

Impact of the crisis on industrial relations and working conditions in Europe



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Other

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Glossary

EU LFS	EU Labour Force Survey
EQLS	European Quality of Life Survey
EWCS	European Working Conditions Survey
ESS	European Social Survey
GDP	Gross domestic product

Authors: Christian Welz and Oscar Vargas (Eurofound, Dublin), Andrea Broughton (Institute for Employment Studies, London), Guy Van Gyes, Lise Szekér (HIVA-KU, Leuven), Maurizio Curtarelli, Karel Fric, Peter Kerckhofs and Sarah Diemu-Trémolières (Eurofound, Dublin)

Research managers: Christian Welz, Oscar Vargas, Maurizio Curtarelli, Karel Fric and Peter Kerckhofs

Eurofound project: The impact of the crisis on industrial relations and working conditions

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Executive summary

Introduction

This report maps the impact of the global financial, economic and public debt crisis on industrial relations and working conditions at national level in the EU Member States from 2008 to end 2012. The impact of the crisis on industrial relations is mapped with regard to the actors, processes and outcomes. Working conditions, covering the EU27 and Norway, maps the impact on employment conditions, working time arrangements and work–life balance, work organisation and psychosocial risks and on health and well-being at work. It uses comparative national-level information and data from Eurofound's European Working Conditions Survey (EWCS) and European Quality of Life Survey (EQLS), the European Social Survey (ESS) and the EU Labour Force Surveys (EU LFS).

Policy context

Since late 2008, a global recession has affected the entire European economy, impacting more on some countries than on others. This economic crisis and the related impact on industrial relations and working conditions are changing the world of work in Europe. The EU's new economic governance measures have had a varying impact on individual Member States and their system of industrial relations and working conditions. Fiscal and macroeconomic measures, such as the Euro Plus Pact, aim at achieving stronger economic coordination for competitiveness and convergence. In addition, the effect of the Troika memoranda on the Member States that requested additional financial assistance has been more marked than on other Member States due to the stringent fiscal monitoring and debt reductions required for those countries.

Key findings

Two phases of the crisis

Despite country-level variations, the different European systems of industrial relations weathered the economic and social impact of the early phase of the crisis (2008–2010). Countries with strong social dialogue and/or industrial relations systems displayed better cooperation between the state, employers and employees. As for the second phase of the crisis (2010–2012), there have been many significant impacts of the crisis on a range of aspects of industrial relations, although in many cases it is difficult to disentangle the impact of the crisis from other longer-standing national industrial relations trends.

Accelerated decentralisation of collective bargaining

The clearest finding has been an accelerated trend towards decentralisation in collective bargaining in many countries. The collective agreement itself is manifestly at risk and articulated multiemployer bargaining has come under further threat due to the ongoing crisis. Other changes have taken place in regard to collective bargaining and its related mechanisms: fewer extension mechanisms, more opt-out and derogation clauses, less favourability and more non-continuation of collective agreements upon expiry. The crisis has provoked a revision of these mechanisms in a number of Member States, in particular those severely hit by the downturn.

New social movements

Another interesting development in some countries, particularly those in the most difficult financial circumstances, has been the emergence of new social movements (for example, the so-called 15-Movement, or Indignados movement, in Spain, 'associations of persons' in Greece and other social movements in Portugal and Slovenia).

Less work, less training and working time changes

Overall, the crisis has resulted in less work, with jobs being cut. The first phase of the crisis was also characterised by a reduction in working time and more part-time work because there was less economic activity. In the second phase, there were contrasting developments in average working hours related to the extent of the crisis effect in the country. The share of workers participating in training dropped only slightly during the crisis, but the profile of training has changed: it is now more focused on the technical job requirements and less on transversal competencies unrelated to the job. Most

Member States also reported a decline in overtime, especially paid overtime. There was an increase in unpaid overtime in some countries. The policies of short-time working schemes and working time accounts had an additional impact on the reduction in the average working hours.

Job insecurity and consequences for workers' well-being

The crisis has caused an increase in job insecurity, with the negative consequences of this insecurity on well-being and health scientifically acknowledged. Generally, it leads to increased levels of stress, adverse social behaviour and other psychosocial disorders. An increase in stress at work is reported, although this cannot always be linked to the crisis.

Less choice, less mobility and more undeclared work

The crisis diminishes workers' choices. Atypical employment (part-time work or temporary work) is chosen involuntarily because there is no other employment. This phenomenon has risen significantly since the crisis. Career mobility is negatively influenced by a crisis situation. Job-to-job mobility is much lower, since workers tend to stay in their current job. Extreme forms of this 'less choice' situation are that people in some Member States are again being pushed into the informal economy or have to look abroad to find a decent job and living.

'Not all in it together'

The economic crisis has not had the same effect on all groups of workers. Sectoral differences play a role, especially in countries where manufacturing and/or construction were hit harder by the crisis. There is also a discernible gender effect in the working conditions trends of many Member States, in part because manufacturing and construction – sectors with relatively more male workers – have been harder hit. In many of the working conditions trends identified in this report, there has been a greater change in the situation of men than of women.

More positive findings on other indicators

Most countries saw a drop in absenteeism. The rate of accidents at work went down between 2008 and 2009, but rose again in about half the countries between 2009 and 2010. Longitudinal comparative data from the EQLS and ESS suggest that job satisfaction has risen in Europe since the crisis. The negative effect of rising job insecurity is compensated for by the satisfaction of still having a job.

Policy pointers

There have been severe and, in some cases, potentially far-reaching and long-lasting effects of the crisis on industrial relations in the EU and Norway. These have triggered significant changes in the social partner structures and the relationship between them, in industrial relations processes (notably in terms of the decentralisation of collective bargaining) and in industrial relations outcomes (in terms of the length, format and type of agreements).

The report also examined whether the severity of the impact can be linked to the type of industrial relations system prevailing in a country. The principle of horizontal subsidiarity has been hollowed out in many of the Member States by more state unilateralism, and a certain degree of convergence towards the central and eastern European regimes of industrial relations can be observed.

The introduction or expansion of short-time working measures played a positive role in overcoming the first employment shock of the crisis in several countries. Subsequently, many countries have been focusing on new employment measures to get unemployed people back to work, on wage restraints to restore business competitiveness, and also on training. Efforts must continue to support low-skilled workers and young people in terms of their employability. At workplace level, social partners should aim to redesign work to help workers combat the negative psychosocial effects of the rise in job insecurity, job intensification, involuntary working and informal employment associated with the crisis.

‘Labour relations have always been sensitive to economic crises’

Brandl and Traxler, 2011.

Since late 2008, a global recession has affected the entire European economy, though to greater detriment in some countries than in others. This major crisis, triggered by the outbreak of the banking crisis of 2007–2008, is characterised by various systemic imbalances. After a slight recovery in 2010–2011, the European crisis continues. This economic crisis and the related impact on industrial relations and working conditions are changing the world of work in Europe.

This overview report is the final output of the 2012–2013 Eurofound research project, ‘The impact of the crisis on working conditions and industrial relations’. The objective of the project is to illustrate the extent to which the economic crisis has impacted on industrial relations and working conditions at Member-State level by presenting an overview and analysis of the reforms that have been introduced and examining their effect on industrial relations and working conditions at Member-State level.

The outputs comprise two reports on crisis-induced impacts on working conditions and industrial relations (Eurofound 2013b and 2013c) as well as two separate literature reviews on the subject.¹ These sub-components have been integrated into this final overview report.

