEMET) and the European Metalworkers' Federation (EMF) issued a declaration on 2 December 2010 calling for high-quality vocational education and training (VET) as a prerequisite for a competitive and sustainable European industrial base. On the same day, these social partners also formed an ad-hoc working group on competitiveness and employment in a globalised economy, which issued a declaration stressing their determination to work together towards the realisation of the goals of the Europe 2020 Strategy in their sector. On 14 March 2011, they unveiled a tool to attract people to educational pathways that lead to the metal, engineering and technology-based industry. On 15 April 2011, they went on to publish a joint opinion on the Commission Communication *Industrial policy for the globalisation era*, focusing on the challenges associated with the skills base, restructuring, and improving framework conditions for industry. Skills and training remained at the top of their agenda, as they formulated another joint opinion on 27 October 2011 calling for an increased permeability between VET and higher education. On 30 November 2011, they presented a tool-box for recovering and strengthening competitiveness and safeguarding sustainable employment in the European metal industry. Finally, in 2012 EMF and CEEMET, working with a number of employers' organisations in the automotive sub-sector, completed the first phase towards an establishment of a sectoral skills council.

In the **steel sector**, EMF and the European Confederation of Iron and Steel Industries (EUROFER) issued a joint opinion on industrial policy in June 2009, which addresses the challenges of an energy-intensive industry in sustainable development. These challenges were also the topic of the European Steel Day organised by EUROFER with the participation of the EMF and the European Commission in Brussels on 28 June 2012.

In the **shipbuilding industry**, EMF and the Community of European Shipyards' Associations (CESA) adopted a joint opinion on 8 December 2010 on a review of the framework on state aid to shipbuilding. The social partners took an active part in the consultations leading to a review of the EU's flagship policy towards the sector under the title LeaderSHIP 2020. To raise the profile of the industry and its attractiveness among employees and job-seekers, CESA held an event on the occasion of the European Maritime Day in Gothenburg on 22 May 2012.

In the **construction** sector, on the basis of their work programme the social partners are working on the following themes: attractiveness of the sector to young workers; competiveness; and a climate friendly construction industry. The social partners adopted a range of documents concerning employment in the sector, such as a joint opinion on self-employed and bogus self-employed people in February 2010; a joint position paper on the Directive on conditions of entry and residence of third-country nationals in the framework of intra-corporate transfers in February 2011 and January 2012; and a joint proposal for improving the application and enforcement of the posting or workers Directive (96/71/EC) in July 2011 and December 2012.

The sectoral social dialogue committee for sea fisheries expressed its opinion concerning the problems currently facing the fishing industry in Europe. The social partners were of the view that they were not properly consulted in the preparation of impact studies on changes in the Common Fisheries Policy, despite the risk they see of the suggested modifications leading to a reduction in the number of jobs, vessels and fishing quotas. Furthermore, they argue that significant reduction in quotas for some species of fish was decided without assessing their impact. Finally, the social partners noted that regulation aimed at curbing illegal fishing is very complicated and causes problems for fishers. They requested that the Commission and Member States simplify these rules to make them more comprehensive.

Skills and training

Many sectoral social dialogue committees continued their work on training and skills development. On 6 December 2011, the European sectoral social partners in the **textile**, **clothing and leather** (TCL) sectors agreed to establish a European Council for Education and Employment in Textile Clothing Leather. The objective of this 'EU TCL Skills Council' is to foster the enhancement of the networking of the various European Textile Clothing and Leather Observatories, education and labour market stakeholders and to promote synergies for a better, more sustainable and more competitive European TCL industry. By bringing together corporate executives, owner-operators of smaller firms, employees, union leaders, educators and government representatives in a network that will inform the policy recommendations of the European TCL social partners, the skills council will be addressing a wide range of issues related to technological change, qualification standards, labour development planning and human resource development. The EU TCL Skills Council is the first skills council to be set up by European sectoral social partners.

In the **road transport** sector, the International Road Transport Union (IRU) and ETF, together with partners, have undertaken a joint social partner project on training in the commercial road transport sector, covering mobile and non-mobile employees of road transport companies (the 'STARTS' project— Skills, Training and the Road Transport sector). The social partners recognise the indispensability of high-quality training for developing an efficient, properly skilled, safe and sustainable workforce in commercial road transport. In recent years the sector's workforce has had to expand rapidly and improve its range of skills to respond to numerous changes to the working environment and increasingly complex legal, operational, and product-related requirements. They believe it is in the mutual interest of both employers and workers to identify what is needed to optimise the positive impact of training in the road transport sector and ensure that it can be delivered in the most effective and efficient way. The objective of the project is to determine the main challenges and best solutions for improving the provision of training to drivers and other workers performing certain non-mobile, logistics-related tasks. On 24 October 2012 the social partners adopted the conclusions and recommendations of the STARTS project.

In the context of an EU-funded research project (PLATINA) in support of the **inland waterway transport** action programme NAIADES, the social partners in inland waterway transport are involved in the work package on jobs and skills for which they provided input on the harmonisation of job profiles based on professional competencies for operational and management levels. This work will feed into future standards of training and certification in inland navigation.

In **maritime transport** in the framework of the EU-funded project Enhancing Recruitment and Training in the European Shipping Industry, ETF organised three workshops and a final conference during the course of 2009 and 2010. The objective of this project was to identify ways to attract young people to a seafaring career and to develop a more stimulating career path and mobility within the maritime cluster. The ETF report served as a basis for adopting a related ETF policy on training and recruitment in the maritime industry.

The social partners in the **postal services** sector launched a joint project to investigate the impact of the introduction of new technologies on skills needs in their sector. The project builds on the joint declaration on training and skills development from 2006 and examines how skills and jobs are matched in European postal companies against

the backdrop of profound restructuring affecting the postal sector.

The social partners in the **hospitals and healthcare** sector in March 2011 submitted a joint response to public consultation on the Directive on the Recognition of Professional Qualifications (2005/36/EC). Three issues were identified as key objectives that need to be guaranteed when updating the Directive: the health and safety of patients; the quality of service provision in health and social care; and the high level of qualification and professional standards for the healthcare workforce. The European social partners emphasised their interest in being involved and their availability to participate throughout the further consultation and legislative process.

After having completed the mapping exercise on existing and emerging observatories on employment and training and a feasibility study, the social partners in the **commerce** sector entered the second phase of the creation of a European sector council on employment and skills at the end of 2011. At the final conference, held on 5 December 2012, the social partners agreed on the establishment of a skills council. The aim of this is to foster a better understanding of the impact on skills needs of challenges faced by the commerce sector, such as the introduction of ICT, globalisation and emerging markets. It will also aim better match demand and supply of training, as well as the offer and demand on the labour market.

In January 2011 the social partners in the **education** sector adopted *Joint Guidelines on Trans-regional Cooperation in Lifelong Learning among Education Stakeholders*. These guidelines were drawn up in the context of a joint project by EFEE, ETUCE and the Organising Bureau of European School Students Unions (OBESSU). They aim to identify the critical factors for successful implementation by all interested and involved parties of the national lifelong learning (LLL) strategies. They provide guidance on how to improve school education contributions to the achievement of key competences for LLL, how the needs of learners and education practitioners are to be included in the national LLL strategies and how to successfully involve all stakeholder groups in the implementation of the national LLL strategies. These guidelines are being disseminated and promoted among the relevant European, national, regional and local stakeholders and their impact will be evaluated after two years.

In November 2011, the EFEE, in partnership with the ETUCE, concluded a project on 'Leadership and governance in schools as instruments for improving students' results and preparing them for lifelong learning.' In addition to its contribution to general education objectives, this project contributed to the identification and development of the skills needed by school leaders in the 21st century and hence to the adaptation of the workforce to a changing environment. The conclusions of the project will feed into discussions in the context of the European Policy Network on School Leadership, in which EFEE and ETUCE are partners.

The **live performance** sector will take part in one of the 'reference groups' for the development of the European Skills, Competences, Qualifications and Occupations (ESCO) taxonomy, which will describe the most relevant skills, competences and qualifications needed for several thousand occupations. To ensure that ESCO meets the needs of its users, interested parties such as employment services, social partners, companies, education and training institutions and developers of job search web tools have been invited to take part in its development. In order to ensure the visibility and accurate description of the live performance sector's occupations, the social partners in this sector have taken up this invitation.

The mapping of skills has also been conducted by the social partners in the **gas and electricity** sectors. Two parallel joint projects were implemented to analyse national activities and institutions dealing with skills and qualifications, and carry out labour market research that is focused on the gas and electricity sectors. The aim of the projects was to assist the social partners in identifying existing work that can benefit the European social dialogue and provide insight into the potential of European sector skill councils. The social partners from the **extractive industries** sector also monitored the Commission proposal on the establishment of sector skill councils, as well as the New Skills for New Jobs initiative.

Responding to a call for proposals from the Commission in the context of its New Skills for New Jobs initiative, the social partners in the **audiovisual** and **live performance** sectors launched a project that aims to map sectoral actors across the EU that are involved in skills analysis and forecasting as well as education and training. The resulting report, which was finalised in November 2012, will be the basis for a decision by the respective social dialogue committees on whether to create a sector council on employment and skills— be it separate councils or one council covering the two sectors. Such a sector skills council should improve the anticipation of future skills needed in the sector(s) concerned, contribute to better matching skills and labour market needs, and bridge the gap between the worlds of education and work.

In the **construction** sector, the Bricklayer project (2008–2010) has investigated the possibilities, means and problems associated with implementation of the European Qualifications Framework (EQF), the European Credit System for Vocational Education and Training (ECVET) and the development of a sectoral qualifications framework in relation to bricklaying [2]. The sector is also working on a feasibility study to

(2) http://www.adam-europe.eu/adam/project/view.htm?prj=6228

set up an EU Sector Skills Council for Construction (2011–2012) under the Progress programme.

In **agriculture**, the social partners continue to develop and implement a passport for skills called *Agripass* [3]. The Employer's Group of Professional Agricultural Organisations in the European Union (Geopa-Copa) is running a project on vocational training of agricultural workers aimed at developing skills necessary for facilitating the mobility of workers. The European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) is developing a project on quality employment in sustainable agriculture. Social partners are currently running a joint project on the impact of the future common agriculture policy on employment in the sector of agriculture.

The social partners in the **personal services/hairdressing** sector are continuing with the implementation of their 2009 autonomous agreement establishing European hairdressing certificates. The social partners have clarified the administrative aspects and are ready to award the first European hairdressing certificates in the near future to hairdressers fulfilling the qualification requirements.

The social partners in the **hotel and restaurant (HORECA)** sector (EFFAT and the Confederation of National Associations of Hotels, Restaurants, Cafés and Similar Establishments in the European Union and European Economic Areas, HOTREC) are running a project on the implementation of the European Qualification and Skills Passport, which will be integrated into EURES. Further, the HORECA sector is in the preparatory phase of the possible setting up of an employment and skills council. It is also involved in the ESCO initiative, with the establishment of a reference group.

[3] http://www.adam-europe.eu/adam/project/view.htm?prj=3858

Box 7.6 Financial support: the social dialogue and industrial relations budget lines

The European Commission's promotion of European social dialogue includes financial support, mainly in the form of grants to social partners and other industrial relations stakeholders. On the basis of Article 154 TFEU, the most important financial programmes are the three headings in the EU budget earmarked for industrial relations and social dialogue; information and training measures for workers' organisations; and the information, consultation and participation of representatives of undertakings. Further details on these funding opportunities can be found on the following website: http://ec.europa.eu/social/main.jsp?catId=86&langId=en.

Industrial relations and social dialogue

This budget heading supports the European social partners and other organisations active in the field of industrial relations contributing to addressing the overarching EU employment and social policy challenges as laid down in the Europe 2020 strategy and in connection with EU initiatives to address the consequences of the economic crisis.

Each year, through a call for proposals with two application deadlines, the Commission supports around 80 projects led by the social partners and other organisations active in the field of industrial relations. These projects cover activities linked to the work programmes of the European cross-industry and sectoral social dialogue committees, measures to strengthen the social partners' capacity, especially in the new Member States and candidate countries, and those that contribute to the development of European social dialogue (excluding national capacity-building activities, which can be funded under the European Social Fund).

The total funding available under this budget heading in 2012 is EUR 16.5 million. Of this, around EUR 13.5 million will fund projects through the call for proposals. Other activities supported in 2012 include studies in the field of industrial relations and social dialogue, meetings of the European social partners, including the cross-industry and sectoral social dialogue committees, and a joint project with the International Labour Organisation, which will cover social partner capacity-building and training, and industrial relations analysis.

Information and training measures for workers' organisations

This budget heading provides support for information and training measures for workers' organisations carried out by European, national and regional workers' organisations. Each year, through a call for proposals with one application deadline, the Commission supports around 25 projects in this field. This budget heading also provides support to the European Trade Union Institute (ETUI) and the European Centre for Workers' Questions (EZA), which are the major European institutions providing training and research for European workers' organisations. ETUI works with the European Trade Union Confederation (ETUC) and EZA works with the Christian workers' organisations, which are also members of the ETUC. The total funding available under this budget heading in 2012 is EUR 17 million. Of this, around EUR 3.42 million will be awarded through the call for proposals.

Information, consultation and participation of representatives of undertakings

This budget heading provides support for operations to ensure the conditions for fostering the development of employee involvement in undertakings by promoting the relevant EU legislation. This includes the Directives on European works councils and on employee involvement in the European Company and European Cooperative Society, the Directive establishing a general framework for informing and consulting employees in the European Community and the Directive on cross-border mergers of limited liability companies, fostering transnational company agreements. Each year, through a call for proposals with two application deadlines, the Commission supports around 50 projects in this field. The total funding available under this budget heading in 2012 is EUR 7.5 million, all of which is awarded through the call for proposals.

7.3. Other themes in European sectoral social dialogue

Health and safety

Health and safety issues belong to subjects regularly discussed by the social partners in the European social dialogue committees. The last two years have seen several new initiatives in this policy area, including projects, common statements, joint declarations and exchanges of information in sectors ranging from agriculture and construction to public services.

In February 2012, the social partners in the **extractive industries** sector expressed by means of a joint letter their concern about the rejection of future funding for the NePSI (Negotiation Platform on Silica) initiative. NePSI strives to improve the health protection and training of workers encountering silica dust in order to minimize and preferably eliminate exposure by implementing good practices. In their 2012 letter the social partners, some of whom were NePSi signatories, emphasised the crucial importance of the autonomous Agreement on Respirable Crystalline Silica, signed in 2006, and its role in encouraging and demonstrating the continuously improving implementation of good practice both at a national and industry level. The NePSI initiative has received continuous financial support from the Commission since 2006, but this could not be granted on a continuous basis. The employers agreed to cover the costs of the implementation of the NePSI agreement during 2012.

In September 2012 the social partners issued a 'Joint statement on the further improvement of the working conditions and occupational health of employees in the extractive industries in the context of European social dialogue', which updates a previous document from 2004 and expands its coverage to new social partners that have joined the social dialogue committee over the past eight years. The statement covers all people involved in raw and secondary (including recycled) material exploration, extraction and processing activities in extractive industry companies, whether performed on the surface, underground or using drilling equipment, and discusses key areas such as health and safety, training and vocational education.

The social partners in the **electricity** sector agreed on a joint position on security and safety in the nuclear industry in December 2011. They emphasised the necessity for the nuclear industry to meet the highest levels of safety possible and expressed the need for a European approach in this area. They state that the stress tests are a step in the right direction and open the process for discussions on European health, safety and security standards for the nuclear sector. They believe that, following the potential recommendations of the stress tests, appropriate measures need to be taken to ensure that power stations meet the safety levels required. The joint position also states that subcontracted workers should also benefit from a high level of health and safety and training. Furthermore, it expresses the importance of consultation and the need for the regulatory bodies to take account of the views of the trade unions. Once decisions are taken to decommission a nuclear power station, highest standards should remain ensured and qualified workers should be given the opportunity to remain in the nuclear industry.

In the **education sector** the ETUCE, building on its longstanding work in this area and in partnership with the EFEE, ran in 2011 a project on work-related stress in the case of teachers. The action, the outcomes of which will feed into the discussion on this topic by the social dialogue committee of the education sector, aimed to collect comparative data on how work-related stress affects teachers in the EU/EFTA countries.

