The Effects of Institutional Change and Reform of Social Dialogue in Europe: The Good, the Bad, and the Ugly

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Abstract. The institutional framework of social dialogue changed and transformed significantly since the economic crisis. In Europe, some of the changes in industrial relations and social dialogue during the economic crisis have been in train for some time, of which others were accelerated and intensified because of the crisis and others were clearly induced by the economic crisis. The main aim of this paper is the analysis of the impact and effects of different institutional changes and reforms on socio-economic aggregates and it is asked if the changes and reforms had a positive, neutral or negative effect in coping with the economic crisis. Different to previous literature on the outcomes and performance of industrial relations institutions, which is dominated by a rather instrumental perspective of the efficacy and functioning of institutions, we are integrating a procedural perspective which considers the effects of institutional change by itself. It is argued that even though, from an instrumental perspective, institutional change might be advantageous the overall effect might be compensated by a negative procedural effect which is caused by an increase of institutional uncertainty and instability. The hypotheses are tested by a mixed method approach on the basis of data collected from 2008 to 2013 for the member countries of the European Union. Both long-term and short-term effects are investigated as well as specific, i.e. individual, institutional and ‘bundles’, i.e. combinations, of institutional reforms. The paper concludes by highlighting the relevance of the findings for current attempts to change the institutional framework of industrial relations and social dialogue by the European Commission.

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