The focus of this report is to map the impacts and consequences of the global financial, economic and public-debt crisis on industrial relations and working conditions at national level in the 27 EU Member States from 2008 to end 2012.

With regard to industrial relations, addressed in Part 1 of the report, the impacts of the crisis are mapped as follows:

- impact on actors, particularly public actors and social partner organisations;
- impact on processes, such as collective bargaining levels, decentralisation of collective bargaining, wage setting and mechanisms, industrial action and dispute resolution;
- impact in terms of outcomes of national industrial relations systems, focusing on collective agreements or other joint social-partner texts.

Part 2 of this report deals with the impact of the crisis on working conditions in the EU. The economic and financial crisis has also affected working conditions across the EU Member States and in Norway in different ways and to different extents. The pattern is of less work, reduced overall working time, less overtime, rising job insecurity, less choice for workers, wage freezes and wage cuts. There is also greater work intensity, deterioration of work–life balance, increasing stress at work, greater risk of harassment/bullying, less absenteeism, growth in the informal economy and changes to migration patterns. Since 2002, Eurofound has used a quality framework of employment and working conditions that includes the following dimensions: ensuring career and employment security; maintaining the health and well-being of workers; developing skills and competencies; and reconciling work–life balance (Eurofound, 2002). Part 2 focuses on the impact of the crisis on these dimensions mapping the impacts as follows:

- impact on working time arrangements and work–life balance;
- impact on work organisation and psychosocial risks;
- impact on health and well-being;

¹ The literature reviews are available on demand. To request a copy, please email web@eurofound.europa.eu

Part 2 is based not on empirical fieldwork, but on the scanning, comparison and interpretation of existing data material and research carried out at national or European level. It covers the 27 EU Member States and Norway and is based on the expert input of Eurofound's national correspondents to a structured questionnaire on the issue, sent to respondents in the autumn of 2012. The scope of the study is therefore the period from 2008 to mid-2012. Analysis of Eurofound's European Working Conditions Surveys (EWCS) and findings from the European Quality of Life Surveys (EQLS), the European Social Survey (ESS) and EU Labour Force Surveys (EU LFS) are used as additional comparative information when necessary. The picture provided is not systematic and exhaustive, but is limited to synthesising the material available.

Overall, one of the main difficulties the authors encountered was demonstrating direct causality between the crisis and a particular development or impact at national level, particularly if the impact has a link to an existing longer-term industrial relations trend – for example, decentralisation of collective bargaining. Impacts may also be related to incoming new governments (for example, Hungary) opting for paradigm shifts in the established industrial relations systems. Nevertheless, this report attempts to describe all the major impacts that have taken place in the context of the crisis or that may have been accelerated or exacerbated by the crisis.

Part 1

Impact of the crisis on industrial relations

Key drivers of impacts 1

By means of the so-called ‘new economic governance’,² the EU has been a key driver of impacts in industrial relations in the crisis period, particularly in the case of the ‘programme countries’.³ In relation to these countries, the EU has set a range of economic conditions to be met, which in turn have had a range of impacts on industrial relations. The EU also plays a role as a driver of impacts through the Employment Strategy and the European Semester process, in which it makes country-specific recommendations (CSRs) to Member States on various aspects of policies related to employment, labour market and collective bargaining as well as general industrial relations policy (Euractiv, 2010). In the framework of the European Semester, the European Commission drafts country-specific recommendations on general economic, structural, social and budgetary policies at Member State level, which are then adopted by the Commission and endorsed by the European Council. The following year, the Commission reports on and assesses if and how these recommendations have been implemented. Following from the above, an intensified downward pressure on national industrial relations systems would be expected, in particular in the programme countries.⁴

National instruments are also key drivers of impacts on industrial relations systems. In some cases, these national measures result from direct recommendations at EU level. In others, however, the measures are a national response to the crisis, involving actions such as cuts in public spending or changes to welfare and employment legislation. Finally, the social partners continue to play a role in industrial relations in many countries, although this role may be changing. The past few years have seen a number of initiatives begun by the social partners, or initiatives in which the social partners were involved, in a bipartite and tripartite manner, and at national and sectoral level.

Negotiated responses to the crisis in the EU are shaped by a variety of factors, of which the most important ones are ‘the make-up of national industrial relations systems, government support programmes, the economic situation of particular countries, sectors or companies, and the strategies of and interaction between unions and employers’ (Glassner and Keune, 2010b, p. 5).

The EU, troika and other external influences

The EU’s economic governance measures, which aim to stabilise the European Union’s economy in the context of the economic crisis, have had a varying impact on individual Member States. The impact of measures such as the ‘Six-pack’ of initiatives and the Euro Plus Pact depend on the extent to which individual economies are holding up during the crisis.⁵ The Six-pack entered into force in December 2011; it comprises five regulations and one directive. It covers fiscal and macroeconomic surveillance under the new Macroeconomic Imbalance Procedure (MIP) and strengthens the EU’s Stability and Growth Pact. The Euro Plus Pact, adopted by the European Council in March 2011, commits signatories to stronger economic coordination for competitiveness and convergence, with concrete goals agreed and reviewed on an annual basis by heads of state or government. The pact is integrated into the European Semester cycle of policy governance and the Commission monitors the implementation of commitments.

² <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/europeaneconomicgovernance.htm>.

³ Greece, Ireland, Portugal and Cyprus, the countries engaged with the troika of the European Commission, European Central Bank and the International Monetary Fund.

⁴ <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/europeansementer.htm>.

⁵ The Euro Plus Pact was signed by the euro zone Member States plus Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania. The Czech Republic, Hungary, Sweden and the UK did not join.

The Euro Plus Pact explicitly claims that it will respect the national traditions of social dialogue and industrial relations, but it will also review wage-setting mechanisms, indexation mechanisms, the degree of centralisation of collective bargaining and public sector pay (European Council, 2011, Annex 1; Barnard, 2012, p. 106).

The recommendations made by the European Commission in the framework of the European Semester specifically concerning the wage levels or the wage-setting mechanisms have incrementally increased the pressure on the national industrial relations systems. According to Eurofound (2013g), eight Member States received recommendations from the European Commission in relation to their wage policies for the period 2013 to 2014 – for example, to review or reform the existing wage-setting mechanisms in consultation with the relevant social partners (Belgium, Italy, Luxembourg as well as Malta, regarding its indexation systems). For Finland and Slovenia, the main recommendation is that wage growth should support competitiveness and job creation; France should lower the cost of labour, while Germany was asked to align wage growth supports with domestic demand. Within the European economic governance, ‘Member States lose their voluntary character and reach a higher degree of liability’ (Eurofound, 2013e; see also Schulten and Müller, 2013; Degryse, 2012; Degryse, Jepsen and Pochet, 2013). Finally, in its Communication, the Commission calls for the modernisation of wage-setting systems to align wages with productivity developments (European Commission, 2013b; Eurofound, 2013e).

In addition to the EU economic governance, the impact of the troika memoranda on the EU Member States that have requested additional financial assistance (Greece, Ireland, Portugal, Romania and Spain) has been even more marked, if not ‘intrusive’ (Barnard, 2012, p. 110; Degryse, 2012), due to the more stringent fiscal monitoring and debt reductions required for these countries. According to Clauwaert and Schömann:

the EU, as party to the memorandum of understanding signed with Greece, Ireland and Portugal and also as party to additional financial programmes supporting European member states (Latvia, Romania) is putting so much pressure on the member states to reform their labour law and social protection, using the vague wording of the Treaty to support such reforms (see Art. 122.2 TFEU).