Since 2009, the social dialogue committee in the **live performance** sector has been exchanging information on national initiatives in the field of health and safety, notably on risk assessment tools and practices. In their 2012–2013 work programme the social partners agreed to work towards a joint statement highlighting their exchange of views, the work of the European Agency for Safety and Health at Work (OSHA), the existing toolkits and the overall value of such initiatives. They also engaged in the development of a risk assessment tool, based on the Online Interactive Risk Assessment tool of the OSHA, for supporting touring productions by the end of 2013.

In the **construction** sector, the European Federation of Building and Woodworkers (EFBWW) and the European Construction Industry Federation (FIEC), working within the framework of the new Community strategy on health and safety at work (2007–2012), edited a guide on health and safety which has been published in 12 languages. Furthermore, the social partners are currently running activities regarding the safe removal of asbestos.

The employers' organisation in the **agricultural** sector, Gopa-Cogeca, is running a project on the implementation of policies on musculoskeletal disorders and the impact of the sector's European 2005 agreement on reducing risk of musculoskeletal disorders. Moreover, the social partners in this sector (EFFAT and Gopa-Cogeca) agreed on a resolution on 'Protecting Workers' Health Against Plant Protection Products' in September 2010.

EFFAT and FERCO (European Federation of Contract Catering Organisations) in the **contract catering** sector have created an online food and hygiene tool. This instrument aims to promote stringent food hygiene standards and provides free of charge in-house training, mostly for SMEs, in the hospitality sector.

The social partners in the **leather** industry adopted a joint statement on the ban of Cr VI in leather and leather products in May 2012. They welcomed the initiative of Denmark to propose within the framework of REACH the extension at EU

level of the restrictions for Hexavalent chromium (chromium VI). They also requested that EU authorities effectively protect European customers from imported leather products which could contain Cr VI.

In the **furniture** sector, the social partners adopted a joint position on the New Community Strategy on Occupational Safety and Health in 2011. The European Federation of Building and Woodworkers (EFBWW), European Furniture Industries Confederation (EFIC) and European Furniture Manufacturers Federation (UEA) in their common statement suggest a conversion of the EU recommendation concerning occupational diseases (2003/670/EU) into a Directive containing minimum requirements. The social partners state that they do not want a total harmonisation in the field, but indicate the need for the adoption of minimum requirements. They also note that the health hazards in the sector become more complex as a result of the increasing use of numerous different hazardous substances or growing stress levels. In 2010 the social partners also conducted a common project on the reduction of accidents in the sector. In December 2012 the social partners finalised the project 'Nano in Furniture— State-of-the-art 2011'. This project intends principally to present an inventory of available nano-products, measurement results, risk assessment proposals, prevention techniques and nano-reference values.

The social partners in the **woodworking** industry (the European Confederation of Woodworking Industries (CEI-Bois), EFBWW and European Panel Federation, EPF), adopted a joint declaration on workers' exposure to formaldehyde in 2010. They also launched a project which aims to provide additional translations and further dissemination of the 'Less Dust' brochure, especially in new Member States and candidate countries, which aims to prevent the negative impact of wood dust on workers' health.

On 12 October 2011, the European sectoral social dialogue committee for the **paper industry** adopted its Work Programme 2012, based on four main issues: health and safety (healthy workplace campaign), demographic changes in skills and qualifications, resources and raw materials policies and social sustainability reporting. Further, the social partners in this sector recently finished their work on a report on good health and safety practices in the European paper industry.

In the **hospital and health** sector the social partners have also taken action to improve health and safety conditions: in 2012 they initiated a common project on the promotion and support for the implementation of Directive 2010/32/EU on the prevention of sharps injuries.

In 2011 the social partners in the **postal services** sector launched a survey on slips, trips and falls in their sector. This work builds upon their 2009 joint declaration on accident prevention and aims at gaining an overview of the occurrence and consequences of slips, trips and falls in the postal sector, along with prevention measures. As a follow-up, the social partners organised a technical seminar in early 2012 to discuss health and safety at work and share good practices.

In early 2011, the **telecommunications** social partners adopted a joint declaration on good practice guidelines designed to improve the mental wellbeing of workers within the telecommunications sector. The guidelines are the result of a joint project entitled 'Good Work— Good Health', which the social partners had carried out in 2009 and 2010.

Corporate social responsibility

The social partners in several social dialogue committees have been focusing on corporate social responsibility (CSR) and its role in a given sector. In the **hotel and restaurant** sector, for example, the social partners have regularly monitored an initiative to improve corporate social responsibility during plenary meetings. Further, the social partners in the **gas** sector have invested a considerable amount of work in a survey on CSR policies. A presentation was made on the results of a survey in September 2011. The survey showed that policies, agreements and reporting on equality and diversity, health and safety, management of change, skills and CSR itself showed differences in attention and intensity. Work on CSR did not continue since there was no agreement between the social partners on how to progress— this mirrors the on-going changes and difficulties in social dialogue in the gas sector.

In December 2011, the European social partners in the **tanning and leather** industry kicked off the third phase of their 'Social and Environmental Reporting in the Leather Industry' initiative, which began in 2008. In 2010 national social and environmental reports from Bulgaria, France, Germany, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, Spain, Sweden, and the United Kingdom were presented in joint seminars and at a main event organised within the framework of the project.

The social partners in the **postal sector** have been working on the environmental activities of companies and unions in the sector, including aspects of employee engagement and training. Taking the growing importance of environmental responsibility in the postal sector into account, the social partners discussed different points of view and collected good practices.

The sectoral social dialogue committee in the **local and regional government** sector adopted a joint statement on socially responsible public procurement in June 2011. The social partners expressed a positive attitude towards the European Commission's guide on socially responsible public procurement (SRPP) and underlined that the guide should be read in conjunction with the Lisbon Treaty, which recognises local and regional autonomous governments. Furthermore, the social partners declared that they will actively promote the guide.

In the **sugar sector**, the implementation reports of the corporate social responsibility code of conduct were presented to the plenary sessions of the sectoral social dialogue committee. In addition, after publication of the new ISO 26000 certification, which provides guidelines for social responsibility, the social partners reflected on possible adjustment of the code of conduct. They also discussed the major economic challenges facing the European sugar industry as well as the future European policy for sugar after 2013 in the context of the EU's common agriculture policy.

In September 2012 the social partners in the **hospital and healthcare** sector, EPSU and HOPSEEM, adopted a joint report on the use and implementation of a code of conduct that they had agreed four years earlier. The code of conduct addresses the problem of unethical recruitment practices related to the mobility and migration of health workers. The social partners organised a survey to gather information from national social partners on the use of the code of conduct and to obtain feedback concerning potential changes and improvements of the existing document. The report identifies key issues and challenges for two groups of countries: immigration and emigration of health workers.

In the **graphical sector**, the social partners— Intergraf and UNI Europa Graphical— conducted a common project on socially responsible restructuring, which was concluded in September 2012. The social partners cooperated informally as the sectoral social dialogue committee for this sector has not yet been established.

In their joint opinion on 'The Contribution of Culture in Combating Poverty and Social Exclusion' adopted in December 2010, the social partners in the **live performance** sector welcomed the initiative of the then Belgian Presidency of the Council to discuss the contribution of culture to combating poverty and social exclusion in the context of the European Year for Combating Poverty and Social Exclusion in 2010. They underlined the need for specific programmes to be available to finance projects and activities that seek to increase the integration of excluded groups. The social partners also called upon the Member States to endorse the principle of access to culture and to support the sector to develop appropriate policies.

Harassment and violence

In September 2010 the European social partners in the **hospitals, regional and local government, education, commerce and private security services** sectors (EPSU, Hospeem, CEMR, ETUCE, EFEE, UNI-europa, Eurocommerce and COESS) signed guidelines to tackle third-party violence and harassment at work. The guidelines, which build upon existing best practice in these sectors, set out the practical steps that can be taken by employers, workers and their representatives/trade unions to reduce, prevent and mitigate problems. Following the signature of the guidelines, the five sectors undertook a joint project to support the implementation of the guidelines within the Member States. In addition, the European education sector social partners are carrying out an implementation project which involves case studies and the development of a sector-specific guide to support the implementation of the multi-sectoral guidelines. The five sectoral European social dialogue committees were scheduled to prepare a joint progress report in 2012 and a final joint evaluation will be undertaken in 2013.

The **rail** sector has finalised a joint project on 'Insecurity and the Feeling of Insecurity in Rail Passenger Transport', which was carried out as follow-up of joint recommendations made by the social partners in this sector. At the final conference of the project, which took place in December 2012, the social partners issued joint recommendations (a) to support their members in taking measures that help to increase security and the feeling of security of staff and passengers vis-à-vis third-party violence, (b) to contribute to improving working conditions in rail passenger transport, and (c) to initiate strategies aimed at preventing and handling third-party violence at work via practical measures in its communication, prevention, intervention and aftercare.

The sectoral social partners in **public transport** also addressed the problems of physical insecurity and the feeling of insecurity in their sector (caused by, for example, threats from passengers). In 2003 they decided on a joint approach to this issue and jointly agreed on recommendations to tackle these problems. In 2011 the social partners examined the progress made in the sector since 2003 and published their observations in a report which stated that the implementation process of the recommendations can be judged as positive. Nevertheless, the document indicates that there still room for improvement.

Working conditions

The sectoral social dialogue committee for **road transport** was consulted in 2010 on the Commission's plans to improve the digital tachograph system. The sectoral social partners IRU and ETF agreed on a 'Joint Statement on the Review of the Tachograph Regulation', which the Commission took into consideration when preparing its proposal to amend Council Regulation (EEC) No 3821/85 on recording equipment in road transport. In their joint opinion, the social partners stress the importance of the digital tachograph for ensuring the respect of drivers' working conditions, the improvement of road safety and fair competition between transport operators. The IRU and ETF welcomed the review of Council Regulation (EEC) No 3821/85 as a means to improve its performance and strengthen its ability to meet the above-mentioned objectives. For both sides of industry, it is essential that the device be made effectively resistant to fraudulent manipulation so that it provides reliable and trustworthy data on driver activities, which is crucial for its functions. While

maintaining and improving its functions, the IRU and ETF want the device to be more efficient to operate and better integrated within the working environment.

As a follow-up to their common criteria for rest facilities drawn up in 2006 and taking into account the Council Resolution of 8–9 November 2010 on preventing and combating road freight crime and providing secure truck parking areas, IRU and ETF adopted a 'Joint Statement on Parking along Europe's Road Transport Network' on 5 July 2011. In this, they call for proper parking provision and facilitation of access in order to meet political, social and read safety imperatives. Considering that the lack of adequate parking and rest facilities impact the quality of rest of professional drivers, leading to an increased risk of fatigue and ultimately negatively impacting road safety, IRU and ETF call for the European Commission to adopt a coordinating role in improving the provision of accessible, secure, and free parking areas and rest facilities for professional drivers. The social partners also call on governments to ensure that parking areas do not become magnets for crime and to build or upgrade significantly more secure parking areas to enable the industry to remain compliant with EU regulations and improve road safety and working conditions for drivers and operators.

The social partners in the **private security** industry, the Confederation of European Security Services (CoESS) and UNI Europa signed a joint opinion on the revision of the public procurement Directive on 30 May 2012. In this, they called on European institutions to broaden the definition of the sustainability of tender offers to include social obligations of tenderers, such as respect of labour agreements, skills, and health and safety. On this basis, they were joined by the social partners in the cleaning, catering and textile industries in a pluri-sectoral joint opinion, which involved the European Federation of Cleaning Industries (EFCI), the European Apparel and Textile Confederation (ERATEX), the European Federation of Contract Catering Organisations (EFCO), and EFFAT. In the **hotel and restaurant** sector, EFFAT, together with the employer's organisation, HORTEC, issued a 'Joint Statement on Undeclared Work in the European Hotel and Restaurant Sector' in December 2010 and together are monitoring the situation. Furthermore, the social partners in the **construction** sector are collaborating with the aim of combating all forms of unfair practices and ensuring decent working conditions for workers.

In June 2012 the social partners from Air Traffic Management Working Group, the Air Traffic Controllers European Unions Coordination (ATCEUC), the Civil Air Navigation Services Organisation (CANSO) and ETF adopted guidelines for consultation arrangements for Functional Airspace Blocks. The guidelines are being set up in the framework of the Single European Sky initiative. This tool will help employers and workers to set up appropriate consultation arrangements and improve working conditions.

Box 7.7: Case study research in sectors with above-average job growth and below-average job quality

The WALQING research project 'Work and Life Quality in New and Growing Jobs' investigated which jobs are growing and the quality of these jobs. In a 2nd phase it carried out 53 company case studies in sectors with above-average job growth and below-average job quality.

The findings are summarized in the walqing social partnership series— assembling reports about **'Stakeholder policies and problem assessment'** and providing a detailed overview of social partnership relations in some of the 11 countries involved in the project in the 5 selected sectors of

- Office & Domestic Cleaning,
- Green Construction,
- Waste Management,
- Restaurants & Catering,
- Elderly Care.

Two sectors were chosen by each national team for closer investigation.

For each of the sectors investigated by WALQING, a brochure summarises key findings and selected good practice examples. All reports are available for download at the walqing web resource: http://www.walqing.eu/index.php?id=154

Office & Domestic Cleaning:
Ursula Holtgrewe/Karin Sardadvar (eds) (2012): *The Cleaning Sector: Office Cleaning.*

Green Construction:
Ursula Holtgrewe/Karin Sardadvar (eds) (2012): *The Construction Sector: 'Green' Construction.*

Waste Management:
Ursula Holtgrewe/Karin Sardadvar (eds) (2012): *The Sewage & Refuse Disposal Sector: Waste Collection.*

Catering
Ursula Holtgrewe/Karin Sardadvar (eds) (2012): *The Hotels & Restaurants Sector: Catering.*

Elderly Care
Ursula Holtgrewe/Karin Sardadvar (eds) (2012): *The Health & Social Work Sector: Elderly Care*

The accompanying national social partnership case study reports, ordered by sector, can be found at http://www.walqing.eu/index.php?id=64.

Equality

In the **road transport** sector, the social partners in the urban public transport sector have undertaken a joint social partner project on women's employment in the urban public transport sector (WISE). The project aims to collect and evaluate data and trends from various European countries and transport companies in order to obtain a clear picture of the situation of women in transport professions. In addition, by way of a qualitative survey, it aims to gain an impression of the real life of women employed in public transport companies (for instance focusing on issues such as unsuitable workplace ergonomics or the reluctance of some male drivers to accept female drivers). Further, case studies in several companies will provide direct insight into current strategies of public transport companies concerning female employees. The expected outcomes of the project will be recommendations regarding women in employment, to be signed by the social partners, and an action guideline *Women in Transport Professions* for decision-makers in companies, trade unions and employers' associations containing the results of the project and information on good practice examples.

The social partners in the **rail transport** sector also carried out a project on women in rail (WIR), which is a follow-up of a previous European project and baseline study on the situation of and policies for women in the railway sector carried out by CER and ETF in 2004–2005 and subsequent policy orientations of 2007 (Joint recommendations for a better representation and integration of women in the railway sector). The project produced a *Good Practices and Implementation Guide*, a comparative study (which covers 25 railway companies from 17 European countries for a total of 750 000 employees), and a summary report of three thematic seminars, which were organised within the framework of the project. The comparative study evaluates the implementation of the recommendations and the development of the situation of women in employment in the sector since 2003 from a qualitative and quantitative point of view, showing slight improvement, although little progress in the operational professions in the sector. The *Good Practices and Implementation Guide* explains the main problems and current developments for female employees in the rail sector in the areas of recruitment, reconciliation of work and private life, career and equal pay, and overall equality policy. It puts forward actions to improve female employment and contains 10 case studies from six countries.

The working group on higher education and research, which was created in the context of the social dialogue committee for the **education** sector, engaged in a reflexion on 'what makes up an attractive career in higher education and research'. Based on the observation that women are less well represented at the higher levels in post-graduate education and research, in particular in management positions, gender equality issues are a particular focus, in addition to the mobility of researchers and the question of how to create a supportive environment for early stage researchers.

In October 2011 the social partners in the **audiovisual** sector adopted a Framework of Actions on Gender Equality. This set of actions covers gender portrayal, gender roles at work, equal pay, equality in decision-making, and the reconciliation of work and personal life. This framework of actions builds amongst others on the 2005 cross-industry social partners' Framework of Actions on Gender Equality, while acknowledging the sector's specific responsibility with regard to the protection and promotion of fundamental freedoms and democracy across the European Union. The social partners also carefully considered how to promote and respect the fundamental rights of equality and non-discrimination on the one hand and freedom of expression on the other. The European social partners in this sector are committed to promoting these actions and recommendations among their member organisations and have therefore launched a joint project with that purpose, beginning at the end of 2012 and running for one year. A seminar will be organised in November 2013, allowing for exchanges of information and sharing of best practises on the implementation of the Framework of Actions in different countries.

The European social dialogue committee for **Central Government Administrations** adopted a common statement 'Towards Equal Pay Between Women and Men' in December 2011. The committee stated that there is a need to revise European equal pay legislation and called upon the European Commission to conduct analyses in the field of gender pay gap, including an examination of causes contributing to this problem. The social partners suggested the implementation of quantitative targets to reduce gender pay gaps. Furthermore, they noted that Eurostat should monitor gender pay data.

As can be seen, gender equality remained an important topic for the social partners. There is, however, a need to further strengthen commitments and actions to advance gender equality through social dialogue and tripartism. It is also necessary to broaden the coverage of sectors and to encourage the European social partners to keep gender equality high on the agenda as a horizontal priority and implement specific actions not only in the gender pay gap area but also in the other priorities previously included in the Framework of Actions. In particular, steps to reduce gender segregation, to improve work-life balance in mostly male-dominated sectors and also to tackle gender pay gaps in mostly female-dominated sectors are needed.

Furthermore, cooperation with social partners is also an integral part of the European Disability Strategy 2010–2020. This includes involving social partners at the EU level, with the full involvement of SME representatives, to develop models

of good practice on reasonable accommodation and good quality jobs and to provide employers and policy-makers with information on positive measures.

Mobility and migration

Three of the recognised social partners within the European social dialogue committee on **civil aviation**, representing airlines and workers, adopted a joint opinion on the general rules regarding social security coordination regulations No (EC) 883/2004 and 987/2009 that apply to all persons working in two or more EU countries. In their 'Joint Position on the Social Security Regime Applicable to Air Crews' of 8 June 2011, the Association of European Airlines (AEA), the European Cockpit Association (ECA), and ETF express their wish that the principles of the above regulations, based on place of work, be applied to mobile air transport workers. The social partners believe that the 'home base' of mobile air transport workers is the best determinant of the applicable social security law. Many airlines provide their services from so-called home bases, the place where the personnel normally starts or ends a duty period or a series of duty periods This is also the location with which the worker has the greatest connection during their employment. The new social security rules for aircrew [4], which came into force on 28 June 2012, clarify that they are due to pay social security contributions and are eligible to receive benefits in the country where they start and end their shifts, in other words their home base, instead of the country where their airline is based.

There remain obstacles to the mobility of cultural workers and productions within and outside the EU. In April 2011, the social partners in the **live performance** sector adopted a joint statement calling upon culture ministers to support the establishment of 'Mobility Information Services for Artists and for Culture Professionals in the Member States'. They believe that such a network of information points across Europe would answer the need for basic information, as well as tailored advice and guidance for culture professionals working or seeking to work in another Member State. They called for their national members to be involved in the creation and management of such structures.

Capacity-building

The social partners in several sectors took actions to strengthen social dialogue through capacity-building measures. Most of the initiatives were targeted for the new Member States, where social partners are usually weaker (see Chapter 2). For instance, in the **construction** sector, EFBWW ran a project on Capacity Building for Setting up Paritarian Funds in Central and Eastern European Countries. Other initiatives were aimed at reinforcing the existing European and national networks of social dialogue, for example a project managed by EFFAT in the **agriculture** sector.

In close cooperation with the sectoral European social partners, the International Training Centre of the ILO organised in 2011 two parallel capacity-building projects in the **commerce sector**, targeting employers' organisations and trade unions in the new Member States and some Candidate Countries, respectively. The projects aimed to reinforce the institutional capacity of national organisations in order to improve engagement in policy development and sectoral social dialogue both at the national and EU level. As the projects ran in parallel, an integrated approach was ensured and social partnership was fostered. A bipartite workshop brought all participants together at the end of the period of separate training actions.

In December 2010, the social partners in the temporary agency work sector, Eurociett and UNI Europa, organised a round table on **temporary agency work** social dialogue in Istanbul in coordination with the Turkish social partners. As was the case with previous round tables in a number of countries (such as Bulgaria in 2009, Hungary in 2007 and Poland in 2006), the aim was to establish and/or improve national social dialogue in the sector and promote European social dialogue.

Capacity-building projects were also conducted in the **banking sector**. Drawing on the UNI Europa Finance strategy on transnational collective bargaining adopted in 2008, a new initiative was implemented. Its main goals were to strengthen the network, cooperation and joint action among trade unions on collective bargaining across the EU-27 and to develop a sustainable mechanism for gathering information and data on local/national collective bargaining. The project aims to facilitate cooperation and coordination among affiliates, enhance the prospects of successful social dialogue and overall to add value to trade union involvement in securing the long-term competitiveness of the European finance sector. Another project called Tandem aimed to deepen the relationships and mutual influences between the activities of EWCs and the sectoral social dialogue. The project included workshops, conferences and the dissemination of findings though reports and an interactive website. The social partners made progress in discussing CSR, the wider issue of skills and more specifically skills councils and a potential joint project on life-long learning based on a 2005 joint declaration on CSR.

Measures to improve integration of the social partners from new EU Member States into the sectoral social dialogue was undertaken in the **insurance sector**, as almost eight years after enlargement they remain underrepresented in the sectoral social dialogue committee. The new Member States are also covered by a project addressing the demographic challenges for the sector, including a workshop in Prague aimed at social

(4) Regulation (EU) 465/2012; OJ L 149, 8.6.2012, p. 4.

partners from the new Member States, which was organised in September 2012.

The social partners in the **live performance** sector have undertaken several joint projects since 2004 with a view to integrating the new Member States in the EU sectoral social dialogue and strengthening social dialogue in the different EU Member States. In its 2011 and 2012–2013 work programmes the social dialogue committee confirmed its continued commitment to these objectives. Starting in 2011, both the employers' and workers' delegations undertook separate projects to strengthen the capacities of their members in new Member States. Both projects had a grass-roots, hands-on approach, building on an analysis of the specific needs of employers' and workers' organisations in the different countries. The social partners agreed to exchange views on how best to build on the findings of their separate projects, including possible renewed joint action to further strengthen social dialogue across the EU and better involve national partners, in particular those in the new Member States.

For several years the social partners of the **audiovisual** sector have been engaged in joint actions to promote social dialogue in the sector, notably in the new Member States, and to improve the participation of representatives of these countries in the social dialogue committee. A first project culminated in a regional seminar in Prague in June 2008, providing for an exchange on the structure and functioning of social dialogue in the sector. A second project, targeting countries that were not covered by the first project, resulted in a joint declaration which was adopted at a conference in Sofia in October 2010. In this Sofia Declaration the European social partners in this sector confirm their strong commitment to social dialogue, stating that all Member States should recognise the necessity and benefits of employers' associations and trade unions and the mutual recognition between employers and workers; in order to strengthen European social dialogue, it is necessary to have strong employers' associations and strong unions who are able and capable of negotiating on collective agreements. They state further that social dialogue should be considered, developed and strengthened where possible in the audiovisual sector in those countries where it is absent. The declaration includes suggestions for action towards these objectives, addressed to the European Union, national governments and employers and workers organisations in the new Member States.

Building on the experience of the previous projects, the European social partners in the sector have launched a new round of national capacity-building workshops in the Czech Republic, Estonia, Latvia, Lithuania and Poland in the period from November 2011 to June 2012. A regional seminar on national and EU social dialogue for national social partners from these countries and representatives of European social partners from the sector was organised in October 2012. The resulting Tallinn Declaration stresses the sector's unequivocal support for the European Parliament's resolution of May 2012, which states that 'press and media freedom are hallmarks of a democratic society'. Confirming the principles and commitments set out in the Sofia Declaration, the European social partners in this sector expressed the view that: social dialogue and collective bargaining are important factors for economically and socially sustainable growth, equipping the social partners to adapt to change and face challenges, more particularly in times of crisis; freedom and association and social dialogue need to be inclusive and cover all forms of employment; collective bargaining should cover all workers, including the most vulnerable; and skills development should be considered a fundamental right of workers as well as an essential tool for industry to grow and adapt to change. The social partners also called upon the EU and the Member States to abstain from political interference and respect editorial freedom, ensure the necessary funding, and develop an appropriate regulatory framework enabling the sector— both public and private— to develop its full potential.

While there is no sectoral social dialogue in the non-profit **social services** sector, a project to promote employers' social services organisations was carried out in 2012. The aim of the project was to provide a detailed understanding of how social dialogue is organised and structured in the social services sector in Europe. The mapping exercise and exchange of good practice promoted by this first project could ultimately lead to exploring the possibility of the creation of a European sectoral social dialogue committee. As highlighted in the Social Business Initiative [5], social enterprises are an important part of promoting a highly competitive social market economy. Several studies demonstrated that industrial relations tend to be more peaceful in social enterprises, since their method of governance favours participation and openness.

Industrial policy

The social partners in the industrial sectors, in particular trade unions, have expressed interest in participating in the impact assessment process presented by the Directorate-General for Internal Market and Services. They also discussed the following issues without producing a joint statement: system of governance and remuneration and anti-discrimination in access to and the provision of goods and services.

Following the dissolution of the congresses of the European Metalworkers' Federation (EMF), the European Mine, Chemical and Energy Workers' Federation (EMCEF), and the European Trade Union Federation of Textiles, Clothing and Leather (ETUF-TCL) on 15 May 2012, the three federations joined forces in the founding congress

(5) COM(2011)682 of 25 October 2011.

of the new IndustriAll European Trade Union on 16 May. The new organisation now constitutes one of the largest European trade union federations and represents the employee side in 11 sectoral social dialogue committees.

The international dimension

Third-country contractors and workers were the subject of a joint statement by EFBWW and FIEC, the social partners in the **construction** sector. In this, they expressed their concern that unhealthy and unfair competition with third-country contractors based on the lowest price endangers social rights and environmental considerations. The statement notes that some foreign companies are state-owned and state-aided, which endangers the level playing field in the EU and puts European companies under pressure. They therefore recommend changing European legislation or its application, for example the Posting of Workers Directive and Regulations on EU public procurement.

The social partners in **agriculture** issued a common declaration on the association agreement of the European Union— Euromed— in September 2010. They also issued a joint declaration on the Commission's Communication (2009) 591 *A better functioning food supply chain in Europe* in September 2010 and a common opinion on roll-over protection structures for narrow-track wheeled tractors in December 2010.

The Free Trade Agreement between the EU and Ukraine was the subject of a joint statement by the social partners in the leather sector. In May 2012 they expressed their concern that the Ukrainian market will not be substantially open for European producers. They state that this deal should not be perceived as a precedent and similar arrangements should not be made with other countries. Furthermore, the Commission is asked to monitor the trade flows in the sector and to report to the social partners on the development of trade and its effects on industry on both sides.

In the **maritime transport** sector, ETF and the European Community Shipowners' Association (ECSA) called for an ambitious, holistic and coordinated EU response to piracy. The social partners recognised the complex character of the problem and indicated multifaceted concerns: diplomatic, military, trade and most importantly humanitarian. The EU is believed to be able to address the problem and make a significant improvement in the area due to its coordinated and broad approach. They adopted a common position that stresses the need for urgent action to protect seafarers.

7.4. Cross-industry social dialogue: evaluation of past actions and outlook

The cross-industry social partners have conducted a study entitled *European Social Dialogue Achievement and Challenges Ahead*, which was completed in May 2011. This showed that the social partners throughout Europe are concerned about recent developments at the European and national policy level that undermine the strong role of social dialogue in policy-making and decision-making. When looking at the EU-level as well as the national level, in terms of implementing the outcomes of social dialogue it appears that implementation is most effective in those cases where the national social partners are able to develop joint positions and initiatives and where these fit into the agenda of governments.

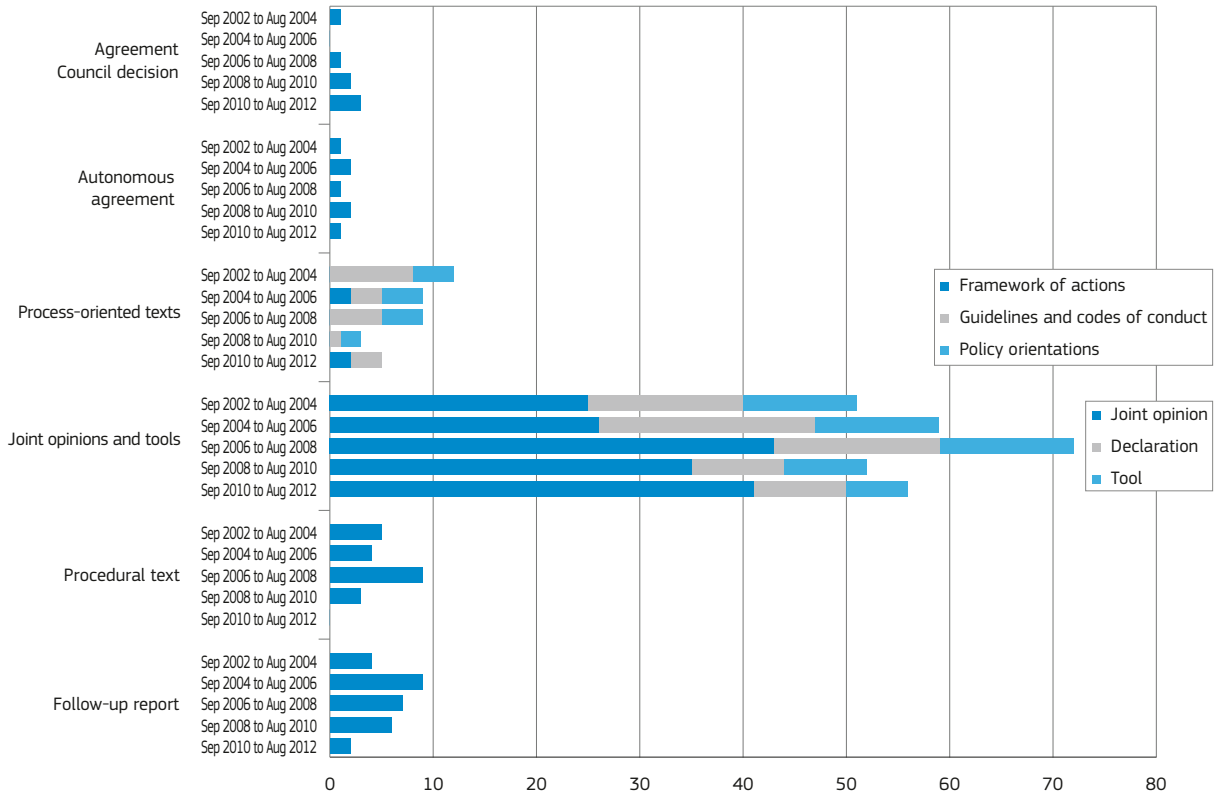
While generally the positive impact and creation of added-value for national developments are relatively unquestioned, the same cannot be said about the performance and concrete outputs of 15 years of social dialogue at the EU level. Here, both similarities as well as dissonances are striking, and the survey has revealed differences, nuances and different opinions and assessments that do not always correspond to the usual differences between trade unions on the one hand and employers on the other. While most social partners have expressed positive opinions on the implementation of autonomous framework agreements, the assessments made of the role and usefulness of softer instruments, such as frameworks of actions, joint statements and texts, vary significantly and seem to depend at least as much on different national backgrounds and traditions of social dialogue as on affiliation either to employers' organisations or trade unions. Here, both employers and unions have raised concerns about concrete achievements and progress made in some countries and also suggested a number of ways on how to improve the performance of EU-level social dialogue.

While some social partners appreciate the application of softer instruments such as joint studies, analyses or joint statements, others regard this as a weakening of social dialogue and demand outcomes that are as concrete as possible and have a real impact on social conditions. Finally, there is tension between principles and diversity versus standards and convergence. While trade unions in particular are interested in concrete outcomes of social dialogue that contribute to reducing inequalities and strengthening standards of working and living in Europe, employers' representatives have stressed the need to respect diversity and are much more in favour of developing common principles (for example in the area of flexicurity) rather than defining certain minimum social standards of social Europe.