(Clauwaert and Schömann, 2012, p. 16)

Governments

According to the Eurofound report *Social dialogue in times of global economic crisis* (Eurofound, 2012c), Member States implemented a range of instruments designed to mitigate the crisis. These have had different impacts, largely depending on the starting point of the country concerned. Yet by and large, the 2012 report concludes that in the early phase of the crisis (2008–2010), social dialogue was in a position to weather the storm to a good extent. Some of the key findings of the study are summarised below.

With regard to social dialogue and industrial responses to the crisis, this Eurofound research reveals that a key determinant in the success or failure of social dialogue is the extent to which government lends its support to the process and the degree to which relationships between the actors, pre-crisis, were coherent and legitimate. The research also demonstrates that the national political context – as well as the internal strategies of, and the relationships between, the social partners – contributes significantly to the approach of the parties and the development of discussions between the social partners. It is also possible to confirm that the institutional industrial relations environment within Member States contributes to the success or failure of social dialogue and that a wide range of institutions and relationships have been well and truly stress tested.

The following section will highlight the main national instruments that have been implemented in the areas of wage indexation, centralisation of collective bargaining, public sector pay and other instruments.

There is significant evidence from both the previous Eurofound report (Eurofound, 2013b) on this subject and the literature review of state intervention in decentralisation processes of collective bargaining – in some, this was a direct response to EU-level recommendations (Greece, Ireland, Portugal and Spain). This decentralisation has taken the form of movement away from sector-level to company-level bargaining and the introduction or increased use of opening clauses, which allow company-level agreements to deviate from sectoral agreements. There have also been moves to shorten the period of validity of expired collective agreements in countries where this takes place; in addition, extension mechanisms have been much less used.

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

The public sector has borne the brunt of pay cuts and pay freezes, with evidence of this in many Member States. Some countries have also been reducing the size of the public sector workforce as a way of cutting costs. Welfare and pension provision have also been reduced in many countries in line with a need to cut back on public spending. Common outcomes here are reductions in unemployment benefits and other welfare payments, and pension reforms that typically increase the retirement age and change the calculation of payments (Guardiancich, 2012). In some cases these measures are a direct response to the crisis, while in some Member States they are a response to requirements and recommendations from the EU. In others, the crisis appears to have accelerated trends that were already ongoing, such as pension reform and decentralisation of collective bargaining.

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

Finally, the current economic crisis has also redefined the role of the state, as the latter is ‘back as a key economic actor’ and has ‘been buying banks and companies in crisis’, but most importantly has developed ‘massive labour markets programmes to keep workers in employment, etc.’ (Glassner and Keune, 2010b, p. 1). Public policy responses to the crisis have played a big role ‘in shaping the environment for collective bargaining’ (Glassner and Keune, 2010b, p. 5).

Social partners

Two main phases can be identified as regards the reactions of the social partners in relation to the crisis: the first one was from early 2008 to end 2009 and the second one is from 2010 onwards.

The first period is characterised by a high degree of consensus across countries on the necessity of measures taken by the government to stimulate the economy. Nevertheless, there has been a divergence of views between social partners and employer organisations. Indeed, ‘employers organizations gave priority to ensuring access to credit for companies, measures which reduce labour costs and reductions in taxation. Trade unions tended to urge a larger fiscal stimulus and measures to sustain purchasing power and to boost public investment’ (European Commission, 2011, p. 76; see also Rychly, 2009, p. 27).

The second period is characterised by disagreements between employer organisations and trade unions ‘over the conditions required for business activity to be restored’ as well as over proposed austerity measures (European Commission, 2011, pp. 66–67).

The 2010 ILO report by Freyssinet comes to similar conclusions:

In some Member States with strong tripartite traditions, institutions initially played a positive role, making it possible to arrive at balanced compromises. They were then subject to growing tensions which threatened to endanger their capacity for regulation unless there was a quick end to the crisis.

(Freyssinet, 2010, p. 1. See in the same vein Gennard, 2009, p. 454;
Glassner and Keune, 2010a, 2010b; and Rychly, 2009, p. 27)

Industrial relations actors 2

This section describes the impact of the crisis on industrial relations actors – principally the public industrial relations actors (that is, the state and tripartite bodies) and the social partners at all levels (national, regional, sectoral and company level). As is often the case in comparative industrial relations, the results are diverse, encompassing issues such as reorganisations of social partners, changes in membership levels (both up and down), changes in the role and visibility of the social partners, and the changing role of the state as an industrial relations actor. Despite the difficulties that the crisis has caused and the strain that it has placed on the cooperation between the social partners in many ways, in some Member States trade unions have become more visible on account of their protesting stance. Again, the issue of causality is at stake in this chapter: it should also be noted that many developments had been planned before the crisis and so cannot be directly linked to the crisis.

An assessment by the CED of Bulgaria seems to hold true for a large majority of the 28 EU Member States regarding the impact: ‘The crisis and the strict austerity policy are seriously affecting the system of industrial relations both in terms of environment which results in a new balance of power distribution and in terms of the actors’ roles and behaviour within it’ (CED, 2012, p. 43).

Table 1: *Impact on the actors*

Impact on actors	Countries
Successful tripartite agreements in first phase of crisis (2008–2010)	BE, BG, CZ, EE, FR, LT, LV, NL, PL, PT
Breakdown of tripartite negotiations	BE (2011–2012), EL, ES, FI, HR, HU, IE, IT, LU, PL (2011–2012), SI
Reorganisation of public actors	EL, ES, HR, HU, IE, LU, RO
Reorganisation of bi-/tripartite bodies	CZ, BG, HU, NL, RO, SK
Decline in trade union density	CY, BG, DK, EE, LT, LV, SE, SI, SK, UK
Halt in trade union density decline or increase in trade union density	AT, CZ, DE, EE (for transport), LT
Changes to membership of employer bodies	CY (increase in membership), DE (increase in members not bound by collective agreement), LT (decline, followed by recent increase in membership)
Decreasing influence and visibility	BE, DK, EE, HU, IE, LV, NL
Increased cooperation between the social partners	DE, HU, LT, NL
Emergence of new social actors or movements	EL, ES, PT, SI
Increased government unilateralism	BE, BG, EE, EL, ES, HR, IE, PL, PT, SI (+/-)
New balance of power among actors	BG, EE, EL, ES, LT, LV, PT

Source: Eurofound (2012c, 2013b)

Public industrial relations actors and their relationship with the social partners

The crisis has had a mixed impact on joint social partner bodies, both in bipartite and tripartite configurations. In a number of Member States (for example, Belgium, Bulgaria, Hungary, Luxembourg, Poland and Romania), the role of certain tripartite social dialogue institutions has been diminished, with often detrimental effects on social dialogue.

According to Glassner and Keune, as indicated above, the current economic crisis has redefined the role of the state (Glassner and Keune, 2010b, p. 1). Overall, the state seems to have moved to the forefront as a major industrial relations actor in many Member States.

The crisis has had a mixed impact on joint social partner bodies, both in bi- and tripartite configurations. On the one hand, there has been a detrimental effect. For example, in Belgium, tripartite negotiations for a new national agreement broke down following disagreements on the trade union side. As for the employer organisations, all organisations did

agree, but on the trade union side, only the Confederation of Christian Trade Unions (CSC/ACV) accepted the proposal for an interprofessional agreement (IPA) 2011–2012. In the absence of an IPA, the Belgian government unilaterally transposed the proposed text into law (Eurofound, 2013f).