In addition to studies on the situation and development of social dialogue, in October 2011 the cross-industry European social partners (ETUC, BUSINESSEUROPE, CEEP, UEAPME) adopted a joint implementation report on the Framework Agreement on Harassment and Violence at Work, which

was concluded in April 2007. In May 2012, the cross-industry European social partners transmitted their report to the European Commission. The document states that the framework agreement has brought real added value in terms of raising awareness and better equipping employers and workers to deal with situations of harassment and violence at work. The social partners believe that the key to this is the flexible nature of the agreement, which can be tailored to the different national, sectoral and company realities. Indeed, the report finds that, rather than duplicating existing measures, the social partners have concentrated on building on these, using different forms of implementation measures and taking inspiration from the framework agreement. Furthermore, not just the outcomes but also the social dialogue processes and discussions by which the social partners arrived at those outcomes are important. Nevertheless, the European social partners and their members acknowledge that there are gaps in the reporting of the implementation of the agreement, as a number of countries have not yet submitted joint implementation reports. This is a wider issue, and ensuring a better implementation of autonomous social dialogue instruments will be considered by the European social partners in the context of the next EU social dialogue work programme. The European Commission was aiming to launch its own study to monitor the implementation of the agreement in late 2012.

Chart 7.1 Number and type of texts adopted by the European social dialogue committees, 2002–2012



NB: There may be slight inconsistencies with data presented in earlier editions of *Industrial Relations in Europe* due to corrections and reclassifications of social dialogue texts.

excel file
gif

7.5. Conclusion

European social dialogue has clearly maintained its vitality and value over the past two years, despite external circumstances that are very challenging for industrial relations almost everywhere in Europe. The instrument of European social dialogue has been at the disposal of EU-level social partners for more than two decades, a historical milestone that was commemorated in autumn 2011 with a conference in Warsaw (see Box 7.8). This followed the publication in 2010 of a Commission staff working document on the functioning of sectoral social dialogue, in which the Commission encouraged the European and national sectoral social partners to make full use of their capacity to negotiate, to reinforce their administrative capacity and representativeness and create synergies between sectors. The continuing interest in establishing new sectoral social dialogue committees for additional sectors of the economy is a testimony to the fact that employers and trade unions alike value European social dialogue, which has become an integral part of European social governance.

Box 7.8 Conference on the European Social Partners' Agreement

The conference *Negotiation, consultation and autonomy of EU Social Partners— 20 years of the Social Partners' Agreement* celebrated two decades of European social dialogue since the European Social Partners' Agreement of 1991. It reviewed the process which led to the integration of the Maastricht Social Protocol into the Amsterdam Treaty (currently Arts 154 and 155 TFEU) and placed it in the current context. The aim of the conference was to assess the changes that have been brought about by European Social Dialogue in EU primary and secondary law, how the consultation and negotiation process between EU social partners has evolved, and the concrete results of this in order to evaluate the current state of European social dialogue. The event allowed an exchange of views among social partners, Member States and other participants on the way these provisions function and likely future developments.

The aim was thus not only to commemorate past achievements, but also to look forward. It was not the purpose to make decisions with immediate effect but rather to introduce, test and debate ideas for the way forward.

The conference was organised in Warsaw on 24–25 November 2011 in cooperation with the Polish Presidency— which was represented by the Minister and Deputy Minister for Employment and Social Affairs— and brought together high-level representatives of the cross-industry and sectoral social partners at the European and national level, as well as representatives of Member States, EU institutions— including Commissioner Andor— and academics.

In the different sessions of the conference, several examples of outcomes of European social dialogue, both at cross-industry and sector level, were presented. These presentations, as well as the panel discussions and exchanges with participants, provided insights into the challenges that the European social dialogue is facing as well as in the joint and divergent views of the two sides of industry.

Both sides strongly emphasised the importance of respecting the autonomy of the social partners, both as regards fixing their agenda for discussion and— where appropriate— the negotiation and implementation of their agreements. They agreed that the appropriate type of instrument should be carefully chosen, depending on the objective pursued.

The importance of taking ownership for social dialogue outcomes was emphasised. This does not only concern autonomous agreements, but also agreements implemented by EU Directive, where the social partners should also take responsibility for promoting and implementing the agreement at the national level. The Directive on sharp injuries in the hospital sector was mentioned as a positive example of this continued engagement of the social partners.

This ownership also includes a willingness to regularly assess existing agreements and, if necessary, revise them. Trade unions in particular voiced concerns about the quality of implementation of European social partner agreements at the national level, in particular the autonomous agreements that are implemented 'in accordance with the procedures and practices specific to management and labour and the Member States'. The impression is that there is a trend to consider the autonomous agreements as allowing for an optional implementation. Both sides nevertheless confirmed their commitment to the aim of full implementation of agreements. The debate on how implementation can be strengthened will need to be continued.

Without wanting to question the social partners' autonomy, some Member States voiced concerns about the added value and quality of social partner agreements, calling for an 'impact assessment-like' process when social partners on their own initiative decide to enter into negotiations that could lead to agreements, in particular when these are to be implemented by way of Council Decision. In cases where the Commission formally consults social partners on a social policy issue in accordance with Article 154 TFEU, it already produces an analytical document that underpins the second stage consultation.

The vitality of European social dialogue is also demonstrated by a continuation of the trend that has already been identified in the previous edition of *Industrial Relations in Europe*: once again, the past two years have seen the signature of an unprecedented number of binding agreements between EU social partners. The agreements in the inland waterways transport, professional football, hairdressing and sea fisheries sectors are a testimony to the fact that social partners are making increasing use of the negotiating space provided to them by finding tailor-made solutions to particular problems affecting their specific sectors. At the same time, the overall number of texts signed in the preceding two years has continued its downward trend, despite the increase in the number of committees: 65 social partner texts were concluded since the summer of 2010, which was the lowest during the past decade (see Chart 7.1). It will become clear in the coming years if these developments are just a coincidence, or whether they are part of a long-term maturation of European social dialogue outcomes towards fewer documents overall but more binding agreements.

At the same time, the challenges for European social dialogue are now perhaps greater than they ever were in the past 20 years. Divergences of opinion between social partners about the causes of the crisis and the measures needed to overcome it are placing a strain on several social dialogue committees, especially at cross-industry level. Trust between employers and trade unions is a key ingredient for successful social dialogue, but in the current conflictual circumstances trust is anything but a given. The lack of a social partner agreement on the revision of the Working Time Directive after one year of negotiations illustrates these difficulties. The open question of the involvement of social partners in the emerging macroeconomic governance at the EU and Euro area level is a further issue that will potentially redefine the role of the European social partners (see Box 7.5).

The EU Treaty provisions give an important role to social partners, as legitimate representatives of management and labour at EU level, both as actors and as stakeholders in the law-making process. The social partners are formally consulted twice by the Commission before it proposes social policy initiatives, and on each occasion the social partners have the option of entering into bipartite negotiations on the subject. This particular role, far more important than in many national constitutional orders, reflects the widely shared perception of social partners as those who know the world of work best and are best-placed to develop feasible solutions to problems affecting employers and workers in their daily professional lives. Due to their expertise in many policy areas, the EU cross-industry and sectoral social partners have an increasing role as consulted stakeholders in the preparation of legislative or strategic proposals at EU level. This is also the reason why public opinion and institutional actors are increasingly looking at EU social dialogue for credible advice or potential win-win solutions that can make a difference in fighting the most serious labour market and social problems of today.

Table 7.1: European sectoral social dialogue committees

Sectoral Social Dialogue Committees (SSDC)					
Creation			Sector	Employees	Employers
Joint (advisory) Committee	Informal working group	SSDC			
1951		2006	Steel	industriAll	Eurofer
1952		2002	Extractive Industries	industriAll	APEP, EURACOAL, Euromines, IMA-Europe, UEPG
1964		1999	Agriculture	EFFAT	GEOPA/COPA
1965		2000	Road Transport	ETF	IRU
1967		1999	Inland Waterways	ETF	EBU, ESO
	1969	1999	Sugar	EFFAT	CEFS
1972		1999	Railways	ETF	CER, EIM
1974		1999	Sea Fisheries	ETF	Europêche/
COGECA	1983	1999	Hotel and Restaurant	EFFAT	Hotrec
	1982	1999	Footwear	industriAll	CEC
	1983	1999	Hotel and Restaurant	EFFAT	Hotrec
	1985	1999	Commerce	UNI Europa	EuroCommerce
	1987	1999	Insurance	UNI Europa	AMICE, BIPAR, Insurance Europe
1987		1999	Maritime Transport	ETF	ECSA
	1990	2000	Civil Aviation	ETF, ECA	ACI-Europe, AEA,, ASA Europe CANSO, ERA, IACA
	1990	1999	Telecom-munications	UNI Europa	ETNO
	1990	1999	Banking	UNI Europa	EACB, EBF-BCESA, ESBG
	1992	1999	Construction	EFBWW	FIEC
	1992	1999	Industrial Cleaning	UNI Europa	EFCI
	1992	1999	Textile and Clothing	industriAll	Euratex
	1992	1999	Private Security	UNI Europa	CoESS
1994		1999	Postal Services	UNI Europa	PostEurop
	1994	2000	Woodworking	EFBWW	CEI-Bois
	1996	2004	Local and Regional Government	EPSU	CEMR
	1996	2000	Electricity	industriAll	Eurelectric
	1998	1999	Personal Services/ Hairdressing	UNI Europa	Coiffure EU
	1998	2007	Contract Catering	EFFAT	FERCO
	1999	2001	Tanning and Leather	IndustriAll	COTANCE
		1999	Temporary Agency Work	UNI Europa	Eurociett
		1999	Live Performance	FIM, FIA, UNI-MEI	Pearle*
		2001	Furniture	EFBWW	UEA, EFIC
		2003	Shipbuilding	IndustriAll	CESA
		2004	Audiovisual	EFJ, FIA, FIM, UNI-MEI	ACT, AER, CEPI, EBU, FIAPF
		2004	Chemical Industry	industriAll	ECEG
		2006	Hospitals and Healthcare	EPSU	HOSPEEM
	2006	2010	Metal industry	industriAll	CEEMET
		2007	Gas	industriAll, EPSU	EUROGAS
		2008	Professional Football	ECA, EPFL	FIFPro
	2008	2010	Central Government Administrations	TUNED	EUPAN
		2010	Education	ETUCE	EFEE
		2010	Paper Industry	industriAll	CEPI
		2012	Food and Drink Industry	EFFAT	FoodDrink Europe

excel file
gif

Table 7.2: European social partner joint texts, 2010–2012

Title	Topic	European social dialogue committee	Type	Date
Multi-sectoral Guidelines to Tackle Third-party Violence and Harassment Related to Work	Harassment	Multi-sectoral	Guidelines	30/09/2010
Promoting Social Dialogue in the Audiovisual Industry. A joint declaration of the European social partners of the Audiovisual sector	Social dialogue	Audiovisual	Declaration	01/10/2010
Towards a New European Energy Policy 2011–2020 Draft report of MEP Lena Kolarska-Bobinska	Social aspects of EU policies	Electricity	Joint opinion	13/10/2010
EFBWW-FIEC Joint Statement on Third-country Contractors and Workers in the EU	Economic and/or sectoral policies	Construction	Joint opinion	19/10/2010
Competitiveness and Employment in a Globalised Economy	Employment	Metal	Declaration	02/12/2010
Education and Training	Training/lifelong learning	Metal	Declaration	02/12/2010
Joint EFFAT-HOTREC Statement on Undeclared Work in the European Hotel. and Restaurant Sector	Undeclared work	Horeca	Declaration	03/12/2010
Review of the Framework on State Aid to Shipbuilding	Social aspects of EU policies	Shipbuilding	Joint opinion	08/12/2010
The contribution of culture in combating poverty and social exclusion. A joint statement on behalf of the European sectoral social partners 'live performance' in the framework of the European Year for Combating Poverty and Social Exclusion 2010	Social aspects of EU policies	Live performance	Joint opinion	10/12/2010
Joint Position on Smart Meters	Social aspects of EU policies	Electricity	Joint opinion	14/12/2010
European Sectoral Social Dialogue Local And Regional Government— joint statement to the European Council meeting	Economic and/or sectoral policies	Local and regional government	Joint opinion	15/12/2010
Common opinion from Geopa-Copa and EFFAT on roll-over protection structures for narrow-track wheeled tractors	Health and safety	Agriculture	Joint opinion	16/12/2010
Joint letter to the Netherlands	Economic and/or sectoral policies	Live performance	Joint opinion	05/01/2011
Investing in the Future— A joint declaration on education, training and research	Economic and/or sectoral policies	Education	Joint opinion	18/01/2011
Joint Guidelines on Trans-regional Cooperation in Lifelong Learning among Education Stakeholders	Training/lifelong learning	Education	Guidelines	18/01/2011
General remarks on the Green Paper towards adequate, sustainable and safe European pension systems' of the European Commission	Social aspects of EU policies	Chemical industry	Declaration	31/01/2011
EFBWW-FIEC position on the proposal of a Directive on 'Conditions on entry and residence of third-country nationals in the framework of an intra-corporate transfer' ('ICT') COM(2010)378	Working conditions	Construction	Joint opinion	16/02/2011
Employability in the Face of Demographic Change— Prospects for the European rail sector	Working conditions	Railways	Tool	24/02/2011
Eighth Implementation Report (2010) on the Code of conduct on Corporate Social Responsibility	CSR— Corporate social responsibility	Sugar	Follow-up report	28/02/2011

excel file
gif

Title	Topic	European social dialogue committee	Type	Date
Joint declaration on Good Practice Guidelines 'Good Work— Good Health: Improving the mental wellbeing of workers within the telecommunications sector'	Health and safety	Telecommunications	Guidelines	02/03/2011
Attracting People to the Educational Pathways	Training/lifelong learning	Metal	Tool	14/03/2011
Professional Qualifications	Training/lifelong learning	Hospitals	Joint opinion	23/03/2011
Statement on the Revision of the Ground Handling Directive	Social aspects of EU policies	Civil aviation	Joint opinion	07/04/2011
European Framework Agreement on Competence Profiles for Process Operators and First Line Supervisors in the Chemical Industry	Training/lifelong learning	Chemical industry	Framework of actions	15/04/2011
Industrial Policy for the Globalization era	Economic and/or sectoral policies	Metal	Joint opinion	15/04/2011
Mobility information services for artists and culture professionals— Culture Council 19–20 May. A joint statement on behalf of the European social partners of the 'Live performance' sector	Social aspects of EU policies	Live performance	Joint opinion	28/04/2011
The EC Guide on Socially Responsible Public Procurement(SRPP)	Public procurement	Local and regional government	Joint opinion	01/06/2011
Joint Position on the Social Security Regime applicable to Air Crews	Mobility	Civil aviation	Joint opinion	08/06/2011
Joint Statement on Parking along Europe's Road Transport Network	Working conditions	Road transport	Joint opinion	05/07/2011
Opinion on the Problems Currently Facing the Fishing Industry in Europe	Economic and/or sectoral policies	Sea Fisheries	Joint opinion	09/09/2011
Position— Reinhard Butikofer report	Economic and/or sectoral policies	Extractive industry	Joint opinion	09/09/2011
Professional qualifications	Training/lifelong learning	Hospitals	Joint opinion	20/09/2011
Joint Opinion on the Agenda for new Skills and Jobs	Employment	Commerce	Joint opinion	20/10/2011
Report on the Implementation of the Joint Recommendations from 2003 signed by ETF and UITP, IRU and supported by CER and CEEP	Working conditions	Road transport	Follow-up report	20/10/2011
Crisis Statement	Economic and/or sectoral policies	Local and regional government	Joint opinion	21/10/2011
Framework of Actions on Gender Equality	Gender equality	Audiovisual	Framework of actions	27/10/2011
Permeability Between Vocational Education and Training (vet) and Higher Education	Training/lifelong learning	Metal	Joint opinion	27/10/2011
Joint statement on the role of the European social dialogue in the implementation of the Single European Sky	Social dialogue	Civil aviation	Declaration	17/11/2011
Joint Position of the European Social Dialogue for the Furniture Industry on the New Community Strategy on Occupational Safety and Health	Health and safety	Furniture	Joint opinion	22/11/2011
Recovering and Strengthening Competitiveness and Safeguarding Sustainable Employment	Economic and/or sectoral policies	Metal	Tool	30/11/2011

excel file
gif

Title	Topic	European social dialogue committee	Type	Date
Security and Safety in the Nuclear Industry	Health and safety	Electricity	Joint opinion	06/12/2011
Contribution regarding Energy Roadmap 2050	Social aspects of EU policies	Gas	Joint opinion	09/12/2011
Towards Equal Pay Between Women and Men	Gender equality	Central Government Administrations	Joint opinion	20/12/2011
Proposal for a directive on 'Intra-corporate transfers' ('ICT') EFBWW-FIEC joint position paper in support of the compromise Amendment 24 adopted by the EMPL Committee ('Jaakonsaari Report')	Working conditions	Construction	Joint opinion	16/01/2012
Budapest III declaration on Coal Policy	Economic and/or sectoral policies	Extractive industry	Joint opinion	27/01/2012
European agreement concerning certain aspects of the organisation of working time in inland waterway transport	Working time	Inland waterways	Agreement Council decision	15/02/2012
Joint Declaration on CAP and Sugar Reform— Towards 2020	Economic and/or sectoral policies	Sugar	Joint opinion	28/02/2012
Joint EFFAT-CEFS Position on EU Trade Policy	Economic and/or sectoral policies	Sugar	Joint opinion	28/02/2012
Ninth Implementation Report (2011) on the Code of Conduct on Corporate Social Responsibility	CSR— Corporate social responsibility	Sugar	Follow-up report	28/02/2012
Joint Statement on the Proposal of 22 June 2011 for a Directive on Energy Efficiency	Sustainable development	Chemical industry	Joint opinion	20/03/2012
Statement on the Amendments of the Professional Qualifications Directive	Mobility	Education	Joint opinion	28/03/2012
European Commission's Green Paper Restructuring and Anticipation of Change: what lessons from recent experience?	Restructuring	Central Government Administrations	Joint opinion	29/03/2012
CEMR-EPSU joint response to the European Commission's Green Paper COM(2012) 7 final Restructuring and anticipation of change: what lessons from recent experience?	Restructuring	Local and regional government	Joint opinion	30/03/2012
Follow-up of the Joint Recommendations 'Better Representation and Integration of Women in the Railway Sector' — Implementation — Evaluation — Review	Gender equality	Railways	Follow-up report	30/03/2012
New Joint Declaration on Postal Sector Evolution	Restructuring	Postal services	Declaration	18/04/2012
Agreement regarding the minimum requirements for standard player contracts in the professional football sector in the European Union and in the rest of the UEFA territory	Working conditions	Professional Football	Autonomous agreement	19/04/2012
Contribution of the social partners for commerce regarding consensus social issues for the Retail action plan	Social aspects of EU policies	Commerce	Joint opinion	24/04/2012
Declaration of the European Social Partners on Health and Safety in the Hairdressing Sector	Health and Safety	Personal services	Declaration	26/04/2012
European framework agreement on the protection of occupational health and safety in the hairdressing sector	Health and Safety	Personal services	Agreement Council decision	26/04/2012

excel file

gif

Title	Topic	European social dialogue committee	Type	Date
Agreement on the work in fishing	Working conditions	Sea Fisheries	Agreement Council decision	21/05/2012
Joint Position on the Revision of the Public Procurement Directive	Public procurement	Private security	Joint opinion	25/05/2012
Joint Statement on the Free Trade Agreement between the EU and Ukraine	Economic and/or sectoral policies	Tanning and leather	Joint opinion	29/05/2012
Joint Statement on the Ban of Cr VI in Leather and Leather Products	Health and safety	Tanning and leather	Joint opinion	29/05/2012
WIR— Women In Rail— Good Practices and Implementation Guide	Gender equality	Railways	Tool	14/06/2012
Guidelines for Consultation arrangements for Functional Airspace Blocks	Economic and/or sectoral policies	Civil aviation	Tool	21/06/2012
Joint Opinion on the Modernisation of EU Public Procurement Policy	Public procurement	Pluri-sectoral	Joint opinion	28/06/2012
Joint Statement on the CAP reform	Economic and/or sectoral policies	Food and drink industry	Joint opinion	19/07/2012
Project report 'Women Employment in Urban Public Transport Sector'	Gender equality	Road transport	Tool	30/08/2012
Use and Implementation of the EPSU-HOSPEEM Code of Conduct on Ethical Cross-Border Recruitment and Retention in the Hospital Sector. Joint final report by EPSU and HOSPEEM	Social aspects of EU policies	Hospitals	Joint opinion	05/09/2012
Use and Implementation of the EPSU-HOSPEEM Code of Conduct on Ethical Cross-Border Recruitment and Retention in the Hospital Sector	Ageing workforce	Hospitals	Follow-up report	05/09/2012
Joint statement on the further improvement of the working conditions and occupational health of employees in the extractive industries	Health and safety	Extractive industry	Joint opinion	06/09/2012
Joint Declaration on Somali Piracy	Health and safety	Maritime transport	Joint opinion	07/09/2012
Joint Opinion on the Matter of the European Audiovisual Observatory	Economic and/or sectoral policies	Audiovisual	Joint opinion	10/09/2012
Joint Opinion on the Revision of the IORP Directive	Social aspects of EU policies	Pluri-sectoral	Joint opinion	27/09/2012
Joint Statement on the 2011 Transport White Paper	Economic and/or sectoral policies	Road transport	Joint opinion	24/10/2012
Conclusions and Recommendations of the STARTS (Skills, Training and the Road Sector) Project	Training	Road transport	Joint opinion	24/10/2012
A European Project by ETUCE and EFEE: 'Recruitment and retention in the education sector, a matter of social dialogue'— Joint recommendations to the ESSDE	Economic and/or sectoral policies	Education	Declaration	08/11/2012
Promoting Social Dialogue in the Audiovisual Industry— Tallinn Declaration	Social dialogue	Audiovisual	Declaration	22/11/2012
Joint FIEC-EFBWW proposed amendments on the proposal for a Directive on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services [COM(2012) 131]	Working conditions	Construction	Joint opinion	29/11/2012

excel file
gif

Title	Topic	European social dialogue committee	Type	Date
Promoting security and the feeling of security vis-à-vis third-party violence in the European railway sector— Recommendations of the European railway sector social partners	Working conditions	Railways	Joint opinion	05/12/2012
Joint position regarding the European Commission proposal for a draft directive on the enforcement of the Posting of Workers' directive {COM(2012) 131final} as well as the draft report of Mrs Danuta Jazłowiecka (2012/0061(COD))	Working conditions	Industrial cleaning	Joint opinion	06/12/2012
Joint statement on the further opening of the EU road haulage market	Social aspects of EU policies	Road transport	Joint opinion	07/12/2012
Open Letter from International Cultural Industry Associations on VAT Increase in Spain	Economic and/or sectoral policies	Live performance	Joint opinion	07/12/2012
Framework Agreement for Quality Service	Restructuring	Central Government Administrations	Framework of actions	12/12/2012
Joint Opinion of EFBWW and FIEC on the New Community Strategy on Health and Safety for 2013–2020	Health and safety	Construction	Joint opinion	17/12/2012
Framework of Action on Restructuring	Restructuring	Local and regional government	Framework of actions	18/12/2012
Joint Recommendations on Temporary Agency Work Facilitating Transitions in the Labour Market	Employment	Temporary agency work	Declaration	19/12/2012

excel file
gif

CHAPTER 8: Review of European labour legislation 2010–2012

During the period 2010–2012, European legislative efforts focused on evaluation and review of the current labour law in line with the Europe 2020 strategy and 'smart' regulation principles, with new processes such as 'fitness checks' taking place for the first time. The European health and safety strategy was subject to a comprehensive evaluation process. 'Soft' instruments, such as guidelines or best practices, were also promoted in this area. A number of negotiated social partners' agreements were successfully concluded. Important legislative initiatives included the proposals for an Enforcement Directive (Posting of workers) and for minimum health and safety requirements as regards exposure of workers to electromagnetic fields.

8.1. Introduction

In line with its Europe 2020 strategy, the Commission set out its priorities in the employment field in its 'Agenda for new skills and jobs' flagship[1]: a better-functioning labour market, a more skilled workforce, better job quality and working conditions, and stronger policies to promote job creation and demand for labour. Whilst acknowledging that the working environment plays a crucial role in enhancing the potential of the workforce and is a leading competitiveness factor, the Commission pointed to the mixed results on job quality across the EU over the past decade. In particular, working conditions have deteriorated during the crisis.

The Commission response consisted of a number of interlinked activities. These are reviewing EU legislation and promoting 'soft' instruments, developing a smarter EU legal framework for employment and health and safety at work, and focusing on a strategic approach based on 'soft' instruments and on close involvement of the social partners.

Within this context, the Commission announced that it would review the working time Directive and make a legislative proposal aimed at improving the implementation of the posting of workers Directive. In the area of health and safety at work, it will undertake the final evaluation of the EU Strategy 2007–2012 and on this basis propose a follow-up strategy for the period 2013–2020. In addition, it will review the effectiveness of EU legislation in the area of information and consultation of workers, as well as the EU Directives on part-time work and fixed-term contracts.

This chapter provides a comprehensive review of developments at the EU level in the fields of labour law and health and safety at work during the past two years. It highlights legislative developments, explains the Commission's activities and summarises key Court rulings relating to the rights of Europeans at work.

(1) COM(2010) 682 final.

8.2. Labour law

8.2.1. Posting of workers

The issue of the relationship between protecting workers' rights and promoting the freedom to provide services and the freedom of establishment has continued to cause debate and controversy. With the aim of re-launching the Single Market[2], restoring confidence among all stakeholders— businesses, consumers and workers—, and increasing their support and commitment to the objectives of the Single Market, the Commission launched on 21 March 2012 two legislative initiatives concerning the posting of workers. The carefully balanced 'Posting of workers package' included a proposal for an Enforcement Directive[3] aimed at improving the implementation, monitoring and compliance with the current Directive on the posting of workers and a proposal for a Regulation[4] aimed at clarifying the relationship between the right to strike and the freedom to provide services and of establishment (the so-called Monti II Regulation). For more details, see Box 8.1 below.

(2) COM(2011) 206 final.
(3) COM(2012) 130 final.
(4) COM(2012) 131 final.

Box 8.1: The Posting of workers package— Content and objectives

The Enforcement Directive aims to improve the way the posting of workers Directive is implemented, applied and enforced in practice across the European Union, without modifying its provisions. It is expected to facilitate cross-border provision of services, prevent abuses and contribute to fairer competition and a more level playing field for companies, including SMEs, whilst enhancing transparency with regard to the rights and obligations of companies and workers.

The proposed Enforcement Directive clarifies the elements of 'posting' in order to avoid abuse through the use of 'letter-box companies' (i.e. companies that just maintain an address in a location rather than being based there), establishes clear rules for administrative cooperation and provides a legal base for effective information exchange between the competent authorities through the Internal Market Information (IMI) system. It defines the control responsibilities and possibilities of national inspections and provides for cross-border enforcement of administrative fines and penalties.

The proposal also introduces a system of joint and several liability for wages. The provision is limited to direct subcontracting in the construction sector, and liability is suspended if a contractor has undertaken due diligence. Member States can, however, provide for more stringent rules and extend them to other sectors.

The Monti II Regulation addressed the concern often voiced by trade unions that, as a result of the 2007 Viking Line and Laval rulings, economic freedoms established in the Treaty were given primacy over fundamental social rights such as the right to strike. The proposed Regulation confirmed that there is no primacy of the freedom to provide services or of establishment over the right to strike, while recognising that situations may arise where these freedoms and rights may have to be reconciled in accordance with the principle of proportionality.

It introduced an alert mechanism in order to provide other Member States and the Commission with timely and transparent information on serious acts or circumstances affecting the effective exercise of the freedom of establishment or the freedom to provide services. A similar mechanism (Monti I) was established in 1998 in the field of free movement of goods[1], under which Member States should provide for existing alternative dispute resolution mechanisms to cover cross-border situations.

(1) Council Regulation of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among Member states, OJ L337/8, 12.12.98.

Both proposals were transmitted to the other EU institutions as well as to the national Parliaments of the Member States. The Council started discussions on them. The European Parliament organised a hearing on 18 September 2012. However, 12 national Parliaments adopted reasoned opinions[5] expressing concerns related, among others, to the added value of the draft Monti II Regulation, the choice of its legal basis and the competence of the EU to regulate this matter.

Although the Commission was of the view that the principle of subsidiarity had not been breached, it nevertheless recognised that its proposal for Regulation was unlikely to gather the necessary political support within the European Parliament and Council to enable its adoption. Consequently, it withdrew this proposal on 26 September 2012, hoping that this would facilitate a rapid negotiation of the other part of the package, namely the proposal for an Enforcement Directive.

8.2.2. Working time Directive

Work continued during 2011–2012 on the review of the working time Directive (2003/88/EC). The aim of this review is to ensure that EU working time rules can meet the needs of employers and workers in the 21st century, while securing effective protection of workers' health and safety.

The review is based on consultation of the social partners at the EU level under Article 154 TFEU and on impact assessment work by the Commission. In December 2010 the Commission had launched its second-stage consultation of the social partners[6] on the review of the Directive. This second-stage consultation paper[7] brought together the main results of the first-stage consultation of European social partners (launched in March 2010) and presented the main trends and patterns on the evolution of working time in the EU and the results of the latest impact assessment studies. It also set out a number of questions regarding the possible scope of a review, and possible options for change, on which social partners were asked to comment.

At the same time, the Commission published a report on the implementation of the working time Directive[8] and its preliminary studies on the economic and social impact of the Directive[9].

(5) On the basis of Protocol N° 2 to the EU Treaties on the application of the principles of subsidiarity and proportionality.

(6) The first stage of consultation (COM (2010) 106, of 24 March 2010) is reviewed in the 2010 IRR.

(7) COM(2010) 801 final. of 21.12.2010 and accompanying document SEC(2010) 1610 final. of 21.12.2010.

(8) COM(2010) 802 final. of 21.12.2010 and accompanying document SEC(2010) 1611 final. of 21.12.2010.

(9) In particular, the preliminary impact study regarding further action at the EU level regarding Directive 2003/88/EC (December 2010). All studies are published at: http://ec.europa.eu/social/main.jsp?catId=157&langId=en&newsId=964&moreDocuments=yes&tableName=news.

Following this second-stage consultation, the main cross-sectoral social partners at the EU level (BusinessEurope, CEEP and UEAPME representing employers, and ETUC including CEC and Eurocadres representing workers) jointly informed the Commission, in November 2011, that they wished to enter into negotiations on the review, with a view to concluding an agreement which could be implemented by a Council Directive under Article 155 TFEU. The negotiations began in early December 2011, and were extended to 31 December 2012 based on a joint request by the social partners in July 2012, which indicated that their talks were making progress[10]. The Commission has indicated that, respectful of the social partners' autonomy, it will not put forward its own legislative proposal during the period foreseen under the Treaty for their negotiations. However, the negotiations ended without agreement in December 2012.

8.2.3. Maritime transport, inland waterways and fisheries

Working time in inland waterways transport

On 16 February 2012 social partners in the inland waterways sector signed an agreement laying down specific rules for working time on passenger or cargo transport ships in inland waterways across the EU (see Chapter 7).

Currently the Working Time Directive (2003/88/EC) lays down common minimum rules at the EU level for workers in inland waterways transport. However, it allows for more specific rules suited to particular activities. Similar specific EU working time rules have already been agreed by the European social partners for mobile workers in civil aviation, for cross-border rail transport, and for seafarers.

The social partners' agreement on working time for mobile workers in inland waterway transport, based on Article 155(1) TFEU, is designed to take account of the distinctive working conditions in this sector, while ensuring a high level of protection for these workers' health and safety. On 16 March 2012 the social partners asked the Commission to implement the agreement by a Council Decision according to Article 155(2) TFEU. The Commission is currently considering this request.

Review of the regulatory social framework— exclusion of seafarers

The second stage consultation of the social partners on the review of the exclusion of seafaring workers from the personal scope of application of a number of EU labour law Directives[11], was concluded in December 2009. The Commission is currently finalising its impact assessment and considering a proposal regarding follow-up initiatives in this area.

Maritime Labour Convention (ILO, 2006)— follow-up

Directive 2009/13/EC, which implements the social partners' agreement on the Maritime Labour Convention and was adopted on 16 February 2009, has not yet entered into force. This will happen simultaneously with the entry into force of ILO's 2006 Maritime Labour Convention on 20 August 2013. Subsequently, Member States will have one year to implement the Directive in their internal legal systems.

With a view toward ensuring the enforcement of the aforementioned Maritime Labour Convention, the Commission adopted on 23 March 2012 a proposal for a directive concerning State flag responsibilities[12] and a proposal for a directive amending Directive 2009/16/EC on State port control[13].

Work in Fishing Convention (ILO, 2007)— follow-up

On 7 June 2010 the Council adopted Decision 2010/321/EC authorising Member States to ratify, in the interest of the European Community, the Work in Fishing Convention concluded in 2007 by the International Labour Organisation (Convention 188). The Decision also calls on the Member States to ratify the convention as soon as possible, preferably before the end of 2012.