In Croatia, due to a failure of the government and social partners to come to an agreement ‘on a package of measures’ aimed to ‘help the country to reduce public expenditure and save jobs in order to overcome the crisis, the government acted unilaterally’ (Ghellab, 2009, p. 7). This significantly deteriorated the relationship between the government and the social partners, despite the social partners’ attempts to rebuild those relations (Ghellab, 2009, p. 7). As in many of the pre-2004 Member States, there were two phases of the crisis. Until May 2010, national social dialogue continued to function in its established structures. However, when the government announced a revision of the labour code aimed at a reform of the extension mechanisms of collective agreements, the trade union confederations withdrew from the Economic and Social Committee (ESC) and began collecting signatures for a referendum on a new labour law. The envisaged reform was finally withdrawn; however, the ESC has not since taken up its work (Butković et al, 2012, p. 86).

A study conducted by the University of Tartu in Estonia found that the crisis had a significant impact on the social dialogue between the state and social partners (their relationship deteriorated), but it also had a negative impact at the enterprise level of social dialogue, as the number of enterprise-level collective agreements decreased. Overall, the study found that many problems between the state and social partners existed before the crisis, but that the crisis intensified the difficult relationship (CASS, 2012).

Lanara (2012) explains that the intervention of the Greek state in industrial relations is an illustration of the effect of ‘the adjustment measures in Greece, which, in the name of competitiveness, have demonstrably submerged the country in deep recession, destroyed the institutional framework of labour relations and corroded the social fabric’. Lanara explains that ‘the social dialogue institution has been gravely damaged and its consensus-building potential disregarded at a time it is most crucially needed’. Trade unions have seen their institutional role as well as their bargaining power weakened (Lanara, 2012, p. 8).

In other countries, such as Hungary, ‘the role of certain (tripartite) social dialogue institutions, have been abolished or diminished, with the government withdrawing from such bodies’ (Clauwaert and Schömann, 2012, p. 13). The tripartite National Interest Conciliation Council (OÉT) was replaced by the multipartite National Economic and Social Council (NGSZT), which includes churches, chambers of commerce and non-governmental organisations (NGOs). Academics and practitioners argue that this dismantling of the OÉT was more of an effect of the new 2010 government than of the crisis (Eurofound, 2013b). Furthermore, the social partners in Hungary have lost their role in the Labour Market Fund, which has functioned without social partner involvement since 2012. In Belgium, as mentioned above, there was a breakdown in both tripartite cooperation and structure during the negotiations of the 2011–2013 national agreement. Some scholars and practitioners argue that these developments are due more to the incoming government of 2010 than to the global economic crisis.

Social partnership in Ireland collapsed during the period of, and many argue due to, the crisis:

The first casualty of the economic crisis in Ireland was social partnership and centralised wage bargaining. Despite the fact that a consensual approach to socio-economic policy was the default position of the country’s political economy for twenty-three years, the Irish government has so far pursued a unilateral rather than a negotiated adjustment.

(Regan, 2012, p. 1)

The Irish industrial relations institutional landscape is further set to change with the creation of a new Workplace Relations Commission (WRC), which will replace four existing employment rights and industrial relations bodies in Ireland (the Labour Relations Commission, the Equality Tribunal, the National Employment Rights Authority and the Employment Appeals Tribunal). Under this new structure, one overall body for employment rights issues, the WRC, will handle cases on a first-instance basis, with the Labour Court retaining its autonomy as an appellate body. The current appellate functions of the Employment Appeals Tribunal will be incorporated into the Labour Court.

The office of the prime minister, as one of the leading pre-crisis public industrial relations actors, also lost importance in the wake of the crisis. Though the Department of An Taoiseach (Prime Minister) is no longer a prime industrial relations actor, the Department of Public Expenditure and Reform has somewhat filled this space, which can be seen in public sector agreement negotiations in 2013. Some authors are also sceptical as to whether or not national-level social dialogue will reappear in Ireland after the crisis. As a form of deliberative governance, social dialogue does not seem fit for purpose when it comes to hard decision-making in crises, so governmental unilateralism is likely to take the upper hand in these times (Regan, 2012; Farrelly et al, 2013).

As in Estonia, the crisis intensified the existing weaknesses of social dialogue in Latvia and Lithuania. Anti-crisis measures negotiated within the tripartite bodies are often not adhered to and their negotiation is dominated by the respective government. This becomes particularly clear when looking at the most prominent regulatory instrument of the tripartite bodies, the minimum wage, which was frozen from 2009 to 2012 in the three countries (Gonser, 2011, 2013).

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

The status of tripartite social dialogue continued to deteriorate after consensus was reached on an anti-crisis package in 2009 in Poland. According to Czarzasty and Owczarek, this trend was apparent in the decreasing efficiency of the Tripartite Commission, measured by the frequency of its meetings and their outcomes. The obvious decrease in the commission's activities between 2009 and 2010, in numerical terms, may serve as a signpost of deteriorating relations between the government and the social partners (Czarzasty and Owczarek, 2012, p. 120).

For Portugal, Costa summarises the impact of the austerity measures on industrial relations actors by stressing the loss of autonomy of the two sides of industry:

These impacts, austerity 'translated into law' (with the revision of the labour code) has resulted in numerous additional implications for industrial relations: the loss of the autonomy of the social partners, above all of the trade unions, which have seen their position become even more subordinate; greater tension in the relationship between the two sides of industry (and also within the trade union side ...).

(Costa, 2012, p. 405, p. 408)

However, Dornelas concludes on a positive note with regard to the role of tripartite social dialogue in times of crisis in Portugal: 'Two different tripartite compromises have been reached since in 2011 and in 2012, which constitute a relevant tool to modulate public policy under the current circumstances. These agreements have shown that, even during a severe adjustment programme, tripartite social dialogue does influence the government's agenda and may be an efficient tool of the limitation of the worse effects of the austerity package' (Dornelas, 2012, p. 33).

In Romania, the Economic and Social Council (CES) was superseded by a new body, the National Tripartite Council for Social Dialogue (CNTDS). This new body is now the main forum for deciding on the minimum wage. As of September 2013, however, the CNTDS was not yet in operation.

According to Molina and Miguélez, one of the major impacts of the crisis on industrial relations in Spain has been the dismantling of tripartite social dialogue (Molina and Miguélez, 2012, p. 32).

On the other hand, the crisis appears to have led to the creation of new or extended bipartite and tripartite bodies in some Member States, which in turn have agreed measures that have had an impact on national industrial relations. In Slovakia, for example, a new anti-crisis council was created, with social partner involvement. Consultations have produced a joint memorandum of anti-crisis actions agreed between trade unions and the government.

Impact on social partners

The ongoing decline in trade union density seems to have slowed since the onset of the crisis, with some evidence of an increase in membership for some unions. Austrian commentators attribute this to the fact that trade unions have been more visible since the crisis, particularly in sectors where they have been staging protests. In the Czech Republic, there is reported to be an increase in interest in joining trade unions among employees in sectors threatened by the crisis, even within the context of an overall decline in trade union density. In Estonia, the picture is mixed – there is an overall trend of trade union density decline, exacerbated by the crisis in sectors such as manufacturing, but membership in the transport sector has actually increased during the crisis. This was also the case in Lithuania, where trade union membership increased by 3.3% in 2009, in the context of prior decline, although the decline resumed in 2010 and 2011. A slowing of the trend of decline in trade union density was reported during the crisis in Germany too. Trade union density is also decreasing in the UK, although the crisis does not seem to have had any particular effect on this trend. The 2011 Workplace Employment Relations Survey (WERS), published in January 2013, found that there has been no real change in the proportion of employees who belong to a trade union in the UK (there was a small decline between 2004 and 2011, from 32% to 30%). The percentage of trade unions recognised for negotiating terms and conditions also fell over the same period, from 24% to 21% (Eurofound, 2013b, 2013c). According to Erne, trade unions in Europe are in a major crisis: ‘In today’s Europe, trade unions are struggling to cope with the drastic results of the crisis for their members. They have differed in their approaches, with some militant trade unions organising numerous general strikes, while others more or less reluctantly went along with unprecedented attacks on their members’ wages and working conditions’ (Erne, 2011, p. 233).

On the employers’ side, there is a mixed picture. In some countries, such as Cyprus, there appears to have been an increase in membership of employer bodies accompanied by a decrease in revenues, due to a fall in company revenues. In Germany, the figures are quite interesting: there has been a rise in the number of companies opting for membership without a binding commitment to the sectoral agreement, but only in western Germany, while the number of eastern German companies bound by sectoral collective agreements rose slightly between 2007 and 2011. However, the overall figure for membership of employer organisations in Germany is on a downward trend. In Lithuania, there was a decline in employer organisation membership in 2008–2009, attributed to a high level of bankruptcies, but an increase in 2010–2011 (Eurofound, 2013b).

In many Member States, there have been a number of mergers and reorganisations of the social partners on both sides. However, in many cases these had been planned for some time and are difficult to attribute to the crisis. In the case of trade unions, there is an ongoing trend towards mergers on the grounds of cost savings and pooling resources in the context of falling membership.

Gonser paints quite a dramatic picture on the impact of the crisis on industrial relations actors, particularly trade unions, in the Baltic states:

(1) a dramatic change in the balance of bargaining power in favour of employers;

(2) a further weakening of trade unions due to losses in membership, in turn leading to decreased representativeness, a lack of success in public protests and a deinstitutionalization of the collective bargaining system.

(Gonser, 2011, p. 409)

In Belgium the Arco group, the financial holding of the Christian Workers' Union (ACW), went bankrupt in November 2011. The decision is a consequence of the dismantling of the Dexia Group, as in recent decades the Arco holding became more and more involved in the banking activities of the Dexia Group. ACW is the umbrella organisation of a range of workers' organisations on the Flemish side; as a result, the Christian trade union (ACV-CSC) and its sector federations have also been financially hit (Eurofound, 2013b).

Developments in Bulgaria, the Czech Republic, Poland and Slovenia show that the global financial crisis has been a double-edged sword for social dialogue. On the one hand, the problems for each government increased dramatically, leading to a surge in the demand for coordinated solutions, which the social partners quite satisfactorily met. This indicates that the region's tripartism has not entirely wasted away. On the other hand, the Great Recession exacerbated the weaknesses of organised labour in relation to employers and the government, provoking the radicalisation of social dialogue and leaving less room for compromise (Guardiancich, 2013).

As for Greece, Lanara explains that 'the social dialogue institution has been gravely damaged and its consensus-building potential disregarded at a time it is most crucially needed' (Lanara, 2012, p. 8). Moreover, measures impacting on industrial relations have been implemented in Greek legislation without consulting the social partners (Lanara, 2012, p. 8). The trade unions have seen their institutional role as well as their bargaining power weakened (Lanara, 2012, p. 8).

In Ireland, the breakdown of social partnership at national level may also go hand in hand with a lack of effective trade union activity at sectoral and company level due to changes in the level playing field of collective bargaining (Regan, 2012, p. 22). The above line of argument is, however, contested by other authors who have assessed local-level wage bargaining in the private sector over the last two years. They claim that trade unions and employers are adapting to the current economic environment and are implementing strategies for local bargaining negotiations (Higgins, 2013; Prendergast, 2013).

In 2011, trade union tensions climaxed in Italy in the context of the Fiat Pomigliano agreement. On 1 January 2012, car manufacturer Fiat withdrew from all existing collective agreements and left the Italian employers' association Confindustria. In December 2011, the Federation of Metalworkers (Fiom) had left negotiations with Fiat on a new group-level agreement when Fiat declared the basis for talks would be the Pomigliano agreement of 29 December 2010, which Fiom had refused to sign. By refusing to sign the new Fiat company agreement, the Italian Federation of Metalworkers (Fiom-Cgil) found itself expelled from the factories despite being the largest trade union in the Italian Fiat plants and in the metalworking sector (Meardi, 2012b, p. 9; Eurofound, 2012i).

Again in Italy, two new aggregations on the employers' side emerged among small enterprises and craft firms on one side, and cooperatives on the other. In May 2010, Rete Imprese Italia was established, a coordination system of five crafts and commerce organisations to represent such organisations in their relations with the government and public

authorities.⁶ In July 2012, the Confederation of Workers' Unions (Cisl) decided to reorganise its structure at both sectoral and territorial levels. The reorganisation aims to 'enhance the effectiveness of its action in the new political, economic and social conditions, and to optimise the use of financial and human resources' (Eurofound, 2013i). Cisl intends to reinforce its capability and competences with a view to developing second-level bargaining at company and territorial levels, plus economic democracy and territorial social concertation (Eurofound, 2012i).

In Malta in 2009, two employer organisations, the Malta Chamber of Commerce and the Malta Federation of Industry, merged into one organisation, the Malta Chamber for Commerce, Enterprise and Industry. One of the aims of this merger was to achieve a stronger voice in the national forums influencing national policies (Eurofound, 2013b).

In Portugal, the trade unions encountered serious losses in members during the crisis. In total, the General Confederation of Portuguese Workers (CGTP) and the General Workers' Union (UGT) lost 154,912 members in four years, while there were 553,000 job losses recorded. From 2008 to 2012, the following changes occurred regarding CGTP. The confederation went from 103 unions to 99 unions and from 10 to 9 federations. A major restructuring of the Federation for Metal, Chemical and Electrical Industries (Fiequimetal) took place in 2010 (with the merger of eight unions into four). The CGTP membership declined from 727,000 workers in 2008 to 614,088 workers in 2012. As for UGT, membership declined from 520,000 in 2008 to 478,000 in 2012 (Eurofound, 2013b).

In Spain 'the autonomy of social partners has also been threatened as a consequence of austerity policies' (Molina and Miguélez, 2012, p. 34).

Clauwaert and Schömann also point to another interesting impact of the crisis – namely, the tendency of governments to modify the rules on the representativeness of the national social partners: 'the adoption of measures reviewing representativeness criteria for social partners and extending what used to be trade union prerogatives to other bodies of workers' representation' (Clauwaert and Schömann, 2012, p. 13). In sum 'the crisis has profoundly affected the positions of both employers and workers ... It also affects the interaction between the two: the crisis has rapidly changed the economic and social context in which workers and employers cooperate, bargain and have conflicts' (Glassner and Keune, 2010b, pp. 3–4).

New social actors

According to the previous Eurofound report (Eurofound 2013b), one interesting development in some countries, and particularly those in the most difficult financial circumstances, has been the emergence of new social movements.