The social partners at European level, recognising the importance of the Convention in improving the working conditions on board fishing vessels in areas such as health and safety and medical care, rest periods, protection by a work agreement and social security, concluded on 21 May 2012 a European Agreement implementing a substantial part of its standards.

For more details on developments in the European social dialogue, see Chapter 7 of this report.

8.2.4. Employer's Insolvency Directive

As a follow-up to its Green Paper on Pensions, issued in July 2010, the Commission issued a White Paper ('An Agenda for Adequate, Safe and Sustainable Pensions') in February 2012[14]. With regard to the employer's insolvency Directive, the Commission stressed its commitment to ensure a more effective enforcement as far as the protection of supplementary pensions is concerned.

(10) http://europa.eu/rapid/press-release_IP-12-903_en.htm?locale=en

(11) See, in this regard, *Industrial Relations in Europe 2010*.

(12) COM(2012) 134 final.

(13) COM(2012) 129 final.

(14) COM(2012) 55 final.

8.2.5. Employee involvement

Recast European Works Councils Directive

The recast European Works Councils (EWCs) Directive 2009/38/EC[15], which adapted the previous legal framework to changes in the legislative, economic and social context and clarified the pre-existing rules was due to be transposed into national law before 6 June 2011. By that date, Directive 94/45/EC was repealed and replaced by the recast Directive. However, national implementing rules are maintained after 6 June 2011 to cover the cases where the new obligations introduced by Directive 2009/38/EC do not apply.

Review of the European Company (SE) Directive

The Commission had identified several potential problems with the operation of Directive 2001/86/EC[16], supplementing the Statute for a European company, with regard to the involvement of employees. These concern a) the complexity of the procedure for employee involvement; b) the lack of legal certainty concerning certain aspects of the negotiation procedure and c) the concern that the use of the SE form could have an effect on the rights to employee involvement granted by national or EU law.

In order to obtain the views of the social partners on the advisability of and possible direction of European Union action, the Commission launched a first phase consultation of the European social partners on 5 July 2011. They were asked whether a) the issues identified by the Commission are the main issues raised by the operation of the Directive; b) the Directive should be amended; c) other non-legislative measures at the EU level would merit consideration and d) they would initiate a negotiation under Article 155 TFEU.

On the employers' side, virtually all the respondents consider that a review of the SE Directive is not advisable or necessary despite acknowledging that the procedure for employee involvement might be cumbersome. They do not see that there is a lack of legal certainty nor a risk that the SE legal form will be used to weaken employees' involvement rights. On the employees' side, the respondents consider that the complexity of the procedure is not a problematic area of the SE Directive, i.e. they do not see any need for simplification. Nevertheless, they see a risk that the SE legal form may be used to weaken employees' involvement rights.

European Private Company Statute

The Commission adopted on 25 June 2008 a proposal[17] for a European Private Company (SPE) Statute, which has been discussed in the Council without any final outcome. Member States cannot agree notably on allowing SPEs to separate their registered office and headquarters and the regime for employee participation. For this reason, the Commission included in its consultation on the future of European Company Law questions relating to next steps regarding the SPE statute[18]. This consultation was closed on 14 May 2012.

Transnational company agreements

Transnational company agreements have gained significance over the decade since the first initiatives in 2000. By early 2012, 224 such agreements were recorded in 144 companies, mostly headquartered in Europe, covering over 10 million employees.

Following its 2008 Staff Working Document[19], the Commission set up an expert group on transnational company agreements, the task of which was to monitor developments and exchange information on how to support the process underway[20]. The expert group, bringing together experts from Member States and the EU social partners, academics and researchers, representatives of European institutions and the International Labour Organization as well as company actors, held several meetings between 2009 and 2011.

The expert group issued a report in early 2012, which contains a wealth of information on the phenomenon of transnational company agreements including concrete examples, reviews the main open issues and sets out options to address them.

Furthermore, studies were commissioned to clarify the rules of international private law in connection with transnational texts in 2009 and to review the legal effects produced by company agreements in 2011. A searchable online database of agreements was set up in 2011[21].

The Commission will develop further action to disseminate good practice and promote debate with respect to transnational company agreements[22].

(15) OJ L 122, 16.5.2009, p. 28. This Directive is reviewed in the 2010 IRR.

(16) OJ L 294, 10.11.2001, p. 22.

(17) http://ec.europa.eu/internal_market/company/epc/index_en.htm

(18) http://ec.europa.eu/internal_market/consultations/docs/2012/companylaw/questionnaire_en.pdf

(19) On 'The role of transnational company agreements in the context of increasing international integration'

(20) The documents emanating from the work of the expert group as well as related documents can be accessed under: http://ec.europa.eu/social/main.jsp?catId=707&langId=en&intPageId=214

(21) Access to database under: http://ec.europa.eu/social/main.jsp?catId=978&langId=en

(22) COM(2012)173 'Towards a job-rich recovery' http://ec.europa.eu/social/main.jsp?langId=en&catId=101&newsId=1270&furtherNews=yes

8.2.6. Facilitating transposition and monitoring implementation in the Member States

Facilitating transposition

Temporary agency work

Directive 2008/104/EC on temporary agency work[23] was due to be transposed into national law by 5 December 2011. Member States were also under a duty to report by the same date on the results of the review of restrictions and prohibitions on the use of temporary agency work.

An expert group composed of representatives of national governments assisted the Member States in their transposition of the Directive. It held several meetings in 2010 and 2011. A report[24] on its work was published in August 2011.

The European Commission also published a leaflet[25] to inform stakeholders of the main provisions of the Directive.

European Works Councils Directive

Another expert group was set up in order to assist Member States in transposing the recast Directive on European Works Councils 2009/38/EC (see above). The group met several times in 2009 and 2010 to exchange information and coordinate implementation in Member States. It published its final report in December 2010[26].

An updated leaflet on the recast Directive was published in 2011[27].

Monitoring the implementation of Directives

EU labour law directives often provide for their review some years after their transposition. Furthermore, in line with 'smart' regulation principles, the Commission assesses their operation and effects with a view to evaluating whether they are 'fit for purpose' or whether they need to be updated or clarified. In the labour law area, a first 'fitness check' is currently being carried out in the area of information and consultation of workers at work.

Review of the application of Directives

The following reviews of the application of Directives have been carried out over the past two years:

Review of the Directive on involvement of employees in European Cooperative Societies (ECS). In accordance with Article 17 of Council Directive 2003/72/EC[28], the Commission adopted in 2010 a report on the application of this Directive[29]. It found that its evaluation was considerably hampered by the very low number of European Cooperative Societies having been set up in accordance to Regulation 1435/2003 on the Statute of ECS. It considered further that the complementary nature of the Directive, which is coupled with the aforementioned Regulation, needed to be taken into account before launching any future revision process. On 23 February 2012 the Commission issued a report on the application of Regulation 1435/2003[30]. Subsequently, the Commission consulted stakeholders in 2012 on whether and how to simplify this regulation.

Report of 27 October 2010 on the application of Directive 94/33/EC on the protection of young people at work[31].

Report of 21 December 2010 on the implementation by Member States of Directive 2003/88/EC on the organisation of working time[32].

Report of 22 July 2011 on the implementation by Member States of Council Directive 91/383/EC of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship[33].

Report of 26 October 2012 on the implementation of Directive 2005/47/EC on working conditions of mobile workers engaged in interoperable in cross-border railway services[34].

Communication on review of the operation of the provisions with regard to workers on board seagoing fishing vessels contained in Directive 2003/88/EC[35].

(23) OJ L 327, 5.12.2008, p. 9.

(24) http://ec.europa.eu/social/main.jsp?catId=706&langId=en&intPageId=207 – see Implementation: Transposition of Directive 2008/104/EC on temporary agency work — Report on the work of the Expert Group (August 2011).

(25) http://ec.europa.eu/social/main.jsp?catId=157&langId=en&furtherPubs=yes – see Protecting the rights of temporary agency workers in the European Union.

(26) http://ec.europa.eu/social/main.jsp?catId=707&langId=en&intPageId=211 – see Implementation of Recast Directive 2009/38/EC on European Works Councils – Report of the Group of Experts (December 2010).

(27) See http://ec.europa.eu/social/main.jsp?catId=157&langId=en&pubId=624&type=2&furtherPubs=yes

(28) Directive 2003/72/EC, supplementing Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society, with regard to the involvement of employees.

(29) COM (2010)481 final. of 16.9.2010.

(30) COM (2012)72 final. of 23.02.2012.

(31) Staff working document, SEC (2010) 1339.

(32) COM(2010) 802 final. of 21.12.2010 and accompanying document SEC(2010) 1611 final. of 21.12.2010.

(33) Staff working document, SEC (2011) 982.

(34) COM (2012)627 final. of 26.10.2012.

(35) COM (2011) 306 final. of 31.05.2011.

Table (2011) on the implementation of Article 4 of Directive 2008/94/EC on insolvency[36].

General Table (2012) on national implementing measures of Directive 2009/38/EC on European Works Councils[37]

Fitness check—Evaluations of Directives

In line with its 2010 work programme, the Commission is currently reviewing EU legislation in selected policy fields through 'fitness checks'. The goal is to identify excessive burdens, overlaps, gaps, inconsistencies and/or obsolete measures which may have appeared over time. The purpose of the fitness check is not deregulation or less regulation, but rather better/smart regulation and making EU legislation more responsive to current and future challenges.

In the labour law area, it was decided to submit to the fitness check exercise a family of three directives on information and consultation of workers (ICW) at the national level[38]:

- Directive 98/59/EC on collective redundancies.
- Directive 2001/23/EC on transfers of undertakings, focusing on Article 7.
- Directive 2002/14/EC establishing a general framework relating to information and consultation of workers in the EC.

The fitness check relies on an evidence-based approach and integrates legal, economic and social effects of the existing legislation. There is already an extensive set of studies in this area, including those undertaken by Eurofound. A study was commissioned to an external contractor to review and complement the existing research.

The Commission closely collaborated with relevant stakeholders in this process, notably by setting up a working group on ICW (hereafter WG), bringing together representatives from EU/EEA governments and the European social partners. The results of the fitness check will be presented together with the key conclusions and future steps in due course.

In line with its smart regulation policy, the Commission launched an evaluative study of Directives 1997/81/EC and 1999/70/EC on part-time work and fixed-term employment, respectively. The purpose is to evaluate ex-post the relevance, effectiveness and efficiency, as well as the lasting nature (sustainability) of the impact of these Directives.

Interpretation of Directives

The European Court of Justice (ECJ) had the opportunity[39] to interpret a number of provisions of EU Directives in the field of labour law in several judgements rendered between March 2010 and May 2012. These judgements were delivered following preliminary questions submitted to the ECJ by national courts. The ECJ had also the opportunity to interpret provisions of the Charter of Fundamental Rights of the European Union, in particular Article 31 on working conditions and working time.

Five cases were decided by the ECJ relating to **Directive 2001/23/EC (Transfer of undertakings)**. The aim of this Directive is to protect employees in the event of a transfer of undertaking from an employer (transferor) to another employer (transferee) and in particular to safeguard their rights.

In **Case C-151/09**[40] the ECJ interpreted the notion of 'preservation of the autonomy' of the entity transferred by deciding that it existed when the powers to give orders and instructions, to allocate tasks to employees of the entity transferred and to determine the use of assets available to this entity remained essentially unchanged within the organisational structure of the transferee.

In **Case C-242/09**[41] the ECJ decided that in the event of a transfer of an undertaking belonging to a group to an undertaking outside that group, it is also possible to regard as a 'transferor' the group company to which the employees were assigned on a permanent basis without however being linked to the latter by a contract of employment.

In **Case C-386/09**[42] the ECJ held that the non-renewal of a fixed-term employment contract that ended, due to expiry of its term, on a date prior to the transfer of the activity to which the temporary worker was assigned does not disregard the prohibition of dismissal on grounds of a transfer provided by the Directive.

In **Case C-463/09**[43] the ECJ decided that a municipal authority itself undertaking, with new staff, a cleaning service previously contracted out to a company did not amount to a transfer within the meaning of the Directive.

In **Case C 108/10**[44] the Court decided that the takeover by a public authority of staff employed by another public authority and entrusted with the supply of services including, in particular, tasks of maintenance and administra-

(36) Limitations to the liability of the guarantee institutions (Implementation of Article 4 of Directive 2008/94/EC) (2011).

(37) General table March 2012.

(38) See, in this regard: http://ec.europa.eu/social/main.jsp?catId=707&langId=en

(39) See, in particular cases C 229/11, 230/11, 78/11 below.

(40) Judgment of the Court of 29 July 2010—Federación de Servicios Públicos de la UGT (UGT-FSP) v Ayuntamiento de La Línea de la Concepción, María del Rosario Vecino Uribe, Ministerio Fiscal.

(41) Judgment of the Court of 21 October 2010. Albron Catering.

(42) Order of the Court of 15 September 2010. Briot.

(43) Judgment of the Court of 20 January 2011. CLECE SA v María Socorro Martín Valor and Ayuntamiento de Cobisa.

(44) Judgment of the Court (Grand Chamber) of 6 September 2011. Scattolon.

tive assistance constitutes a transfer where that staff consists in a structured group of employees who are protected as workers by virtue of the domestic law. It also decided that the length of service with the transferor should be taken into account in order to prevent a substantial loss of salary due to the transfer.

Six judgments were delivered relating to **Directive 97/81/EC (the part-time work Directive)**, one of the directives based on a European social partners' framework agreement. This Directive ensures that workers undertaking part-time work receive comparable treatment to full-time staff.

In **Joined Cases C-395/08 and 396/08**[45] the ECJ decided that the Directive precludes national legislation which, for vertical-cyclical part-time workers (they work only during certain weeks or certain months of the year, on full or reduced hours), disregards periods not worked in calculating the period of service required to qualify for retirement pensions, unless such a difference in treatment is justified on objective grounds.

In **Case C-486/08**[46] the ECJ decided that the Directive precludes a national provision under which, in the event of a change in the working hours of a worker, the amount of leave not yet taken is adjusted in such a way that a worker who reduces his working hours from full-time to part-time suffers a reduction in the right to paid annual leave that the worker has accumulated but not been able to exercise while working full-time.

In **Case C-151/10**[47] the ECJ decided that the Directive does not preclude national legislation which makes employers responsible for the obligations of retention and publication of the contracts and work-schedules of part-time workers.

In **Case C-349/11**[48] the ECJ ruled that obligations for retaining and publishing contracts and work-schedules of part-time workers may be compatible with the Directive if there is no difference in treatment or if such a difference in treatment is justified on objective grounds and does not go beyond what is necessary to attain the objectives pursued.

In **Case C-393/10**[49] the ECJ decided that part-time judges could be excluded from the protection of the Directive if the relationship between them and the Ministry of Justice is, by its nature, substantially different from that between employers and their employees falling, according to national law, under the category of workers. It also decided that a distinction between full-time judges and part-time judges remunerated on a daily fee-paid basis cannot be made for the purpose of access to a retirement pension scheme.

In **Case C-385/11**[50] the ECJ had the opportunity to interpret the notion of 'pay' for the purpose of the Directive; it ruled that a 'first-pillar pension' (a contributory retirement pension) was not part of this notion.

In relation to **Directive 96/71/EC (posting of workers),** two judgments are worth mentioning. This Directive aims at removing the uncertainties and obstacles impeding the free provision of services by increasing legal certainty and making it easier to identify the working conditions which apply to posted workers in the Member State to which the worker is posted.

In **Case C-515/08**[51] the ECJ decided that EU law precludes national legislation requiring an employer posting workers to the territory of another Member State to send a prior declaration of posting under certain conditions. It also ruled that during the posting a Member State may require the employer to keep available to the national authorities copies of documents equivalent to the social or labour documents and also to send those copies to the authorities at the end of that period.

In **Joined Cases C-307/09 to C-309/09**[52] the ECJ clarified the notion of the hiring-out of workers: it is a service provided for remuneration in respect of which the worker who has been hired out remains in the employ of the undertaking providing the service, no contract of employment being entered into with the user undertaking. In the context of the Directive it is characterised by the fact that the movement of the worker to the host Member State constitutes the very purpose of the provision of services effected by the undertaking providing the services and that that worker carries out his tasks under the control and direction of the user undertaking.

In relation to **Directive 1999/70/EC (fixed-term work)**, the Court rendered 14 judgements. This Directive establishes minimum requirements relating to fixed-term work in order to ensure equal treatment of workers and prevent abuse arising from the use of successive employment contracts or relationships of this type.

In **Case C-98/09**[53] the ECJ decided that the Directive does not preclude domestic legislation which merely provides that fixed-term contracts must be in writing

(45) Judgment of the Court of 10 June 2010. Istituto nazionale della previdenza sociale (INPS).

(46) Judgment of the Court of 22 April 2010. Zentralbetriebsrat der Landeskrankenhäuser Tirols v Land Tirol.

(47) Order of the Court of 7 April 2011. Dai Cugini NV.

(48) Order of the Court of 9 December 2011 — Yangwei.

(49) Judgement of the Court of 1 March 2012. Dermod Patrick O'Brien v Ministry of Justice.

(50) Judgment of the Court of 22 November 2012, Isabel Elbal Moreno.

(51) Judgment of the Court of 7 October 2010. Santos Palhota and Others.

(52) Judgement of the Court of 10 February 2011. Vicoplus SC PUH (C-307/09), BAM Vermeer Contracting sp. zoo (C-308/09), Olbek Industrial Services sp. zoo (C-309/09) v Minister van Sociale Zaken en Werkgelegenheid.

(53) Judgment of the Court of 24 June 2010. Francesca Sorge v Poste Italiane SpA.

and must indicate the reasons for the use of those contracts without the need to indicate, in fixed-term contracts concluded for the purpose of replacing absent workers, the names of those workers and the reasons for their replacement.

In **Case C-273/10**[54] the ECJ decided that the restriction, without any objective justification, of the right to receive a seniority bonus of university lecturers on permanent contracts, excluding lecturers on fixed-term contracts, is contrary to EU law.

In **C-486/08**[55] the ECJ condemned the exclusion from the protection of the national law implementing the Directive of workers employed under a fixed-term contract of a maximum of six months or on a casual basis.

In **Joined Cases C 444/09 and C 456/09**[56] the ECJ ruled that fixed-term workers may contest treatment which, with regard to payment of the increment for length of service, is less favourable than that which is given to permanent workers in a comparable situation and for which there is no objective justification.

In **Case C-3/10**[57]**,** the ECJ ruled that national rules prohibiting the conversion of abusive successions of fixed-term employment into permanent employment (in the public sector) were compatible with the Directive if other effective measures to limit and if necessary punish abusive successions of fixed-term employment are in place and if these satisfy the principles of effectiveness and equivalence.

In **Case C-20/10**[58] the ECJ ruled that national rules that do not require the indication of objective reasons for a first fixed-term employment, i.e. when it is not a case of a renewal of such employment, are compatible with the Directive.

In **Case C-109/09**[59] the ECJ ruled that where national provisions require a 'close objective connection between a fixed-term contract and a prior permanent contract with the same employer', such a link also exists in cases where there is an uninterrupted succession of fixed-term contracts; the last fixed-term contract in such a chain therefore has such a link even if the preceding permanent employment ended some years ago.

In **Case C-177/10**[60] the ECJ decided that the Directive precludes any difference in treatment, as between career civil servants and comparable interim civil servants of a Member State, based solely on the ground that the latter are employed for a fixed term, unless different treatment is justified on objective grounds. It also ruled that it precludes account not being taken of periods of service completed as an interim civil servant in a public administration for the purposes of permitting such a person, who has subsequently become a career civil servant, to obtain an internal promotions available only to career civil servants, unless that exclusion is justified by objective grounds.

In **Case C-251/11**[61] the ECJ ruled that Member States must ensure that the conversion of fixed-term employment contracts into an employment contract of indefinite duration is not accompanied by material amendments to the clauses of the previous contract in a way that is, overall, unfavourable to the person concerned when the subject-matter of that person's tasks and the nature of their functions remain unchanged.

In **Case C-157/11**[62] the ECJ decided that the relationship between socially useful workers and the public authorities for whom they carry out their activities may be considered by a Member State as outside the scope of the protection of the Directive.

In **Case C-586/10**[63] the ECJ ruled that a temporary need for replacement staff may constitute objective reasons justifying successive renewals of fixed-term employment contracts, even if this need for replacement staff is recurrent or even permanent in nature; however, all the circumstances of the case, including the number of renewals and the cumulative duration of fixed-term employment with that employer, need to be considered.

In **Case C-272/10**[64] the ECJ ruled on the legality of imposing time limits for introducing requests to convert undue successions of fixed-term contracts into permanent employment.

In **Case C-556/11**[65] the ECJ ruled that the non-discrimination requirement did not allow the refusal to pay a 'six-yearly continuing professional education increment' to fixed-term professors when their work was not different from that of professors having a civil servant status.

In **Joined Cases C-302/11 to C-305/11**[66] the Court ruled that the non-discrimination requirement prohibits rules that prevent relevant periods of service of fixed-term staff from being taken into account when that staff becomes part of the permanent staff, unless there are objective grounds for doing so.

In relation to **Directive 2003/88/EC (working time)**, nine rulings were issued

(54) Order of the Court of 18 March 2011. Montoya Medina.

(55) Judgment of the Court of 22 April 2010. Zentralbetriebsrat der Landeskrankenhäuser Tirols v Land Tirol.

(56) Judgment of the Court of 22 December 2010. Gavieiro.

(57) Order of the Court of 1 October 2010 — Affatato.

(58) Judgment of the Court of 11 November 2010 — Vino.

(59) Judgment of the Court of 10 March 2011 — Kumpan.

(60) Judgment of the Court of 8 September 2011. Rosado Santana.

(61) Judgment of the Court of 8 March 2012. Martial Huet.

(62) Judgment of the Court of 15 March 2012. Giuseppe Sibilio.

(63) Judgment of the Court of 26 January 2012 — Kücük.

(64) Judgment of the Court of 18 January 2011 – Berkizi-Nikolaki.

(65) Judgment of the Court of 9 February 2012 – Lorenzo-Martinez.

(66) Judgment of the Court of 18 October 2012 – Valenza et al.

by the ECJ. This Directive lays down minimum general safety and health requirements for the organisation of working time.

In **Case C-243/09**[67] the ECJ decided that the Directive precludes national rules which allow a public sector employer to transfer a worker compulsorily to another service on the ground that he had asked that his average required weekly working time should comply with the maximum limit (48 hours) laid down in the Directive.

In **Case C-428/09**[68] the ECJ underlined that the minimum daily and weekly rest periods laid down by the Directive must apply to all workers, including persons employed under 'educational commitment contracts' carrying out casual and seasonal activities in holiday and leisure centres who were outside the scope of national rules transposing the Directive.

In **Case C-429/09**[69] the ECJ clarified the conditions under which a worker can seek reparation from a Member State for infringement of the Directive.

In **Case C-258/10**[70] the ECJ clarified the need for the physical presence of the worker and their availability to their employer for purposes of the qualification as working time.

In **Case C-519/09**[71] the ECJ confirmed that the concept of 'worker' includes an employee of a public law body who is subject to the rules applicable to public servants.

In **Case C-155/10**[72] the ECJ clarified which components of a worker's remuneration have to be taken into account for the purposes of calculating payment during annual leave.

In **Case C 214/10**[73] the ECJ ruled that where a worker has been unfit for work due to illness during several consecutive years, the Directive does not preclude fixing limits to the accumulation of his rights to carry over paid annual leave in respect of those years, subject to specified conditions.

In **Case C 282/10**[74] the ECJ decided that the Directive does not permit national rules whereby a worker who is unable to work due to illness throughout a calendar year loses her entitlement to paid annual leave unless she completes a minimum period of ten days' or one month's actual work during the reference period.

In **Case C-337/10**[75] the ECJ held that the Directive precludes national rules which limit the carryover period for minimum paid annual leave to nine months if their effect is that a worker who is absent from work due to illness during two successive years loses his rights without having any effective opportunity to take the leave in practice or to receive payment in lieu.

In **Case C 78/11**[76] the ECJ decided that the Directive precludes national provisions under which a worker who becomes unfit for work during a period of paid annual leave is not entitled to take the missed paid annual leave (the days which coincided with the period of unfitness for work) at another time.

In **Joined Cases C 229/11 and 230/11**[77] the ECJ decided that it is not contrary to Article 31(2) of the Charter of Fundamental Rights of the European Union and Article 7(1) of Directive 2003/88/EC for an undertaking and its works council to conclude a social plan providing for paid annual leave entitlements to be reduced pro rata during a period of short time working where the worker's obligation to work was entirely suspended and the worker could effectively use the time to rest or engage in recreational or leisure activities. In these circumstances, the worker's situation is comparable to that of a part-time worker rather than a worker who is incapacitated by illness, and application of the *pro rata temporis* principle is appropriate.

In relation to **Directive 2008/94/EC (insolvency of the employer)** three judgements were rendered. This Directive aims to protect workers in case of insolvency of the employer by requiring Member States to establish institutions that guarantee the payment of unpaid salaries.

In Case **C-30/10**[78] the ECJ ruled that an employee who, alone or together with close relatives, within the six months preceding the application for a declaration of insolvency, was the owner of an essential part of the undertaking or business concerned and had a considerable influence on its activities may be excluded from the protection of the Directive.

In **Case C-477/09**[79] the ECJ ruled that according to Directive 80/987/EEC (the Directive abrogated by Directive 2008/94/EC which was in force at the time of the events), in a case of cross-border insolvency the guarantee institution responsible for the payment of the employee's outstanding claims was that of the Member State where the employer was established and towards the financing of which the employer contributed.

(67) Judgment of the Court of 14 October 2010. Fuß.

(68) Judgment of the Court of 14 October 2010 Union syndicale 'Solidaires Isère'.

(69) Judgment of the Court of 25 November 2010 Günter Fuß v Stadt Halle.

(70) Order of the Court of 4 March 2011. Nicuşor Grigore.

(71) Order of the Court of 7 April 2011. Dieter May.

(72) Judgment of the Court of 15 September 2011. Williams and Others. (The case concerns the Civil Aviation Working Time Directive (directive 2000/79/EC), but it was decided on the basis that the relevant provision is identical to that contained in Directive 2003/88/EC.).

(73) Judgment of the Court (Grand Chamber) of 22 November 2011. KHS AG.

(74) Judgment of the Court (Grand Chamber) of 24 January 2012. Dominguez.

(75) Judgment of the Court, 3 May 2012, Neidel.

(76) Judgment of the Court of 21 June 2012. ANGED.

(77) Judgment of the Court of 8 November 2012. Heimann, Toltschin.

(78) Judgment of the Court of 10 February 2011. Andersson.

(79) Judgment of the Court of 10 March 2011. Defossez.

In **Case C-435/10**[80] the ECJ decided that the Directive precludes a national rule which, in order to benefit from the intervention of the guarantee institution, obliges employees to register as jobseekers in the event of the insolvency of their employer.

In relation to **Directive 2002/14/EC (information and consultation of employees)**, the ECJ delivered one judgment. This Directive establishes a general framework setting out minimum requirements for the right to information and consultation of employees in undertakings within the Community.

In **Case C-405/08**[81] the ECJ decided that, provided that the protection against dismissal granted to an employee representative by a collective agreement is not lower than that granted by the national legislation implementing the Directive, the Directive does not require that all employees' representatives be given the same protection against dismissal.

In relation to **Directive 98/59/EC (collective redundancies)**, the ECJ delivered two judgements. This Directive requires employers to consult staff representatives in the case of collective redundancies. It specifies the issues which these consultations must cover and the information which the employer is required to provide during the consultations. In addition, the Directive establishes the procedure and practical arrangements for collective redundancies.

In **Joined Cases C-235/10 to C-239/10**[82], the ECJ ruled that the Directive applies to a termination of the activities of an employing establishment as a result of a judicial decision ordering its dissolution and winding up on grounds of insolvency, even though, in the event of such termination, national legislation provides for the termination of employment contracts with immediate effect. It also ruled that in that event, the obligations imposed by the Directive must be fulfilled by the management of the establishment (if it is still in place) or by the liquidator.

In **Case C 583/10**[83] the ECJ ruled that it does not have jurisdiction to reply to the preliminary question referred by the UK Court of Appeal. The ECJ decided that civilian staff of a military base is excluded from the scope of application of Directive 98/59/EC since the latter does not apply to workers employed by public administrative bodies or other equivalent bodies which include armed forces.

8.3. Health and safety of workers

8.3.1. Occupational Safety and Health (OSH) Strategy

On 27 April 2011, the Commission adopted a staff working paper 'Mid-term review of the European strategy 2007–2012 on health and safety at work'[84]. This mid-term review confirmed the continuous need for action to protect Europe's workers: according to the available data from 2007, more than 5 500 workers die every year in the EU due to work-related accidents. Almost 3 % of workers had a serious accident at work, and 8.6 % of workers— 23 million people across the EU— reported a work-related health problem. This resulted in around 450 million lost working days due to accidents and work-related health problems. The mid-term review showed clearly that the priorities of the strategy remain broadly appropriate. On 15 December 2011, the European Parliament adopted a resolution on this mid-term review, with a number of recommendations and proposals for the Commission, Member States and social partners[85]. It underlined the importance of continued action to improve health and safety at work at the EU level.

As regards the final evaluation of the current strategy and the preparation of possible EU priorities in this area, both the Advisory Committee on Safety and Health at Work and the Senior Labour Inspectors' Committee have adopted opinions on the strategic priorities for the period 2013–2020.

8.3.2. Ex-post evaluation

In accordance with Article 17a (2) of Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work, as modified by Directive 2007/30/EC, the Commission adopted on 20 December 2011 a decision on the structure and a questionnaire for the single report to be submitted by the Member States on the practical implementation of the EU directives on safety and health of workers[86].

Under a newly established five-yearly exercise, by the end of 2015 at the latest the Commission will produce a report based on a comprehensive review of the EU health and safety directives. The report will be based on the above-mentioned national reports and a report by an independent external contractor. In addition, the Commission will use the experience it has gained from monitoring the transposition and application of the directives in the Member States. The Commission report will contain the results of the evaluation and, if necessary, any initiatives to improve the operation of the regulatory framework.

(80) Judgment of the Court of 17 November 2011. Van Ardennen.

(81) Judgment of the Court of 11 February 2010. Ingeniørforeningen i Danmark.

(82) Judgment of the Court of 3 March 2011. Claes.

(83) Judgment of the Court of 18 October 2012. USA v Nolan.

(84) SEC (2011) 547 final.

(85) 2011/2147(INI).

(86) Commission Decision C/2011/9200 of 20 December 2011 notified to Member States on 21 December 2011 on defining the structure and questionnaire for the practical implementation report to be drawn up by the Member States regarding Directive 89/391/EEC, its individual directives, and Directives 2009/148/EC, 91/383/EEC, 92/29/EEC and 94/33/EC.

8.3.3. Electromagnetic fields

On 14 June 2011, the Commission adopted a proposal [87] to replace the current Directive 2004/40/EC [88] on minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields). Since the adoption of the Directive and prior to the original deadline for transposition into national law, concerns had been expressed by stakeholders, in particular the medical sector, using the magnetic resonance imaging technique, as they believed that some of its provisions, in particular those relating to the exposure limiting system, would unduly hamper their activities. In preparing the proposal, the Commission examined the situation, carried out stakeholder consultations and took account of the latest scientific recommendations.

As the discussions on the proposal by the European Parliament and the Council are still on-going, on 19 April 2012 the co-legislators adopted Directive 2012/11/EU postponing by one and a half years, until 31 October 2013, the deadline for the transposition of Directive 2004/40/EC to allow more time to finalise the legislative process [89].

8.3.4. Classification, labelling and packaging of chemical substances

On 18 January 2011, the Commission launched the second-stage consultation of the social partners at the EU level on the need to adapt EU directives to Regulation (EC) No 1272/2008 on the classification, labelling and packaging of substances and mixtures. This Regulation lays down new requirements aiming to implement, within the European Union, the United Nations Globally Harmonised System for chemical classification and labelling.

Five EU directives on health and safety at work refer to chemical classification and labelling requirements. It is necessary to amend these five directives to ensure that the current level of worker protection is maintained. The directives are Directive 98/24/EC (chemical agents), Directive 2004/37/EC (carcinogens and mutagens), Directive 92/58/EEC (safety signs), Directive 92/85/EEC (pregnant workers) and Directive 94/33/EEC (young people at work).

The adoption of this initiative is likely to take place at the end of 2012 or the beginning of 2013.