In Greece, many business-level agreements are now being drawn up by informal associations of workers established under the provisions of the new rules on collective bargaining. The reform caters for the possibility of signing collective agreements at company level, either with a trade union, or in the case that such a union does not exist, with the so-called 'associations of persons'. These associations may be created by three-fifths of the workforce at firm level, regardless of the total number of the company's employees and without imposing time limits on the duration of the collective agreement. These company agreements predominate over all other collective arrangements. These new actors are seen as an obstacle to the involvement of the sectoral unions, since they take precedence in the conclusion of company

⁶ The organisations were: Confcommercio and Confesercenti for commerce and services; CNA, Confartigianato and Casartigiani for SMEs and craft firms.

collective agreements (Dedoussopoulos, 2012, p. 40). According to Patra, associations of workers are not very popular, since they are seen as competitors to the established trade unions (Patra, 2012, p. 24). This point is also raised by Clauwaert and Schömann, who point to the fact that trade union representation rights have been extended to other bodies of workers' representation (often at company level, as in Greece, Portugal and Slovakia) (Clauwaert and Schömann, 2012, p. 13).

In Portugal, new social movements surfaced during the crisis. Mass protests against austerity and declining labour standards began on 12 March 2011. The protests, sometimes referred to as the *Geração à Rasca* (Precarious Generation), assembled 300,000 people in the streets without any form of direct support by political parties or trade unions and created the conditions for the creation of the *Plataforma 15 de Outubro* (a grouping of some 41 independent organisations). Since then, the *Plataforma 15 de Outubro* has mobilised many thousands of participants on a number of occasions. While the initial focus of the movement was on youth, it now unites several groups addressing the demands of the 'precarious generations' (Eurofound, 2013b).

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

In Spain, the so-called 15-Movement, or *Indignados* movement, was created, protesting in support of radical political changes in Spain and the rejection of cuts to welfare (Meardi, 2012b, p. 18).

Unilateral decision-making

The recourse to unilateral decision-making has been most marked in the public sector, as Glassner observes. Thus, in many Member States public sector pay cuts and freezes were imposed unilaterally by the state. It is only in Belgium and Slovenia that such austerity measures were based on collective agreements. Some academics interpret this development as an issue of major concern:

Turning now to the implications for collective bargaining, an announcement that pay will be cut or frozen by unilateral state decision marks a break with previous traditions of wage settlement in the public sector. ...Government unilateralism in pay-setting and/or the recommendation for a far-reaching decentralisation of pay bargaining represent matters of grave concern.

(Glassner, 2010b, p. 27)

In some instances, the state broke the bargaining tradition established in a number of countries (Glassner and Keune, 2012, p. 366). In Bulgaria, for example

the two main union confederations of trade unions, the Confederation of Independent Trade Unions of Bulgaria (CITUB) and the Confederation of Trade Unions Podkrepa of Bulgaria (Podkrepa), withdrew from the National Council for Tripartite Cooperation (NCTC) in autumn 2008 on the grounds that the government was acting unilaterally in such matters as a pay freeze in public services.

(Ghellab, 2009, p. 7)

The new Economic and Social Council set up by the government in 2004 is a multipartite body, including civil society, whereas the former National Council for Tripartite Cooperation was a strictly tripartite institution (ILO, 2011, p. 34). Thus, the impact of the social partners on industrial relations at national level was reduced.

In Greece, adjustment measures were implemented without consulting the social partners and trade unions have seen their institutional role as well as their bargaining power weakened (Lanara, 2012, p. 8). Furthermore, Dedoussopoulos points to a paradigm shift that took place in Greece in the wake of the crisis:

The same Law introduces and establishes for the first time – something that will recur in subsequent legislation implementing the Memorandum – the predominance of the Law (emergency measures) over collective bargaining agreements or arbitration decisions – the contrary terms of which are abolished – in determining pay and working conditions for employees in private employment relationships in the public and broader public sector (public utilities and private entities).

(Dedoussopoulos, 2012, p. 39)

In Latvia the bailout credit from the IMF has had an impact on industrial relations regulations, as many of the required austerity measures resulted in a breach of existing collective agreements, particularly in the public sector (Gonser, 2011). Thus, the relevant actors' decision-making power in social partnership was levelled out by the supranational institution.

For Ireland, Roche explains increased managerial unilateralism in the following terms:

There appears to be little evidence of employers in general either launching a concerted offensive to by-pass unions when developing a response to the crisis or even to marginalise union representation. What does emerge is a picture of collective bargaining and other engagement processes being used mainly in an attempt to gain consensus on management plans and not to negotiate joint solutions about how to restructure the enterprise and/or workforce in response to the business downturn.

(Roche et al, 2011, pp. 41–42)

In Poland the national-level representative social partners played a major role in crafting the list of measures to be implemented (later called the 'autonomous anti-crisis package'), which was handed over to the government. The government prepared the draft legislation using the 'autonomous package' as a frame of reference. According to the authors, the completion of the 'autonomous package' proved to be a Pyrrhic victory for social dialogue in Poland, since the government shifted to largely unilateral policy-making after securing the social partners' cooperation (Czazasty and Owczarek, 2012).

An article in a Slovenian journal presents a critical analysis of a series of measures undertaken by the Slovenian government in 2010, which acted unilaterally as a public sector employer to delay and freeze public sector wages in accordance with its 'stabilisation' economic policy, but broke the rules of collective bargaining (whereby the government is not allowed to use laws to override what has been agreed in collective public sector contracts) (Kresal Šoltes, 2011).

In Spain the following was observed:

the 2011 collective bargaining reform meant the unilateral state regulation in collective bargaining which falls under the direct competence of trade unions and employer organisations. Moreover, collective bargaining rights have been severely curtailed as a result of the recent 2012 labour market reform. The greater spaces opened for unilateral decision by the employer and its capacity for temporary non application of the collective agreement constitutes a major retrenchment in the exercise of collective rights.

(Molina and Miguélez, 2012, p. 34)

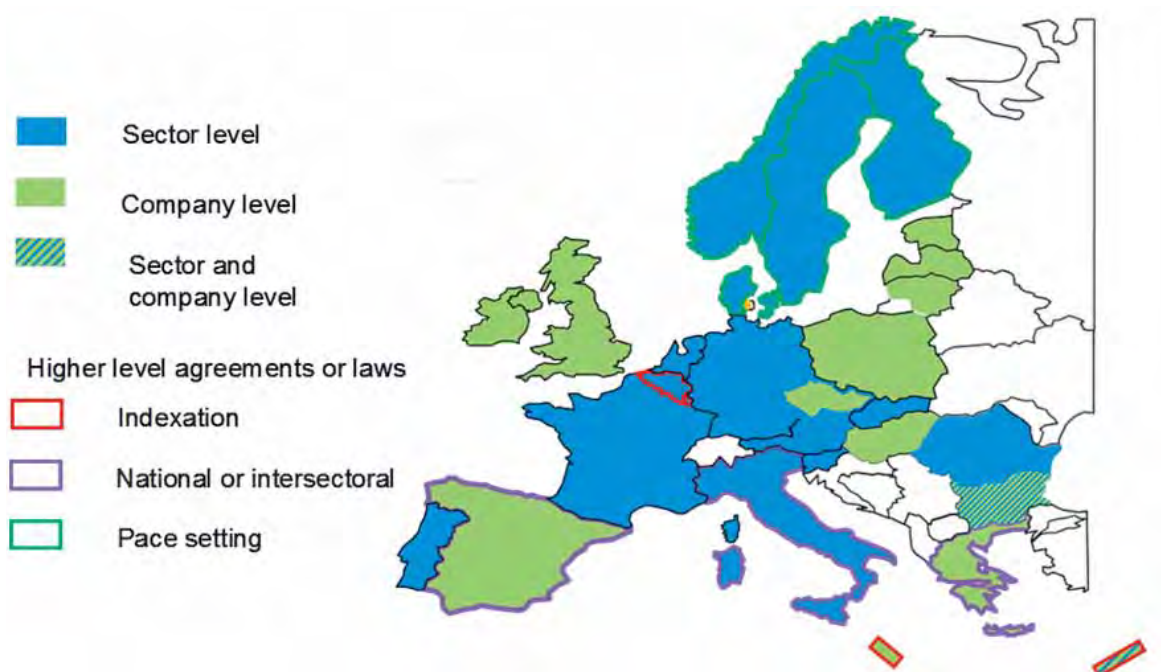
This chapter describes the impact of the crisis on industrial relations processes.