8.3.5. Exposure to asbestos

Practical guidelines for the information and training of workers involved with asbestos removal or maintenance work have been published by the Commission services. The aim of these guidelines is to raise awareness among employees and employers of the risks related to the handling of asbestos-containing products in their daily working environments and to motivate them to take preventive action to protect themselves and the environment from the risk related to asbestos fibres.

8.3.6. Musculo-skeletal disorders

The Commission is pursuing its work to address all significant ergonomic risk factors at work to protect workers in all sectors of activity from work-related musculoskeletal disorders (WRMSDs).

WRMSDs are one of the major safety and health problems the European Union faces today. They affect both women and men and all sectors of activity across the EU. According to information from Eurostat [90], work-related MSDs are the main work related-health problem, accounting for 60% of all work-related diseases in the EU-27.

8.3.7. Environmental tobacco smoke

The Commission had launched on 10 December 2008 a first stage consultation of the social partners at the EU level on the protection of workers from risks related to exposure to environmental tobacco smoke at the workplace. This consultation of the social partners regarded the possible direction of an EU initiative. Following an analysis of the responses received, an analytical document is being prepared to accompany the second stage consultation of the social partners. It is expected that this consultation will be launched at the end of 2013.

8.3.8. Agriculture

A non-binding guide to best practice with a view to improving the application of related Directives on protecting the health and safety of workers in agriculture, livestock farming, horticulture and forestry was been published in June 2012 [91]. The guide is designed to assist the land workers to better understand their role and responsibilities in complying with the health and safety Framework Directive 89/391/EEC and a number of individual Directives.

[87] COM (2011) 348.

[88] OJ L 159, 30.4.2004, p. 1.

[89] The transposition period ending on 30 April 2008 was earlier prolonged by four years by Directive 2008/46/EC.

[90] Eurostat 2007 European Labour Force Survey, Ad hoc module on accidents at work and work-related health problems.

[91] http://ec.europa.eu/social/BlobServlet?docId=7802&langId=en.

8.3.9. Extractive industries

A study is underway since January 2012 to update the information contained in the Commission Report on the practical implementation of Health and Safety Directives 92/91EEC (mineral extraction through drilling) and 92/104/EEC (surface and underground mineral extraction)[92]. Final results are expected by February 2013.

The study intends to review the provisions and the application of Directive 92/91/EEC, in particular the provisions on offshore oil and gas activities. It is related to the Commission proposal for a Regulation of the European Parliament and of the Council on the safety of offshore oil and gas prospection, exploration and production activities[93].

The study aims to indicate whether changes to the Directive are required, particularly as regards extraction by drilling in the offshore industry.

8.3.10. Hairdressing sector

On 26 April 2012 representatives of the European Union's employers and trade unions in the hairdressing sector signed an agreement on the health and safety of workers in this sector which builds on existing national best practices in the Member States that are effective in reducing occupational health risks. It addresses, in particular, specific risks such as the use of materials, products and tools to protect the skin and respiratory tract and the need for sufficient space and ventilation in salons where chemical substances are transferred or mixed.

For more details on this agreement and on developments in European social dialogue, see Chapter 7 of this report.

8.3.11. Statistics

On 11 April 2011, the Commission adopted Regulation (EU) No 349/2011 implementing Regulation (EC) No 1338/2008 of the European Parliament and of the Council on Community statistics on public health and health and safety at work, as regards statistics on accidents at work[94]. The Regulation specifies that Member States must transmit to the Commission data on persons who had an accident in the course of work during the reference period. This legal act replaces the collection of data on accidents at work from administrative sources carried out so far on the basis of gentlemen's agreement. It is accompanied by Commission Decision 2011/231/EU granting derogations to certain Member States with respect to the transmission of data due to the need for major adaptations to national administrative and statistical systems in order to comply in full with Regulation (EC) No 1338/2008[95].

As regards the survey data collection on health and safety at work, on 16 March 2010 the Commission adopted Regulation (EC) No 220/2010 defining the programme of the Labour Force Survey ad hoc modules for 2013 to 2015[96]. For the reference year 2013, the programme includes a module on accidents at work and other work-related health problems.

8.4. Conclusion

During the period 2010–2012, emphasis has been placed on the evaluation and adaptation of the legislative framework in line with 'smart' regulation principles and the Europe 2020 strategy. This work led to the presentation of the legislative initiatives in the area of posting of workers. The proposal for an Enforcement Directive aims to improve the implementation, monitoring and compliance with the current Directive on the posting of workers whilst the proposal for a Regulation aims to clarify the relationship between fundamental rights and freedoms. Following reasoned opinions of the national parliaments of 12 Member States, the Commission withdrew the latter proposal, considering that it is unlikely to gather the necessary political support within the European Parliament and Council to be adopted.

During 2010–2012 the Commission also started work regarding the ex-post evaluation of the EU health and safety Directives. For the first time, a whole area of social policy will be evaluated. In this context, the Commission laid down in 2011 the structure of the national reports which have to be submitted in preparation for this evaluation.

Evaluation work is also ongoing on the Directives on information and consultation of workers at the national level to ensure that they are fit for their purpose (fitness check). Evidence-based research and consultations with stakeholders are expected to inform the Commission's assessment on the effectiveness of these instruments, in particular against the background of the current crisis. Studies have been also commissioned regarding the operation, application and effects of the EU Directives on part-time and fixed-term work, in order to underpin the Commission's evaluation of these acts.

The social partners at European level have been very active in concluding several European agreements (in particular on working conditions on board fishing vessels and passenger or cargo transport ships in inland waterways). A further European agreement was concluded by the European social partners regarding health and safety in the hairdressing

(92) COM(2009) 449 final.
(93) COM(2011) 0688 final.
(94) OJ L 97, 12.4.2011, p. 3.
(95) OJ L 97, 12.4.2011, p. 47.
(96) OJ L 67, 17.3.2010, p. 1.

Box 8.2: Significant judgements regarding EU legislation in the field of health and safety at work in 2010–2012

Nussbaumer[1]**:** in a ruling on national legislation which provided for a derogation from the requirement to appoint a coordinator for private construction works not subject to planning permission, the European Court of Justice (ECJ), interpreting Article 3(1) of the Construction Sites Directive 92/57/EEC, confirmed that a coordinator for safety and health matters must always be appointed for a construction site on which more than one contractor is to be present, irrespective of whether the works are subject to planning permission. Such a coordinator is to be appointed at the project preparation stage or, in any event, before the works commence.

In addition, while national legislation regarding private construction works not subject to planning permission required the coordinator to draw up a safety and health plan only for such sites where more than one contractor is engaged, the ECJ held that, pursuant to Article 3(2) of the Directive, prior to the setting up of a construction site, a safety and health plan must be drawn up for any construction site on which the works involve particular risks, such as those as listed in the Directive, the number of contractors present on the site being irrelevant in that connection.

Barcenilla Fernández[2]**:** In a case concerning workers working on a stone-cutting machine with a noise level exceeding 85 dB(A), the ECJ declared that, pursuant to the Noise Directive 2003/10/EC, it is not sufficient for an employer merely to provide the workers with individual hearing protectors reducing the noise level to below 80 dB(A). The Directive instead requires employers to implement a programme to reduce noise exposure if the noise level exceeds 85 dB(A), measured without taking account of any individual hearing protection. Only if such a programme does not reduce the noise levels is there an additional obligation for the employer to provide individual hearing protection to workers.

Kolbeinsson[3]**:** This interpretative ruling of the EFTA Court regarded a workers' claim for compensation after having been injured following a fall at a construction site where no measures had been taken by the employer. The Court first confirmed that Framework Directive 89/391/EEC establishes the principle that the employer bears the main responsibility for safety and health in workplaces. Interpreting the Framework Directive and the Construction Sites Directive 92/57/EEC, the Court further held that, in a situation where an employer does not on their own initiative comply with rules on health and safety at the workplace, such as protection against falling from a height, the worker cannot be held liable for all the losses suffered as a result of an accident at work, even if they were partly at fault. This is different if there are exceptional circumstances such as when the worker has caused the accident wilfully or by acting with gross negligence. Finally, the Court ruled that under certain conditions Member States may be held liable if they do not respect these employer-worker liability rules.

(1) Judgement of 7 October 2010 in case C-224/09, European Court reports 2010, page I-09295.

(2) Judgement of 19 May 2011 in cases C-256/10 and C-261/10, not yet reported.

(3) Judgement of 10 December 2010 in case E-2/10, EFTA Court report 2009-2010, p. 234.

sector. These examples illustrate the important role which social partners can play in designing working conditions which are well-tailored to the specificities of particular sectors. The European cross-industry social partners were also negotiating on the review of the working time Directive; however, those negotiations ended without an agreement at the end of 2012.

In the field of health and safety in the workplace, the Commission continues its work on the evaluation of the European strategy in this area in preparation of the new strategy covering the period 2013–2020. It pursues its efforts aiming at adapting the existing legislative framework to emerging or specific risks (electromagnetic fields, musculo-skeletal disorders, and environmental tobacco smoke). It prepares practical guides for better information and application of the relevant legislation (exposure to asbestos and agriculture).

In the coming months, the Commission will further pursue its proposals which are currently pending before the EU legislature. It will also continue to closely involve the European social partners. Finally, it will also continue its efforts to monitor the effective implementation and enforcement of EU labour legislation. All this work is guided by the overall goals of the EU's social policy: the promotion of employment, improved living and working conditions and proper social protection.

Annex: Transposition of European directives on employment, December 2012

Directives	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
1. LABOUR LAW																											
Directives in force:																											
91/383 - temporary employment	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
91/533 - written statement	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
94/33 - protection young people at work	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
96/71 - posting of workers	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
97/81 - part-time work (98/23-UK)	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	NA
98/23 - extension 97/81 to UK	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	OK
98/59 - collective redundanies (codification)	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
99/63 - working time of seafarers	OK	OK	EX	EX	EX	OK	OK	EX	OK	OK	OK	OK	EX	OK	OK	EX	OK	EX	EX	OK	EX	OK	EX	OK	EX	EX	OK
99/70 - fixed-term work	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
00/79 - agreement on working time civil aviation	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
00/34 -certain aspects of the organisation of working time to cover sectors and activities excluded from that Directive	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
01/23 - transfer of undertakings (codification 77/187 et 98/50)	OK	OK	EX	EX	OK	OK	OK	EX	OK	OK	OK	OK	EX	OK	OK	EX	OK	EX	EX	OK	EX	OK	EX	OK	EX	EX	OK
01/86 - involvement employees - statute European company	EX	OK	EX	OK	OK	OK	OK	OK	OK	OK	EX	OK	EX	OK	OK	OK	OK	OK	EX	OK	OK	OK	EX	EX	OK	EX	OK
02/14 - information and consultation of employees	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	OK
02/74 - protection of employees in the event of the insolvency of their employer	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX
03/72 - cooperative societies	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
03/88 - working time	OK	OK	EX	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	EX	OK	OK	OK	EX	OK	OK	OK	OK
05/47 - european railways	CP	EX	OK	NA	CP	EX	OK	OK	EX	EX	EX	EX	EX	EX	EX	EX	OK	EX	NA	OK	OK	EX	OK	OK	OK	OK	CP
05/56 - cross border mergers	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
08/94 - insolvency employer (codification 80/987)	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	NC	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
08/104 - temporary agency work	CP	OK	OK	NC	OK	OK	NC	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	NC	OK	OK	OK
09/38 - European Works Council	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	NC	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Directive whose implementation deadline has not yet expired																											
09/13 - agreement Maritime Labour Convention (amending 99/63)																											
2. FREE MOVEMENT OF WORKERS																											
Directives in force:																											
98/49 - supplementary pensions rights	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
3. HEALTH AND SAFETY AT WORK																											
Directives in force:																											
83/477 - asbestos (to be repealed 04/01/2011)	OK	OK	OK	NA	NA	OK	OK	NA	OK	OK	OK	OK	NA	OK	OK	NA	OK	NA	NA	OK	NA	OK	OK	OK	NA	NA	OK
89/391 - framework directive health and safety at workplace	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
89/654 - work places	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
89/656 - personal protective equipment	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

gif

Directives	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK
90/269 - manual handling of loads	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
90/270 - display screen equipment	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
91/322 - chemical, physical and biological agents	OK	OK	OK	OK	OK	OK	OK	OK	NA	NA	OK	NA	OK	OK	OK	OK	OK	OK	OK	NA	OK	NA	OK	OK	OK	OK	OK
91/382 - asbestos (amending 83/477) (to be repealed 04/01/2011)	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
92/104 - mining	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
92/29 - medical assistance on board of vessels	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
92/57 - construction	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
92/58 - health and safety signs	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
92/91 - drilling	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
93/103 - work on board fishing vessels	NA	OK	OK	OK	NA	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	NA	OK	OK	OK	OK	OK	OK	OK	OK	NA	OK
98/24 - chemical agents 5	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
99/92 - explosive atmospheres	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
00/39 - chemical agents	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
00/54 - biological agents [codification]	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
02/44 - vibration	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
03/10 - noise	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	CP	OK	OK	OK	OK
03/18 - asbestos (amending 83/477) (to be repealed 04/01/2011)	OK	OK	OK	OK	OK	OK	OK	CP	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
04/37 - carcinogens	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
04/40 - electromagnetic fields (deadline: 30/04/2012)	EX	NC	NC	NC	EX	NC	NC	EX	NC	NC	NC	NC	NC	NC	EX	EX	NC	EX	NC	NC	NC	NC	NC	NC	NC	EX	NC
06/15 - occupational exposure (deadline: 01/09/2007)	CP	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
07/30 - practical implementation reports	OK	OK	OK	OK	OK	OK	OK	OK	OK	NA	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
06/25 - physical agents (deadline: 27/04/2010)	OK	OK	OK	OK	OK	OK	OK	CP	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
08/46 - amending 04/40 electromagnetic fields	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
09/104 - work equipment (codif 89/655) (no time limit for transpos.)	EX	EX	NC	NC	OK	OK	EX	NC	OK	OK	EX	NC	NC	NC	NC	NC	NC	OK	NC	NC	NC	NC	NC	NC	NC	EX	NC
09/148 - asbestos (no time limit for transposition)	EX	NC	NC	OK	OK	OK	NC	NC	NC	OK	NC	NC	NC	OK	NC	NC	NC	OK	NC	NC	EX	NC	NC	NC	NC	OK	NC
09/161 - 3rd list exposure limit values (deadline 18/12/2011)	CP	EX	EX	OK	OK	EX	EX	EX	OK	EX	EX	OK	EX	EX	EX	EX	EX	EX	OK	EX	EX	OK	OK	EX	EX	EX	CP
Directive whose implementation deadline has not yet expired																											
10/32 - prevention from sharp injuries in the hospital and healthcare sector (deadline 11/05/2013)																											
12/11 - minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (deadline 31/10/2013)																											
Partial communication	CP																										
Notification ongoing; examination by the service responsible	EX																										
Not applicable to the Member State	NA																										
No communication of national legislation	NC																										
Communication complete	C																										

gif

European Commission

Industrial Relations in Europe 2012

Luxembourg: Publications Office of the European Union

2013 — 251 pp. — 21 × 29.7 cm

ISBN 978-92-79-26920-2
ISSN 1680-3515
doi:10.2767/83870

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
  via EU Bookshop (http://bookshop.europa.eu);
- more than one copy or posters/maps:
  from the European Union's representations (http://ec.europa.eu/represent_en.htm);
  from the delegations in non-EU countries (http://eeas.europa.eu/delegations/index_en.htm);
  by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm) or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

  (*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

KE-AS-12-001-EN-C

This report reviews trends and developments in the relationship between workers, employers, their respective representatives and public authorities at national and EU level during 2010-12. It looks at how the continuing crisis and reforms implemented in response may be having a more fundamental impact on industrial relations, as conflict is increasing. In certain countries, fiscal consolidation has resulted in unfavourable settings for social dialogue, especially in the public sector, where reforms have been accelerated. Despite this the report concludes that structured social dialogue is still the right approach for building consensus and ensuring the sustainability of economic and social reforms.

This publication is available in printed format in English only. The Executive Summary is available online in 23 language versions.

You can download our publications or subscribe for free at
http://ec.europa.eu/social/publications

If you would like to receive regular updates about the Directorate-General for Employment, Social Affairs and Inclusion sign up to receive the free Social Europe e-newsletter at
http://ec.europa.eu/social/e-newsletter

https://www.facebook.com/socialeurope

https://twitter.com/EU_Social

Publications Office

ISBN 978-92-79-26920-2

doi:10.2767/83870