Collective bargaining is one of the key processes of industrial relations, which is deeply rooted in national traditions. It usually takes place at a specific dominant level, which may be the interprofessional, the sectoral or the company level. Yet even before the crisis, the main level of collective bargaining had changed over time. Before the crisis, wage setting took place at the interprofessional level in only a few Member States: Belgium, Finland, Ireland and Slovenia. Finland had decentralised to the sectoral level only shortly before the start of the crisis. Now, Finland is the only Member State to have recentralised collective bargaining to the interprofessional level.

In most of the central European and Nordic Member States, the most common level of collective bargaining was the sectoral one. In many of these countries, collective bargaining usually follows a set pattern, with one sector acting as the trendsetter.

Collective bargaining takes place primarily at the company level in the UK and Ireland and in the vast majority of the new Member States.⁷ The crisis has had an impact on these traditional arrangements in many of these Member States. But other industrial relations processes, such as information, consultation, participation and dispute resolution, also came under strain during the crisis. This then led to an increase in another well-established industrial relations process: industrial action.

Figure 1: *Dominant levels of wage bargaining in the EU in 2011–2012*



Source: Eurofound (2013b)

⁷ In Ireland, prior to the crisis, the company level intersected with the national level.

Busch et al (2013) conclude that ‘the most far-reaching structural changes currently taking place under the influence of European austerity policy is the development of the collective agreement system’. With regard to the changes that have taken place, the authors highlight the following:

- the legal extension of opening clauses for enterprise-level deviations from branch collective agreements (Italy, Portugal, Spain);
- absolute priority of company agreements over all other collective agreements, with simultaneous abolition of the favourability principle (Greece, Spain);
- the possibility for deviating from company agreements with non-trade union workers’ representations (Greece, Portugal);
- continuation of the validity of collective agreements after expiry (Greece – *metenergeia*, Spain – *ultraactividad*);
- formal restriction of the general validity of collective agreements (Portugal).

Decentralisation of collective bargaining and changes in wage-setting mechanisms

The impact of the crisis on the different levels of bargaining is of particular interest to researchers of industrial relations. From the previous Eurofound report (Eurofound, 2013b) as well as the literature review, it appears that the main impact of the crisis in terms of bargaining level has been a move towards further decentralisation. In many countries, this is a process that has been in train for some time, but it would seem that the crisis has accelerated and strengthened this trend, driven by the aim of some actors to generate more flexibility, particularly at company level. It is clear from both the Eurofound report (Eurofound, 2013b) and the literature review that most EU Member States have experienced some decentralisation, either from national levels towards industry level and company bargaining, or from industry level to company bargaining (Eurofound, 2013b).

Table 2: *Impact on the processes*

Impact on processes	Countries
Decentralisation of collective bargaining	AT, BG, CY, DE, EL, ES, HU, IE, IT, LT, PT, RO, SE, SI, SK
Recentralisation of collective bargaining	BE, FI
Changes in the setting of minimum pay	DK, EL, HU, IE, PL, RO
Changes to minimum wages (such as cuts or freezes)	CZ, DK, EE, EL, FR, HU, IE, LT, LV, RO, PL, PT, SI, UK
Changes to extension mechanisms	EL, ES, IE, PT, SK
Introduction of and/or increase in opening clauses	AT, BG, DE, EL, ES, HU, IT, SE, SI
Changes to ‘automatic’ continuation of collective agreement upon expiry	EE, EL, ES, PT
Debate on and/or changes to wage indexation	BE, CY, ES, LU, MT
Organisation of protests and strike action	AT, BE, BG, CY, CZ, EE, EL, ES, FR, IE, IT, LT, LV, PT, RO, SI, UK
Changes or planned changes to dispute resolution	BG, EL, ES, IE, SI, UK

Source: Eurofound (2013b)

In Austria, some decentralisation of collective bargaining took place in the engineering sector, where six agreements replaced the previous uniform accord in the sector. In Bulgaria, too, a shift from industry-level to company-level bargaining was observed in the use of opening clauses (Eurofound, 2013b).

On the whole, the crisis seems to have had little effect on the Danish bargaining system due to a strong centralisation on the employer side through the Confederation of Danish Industries, union moderation and the coordination of bargaining areas by Denmark's mediation institution (Ibsen et al, 2011).

In a number of Member States such as Finland, Germany and Sweden, 'provisions allowing for greater flexibility and/or decentralization of wage settings have been widely used during the economic downturn' in order to increase the competitiveness and adaptability of firms to safeguard employment (Glassner and Keune, 2012, pp. 359–60).

A number of academics rather positively assess the response of social partners in Germany to the crisis, especially at establishment level. Lehdorff argues that the latest crisis has had a marked impact on industrial relations at the establishment level in Germany. The social partners at that level were obliged to jointly find solutions for overcoming the crisis. Lehdorff also reports on 'informal coordination activities' in 2008–2009 between trade unions and employers accompanying the national extension of the short-time working scheme by the government. Given these impromptu responses to the crisis, Lehdorff stresses that the formerly fragmented collective bargaining system regained new strength at firm level as a result of the bi- and tripartite cooperation between the social partners and government representatives (most of all in manufacturing). However, Lehdorff remains sceptical about whether this closer cooperation will last beyond the crisis (Lehdorff, 2011). Kloepper and Holtrup stress that unions and employer organisations in Germany played a major part in combating the crisis, for example by shaping short-time working schemes or stimulus packages and by advising companies on the introduction of crisis-related measures. In the automobile and logistics industries, constructive crisis management was again characterised by cooperation between management and works councils (Kloepper and Holtrup, 2011). According to Tullius and Wolf, however, there is also empirical evidence of growing problems in legitimising the traditional industrial relations arrangements in Germany. On the other hand, there are obvious counter-trends and forces of inertia, even during and after the Great Recession, that also make a revitalisation of social partnership possible (Tullius and Wolf, 2012), as identified by Kloepper and Holtrup.

However there are more critical assessments of the development of the German collective bargaining system before and during the crisis. Lehdorff states:

the present crisis has triggered a broad move in German collective bargaining towards emergency coalitions at firm level, embedded in a larger environment of crisis corporatism. This move started virtually overnight, under the shock of the sudden and dramatic economic downturn, and in a pre-election political climate in which major actors were not interested in confrontation.

(Lehdorff, 2009, p. 26)

According to the European Commission, one of the most salient features of crisis response agreements in Germany, Finland and Sweden is the enhancement or the transfer of wage-setting competence to the company level (European Commission, 2011, p. 118). This decentralisation phenomenon is also predominantly visible in Hungary, Italy, Greece, Portugal and Spain (Clauwaert and Schömann, 2012, p. 8, p.13).

In Greece, new legislation also introduced reforms in respect to collective bargaining and dispute resolution institutions, including the introduction of special enterprise collective agreements in which pay and terms of employment may deviate from those in sectoral agreements (Patra, 2012, p. 17). This view is shared by Dedoussopoulos, who stresses a number of serious reforms that impact heavily on the Greek system of industrial relations: a further decentralisation of collective bargaining, the abolition of extension mechanisms and the end of *metenergeia* – the continuation of the provisions of a collective agreement for a period of time after its formal termination and the lengths of agreements (Dedoussopoulos, 2012, p. 54). The pressure exercised by the troika on Greece has resulted in hundreds of legal provisions in a series of laws 'aimed at restricting and even abolishing collective agreements – in particular, sectoral agreements – and obstructing free collective bargaining' (Lanara, 2012, p. 7; see also Nikolopoulos and Patra, 2012).

A major trend in Hungarian labour law reform is the decentralisation of collective bargaining, giving a more prominent role to enterprise bargaining compared to national and sectoral bargaining (Clauwaert and Schömann, 2012, p. 8). This trend is in addition to the abolishment of intersectoral tripartite institutions – that is, ‘the role of certain (tripartite) social dialogue institutions, with the government withdrawing from such bodies’ (Clauwaert and Schömann, 2012, p. 13).

Despite the collapse of social partnership in Ireland and the dismantlement of sectoral collective bargaining, Roche still see signs of an orderly decentralisation of collective bargaining in Ireland: ‘Croke Park and the ICTU-IBEC Protocol provide agreed mechanisms for the orderly conduct of collective bargaining: at sector and agency level in the public service and at firm level in the private sector. The ICTU-IBEC Protocol, renewed in 2011, also represents a loose form of pay co-ordination in the private sector’ (Roche, 2012, p. 18).

In Greece, Italy, Portugal and Spain as well as in other countries, collective bargaining has been decentralised, ‘shifting from national/sectoral level to company level’ (Clauwaert and Schömann, 2012, p. 13). According to Pedersini and Regini, social dialogue and tripartite negotiations in Italy have apparently weakened in the last decade and did not play any relevant role in the most recent reforms. Against this background, the last section of this paper analyses the recent developments in industrial relations and social dialogue in Italy, which are under increasing pressure towards the decentralisation of collective bargaining, and provides an assessment of the emerging trends (Pedersini and Regini, 2013).

In Lithuania, short-term amendments were introduced to the labour code to enable collective agreements to contain provisions that are less favourable than those of the labour code (Eurofound, 2013b).

Since the inception of austerity in Portugal, the number of collective agreements concluded is much lower and the number of workers covered has declined. Both sides of industry seem to block negotiations when revisions of labour law are in the pipeline. Furthermore, since the shadow of the law is a rather limited one, employers are inclined to delay negotiations in the expectation of a more favourable statute (Dornelas, 2012, p. 23). Dornelas reports a steep decrease in the number of collective agreements and, consequently, of collective bargaining coverage in Portugal. According to the author’s calculations, the number of collective agreements concluded fell from 48 in 2006 to 17 in 2012.

In Romania, the new government abolished all laws governing collective bargaining in 2011. The unique national collective agreement was also abolished and the cross-sectoral social partners may no longer conclude national collective agreements, leading to a decentralisation of collective bargaining to the sectoral and company level. This development equates to a notable change in Romanian industrial relations (Clauwaert and Schömann, 2012, p. 13; Trif, 2013). Furthermore, the government reorganised the levels of economic branches at which collective agreements can be signed. Now collective agreements can be negotiated at unit level, unit groups and sectors; the criterion pertaining to a sector is based on the NACE code of activity. At the end of 2011 the government also declared all sectoral agreements null and void and trade union officials reported that very few multiemployer collective agreements were concluded in 2012 (Trif, 2013; Barbuceanu, 2013). Creating a representative union is still a challenge, firstly due to the law stating that in order to form a trade union 15 employees and at least 50% +1 of the total number of employees from the same company are needed (instead of 15 employees working in the same establishment); and secondly because of the reorganisation. Thus, very few collective agreements were signed in 2012, while the rest were abolished at the end of 2011 (Barbuceanu, 2013, p. 2; Trif, 2013).

In Slovakia, Kahancová discovered a dual pattern of the impact of the crisis on bargaining at national and sectoral level, with a declining role of social partnership at national level, but a consolidation of sector-level bargaining through coordinated bargaining procedures in the metal and healthcare sectors (Kahancová, 2013).

In Slovenia, while collective bargaining in the public sector remains highly centralised, bargaining in the private sector has become more decentralised due to the use of opening clauses and more company-level bargaining (Eurofound, 2013b).

A study by the Spanish Trade Union Confederation of Workers' Commissions (CCOO) examines the influence of the new regulation on collective bargaining in the new collective agreements. The new regulation, enacted in February 2012, gives prevalence to single-employer agreements over multiemployer agreements in issues such as pay and working time distribution. The study analyses whether the new collective agreements (mostly company agreements) produce different outcomes in terms of pay, coverage and sectors of activity where collective bargaining takes place. The findings of the study reveal that new collective agreements tend to cover fewer workers; mostly concentrate on activities directly or indirectly linked to public administration (such as urban transport and street cleaning); and conclude with pay increases that are lower than previous agreements (CCOO, 2012). The above analysis is shared by a number of authors for southern Europe in general and Spain in particular. In the economies of southern Europe, which are dominated by small and medium-sized enterprises, the increasing undermining of centralised collective agreements will sooner or later lead to a radical transformation of wage policy, accompanied by a precipitous fall in coverage.

Such a development has already taken place in Spain, and Busch et al claim that there has not only been decentralisation, but also far-reaching individualisation of wage negotiations (Busch et al, 2013, pp. 10–13).

In his Master's thesis, Söderlind (2009) examines how Sweden and Germany managed the financial crisis. Söderlind investigates national legislation and central collective agreements, as these determine the extent to which local agreements can be made to overcome a situation of redundancy. Söderlind concludes that the extent to which national legislation and central collective agreements provide for local adaptation in a crisis is different in Sweden and Germany. In Sweden, fewer opportunities for local adaptation occur and in shorter timeframes than in Germany. Conversely, the bargaining round in Sweden puts a question mark over the viability of the whole Swedish bargaining system. Union coordination was shattered when the white-collar unions broke ranks and concluded agreements before the constituent member unions of the Swedish Trade Union Confederation (LO). But more importantly, Teknikföretagen – the biggest employer federation – quit the industrial agreement after the negotiations and Swedish social partners are being forced once again to readjust the procedural framework for collective bargaining (Ibsen et al, 2011). In Sweden, the metalworking sector is normally the lead sector, but in 2010 some of the social partners did not sign the agreement, arguing that the wage level was too low. Some were also dissatisfied with the role of this industry as the trendsetter for Swedish collective bargaining.

Recentralisation of collective bargaining

Very few Member States have experienced a trend towards centralisation. The main exception is Finland, where, as mentioned earlier, national-level centralised bargaining was reintroduced following a period of sectoral bargaining since 2007. The reason for this was given as a wish to provide stability and predictability for employees and companies during times of economic uncertainty (Eurofound, 2013b). Because the decentralisation of bargaining has not proved effective, employers have been encouraged to join the national collective agreement (Clauwaert and Schömann, 2012, p. 13). Following on this, the Finnish Confederation of Finnish Industries (EK) announced that it is willing to start negotiations for a centralised national accord. The condition of the agreement is a pay freeze over the coming two-year period. The trade union side has considered EK's openness towards centralised bargaining to be positive, but unions have widely rejected the pay freeze that has been offered. In sum, the employers want a national centralised agreement without wage rises, but unions say no accord will be possible without pay increases. After a first round of exploratory talks, the boards of the three main trade union confederations have expressed their willingness to continue negotiations (Eurofound, 2013g).

In Belgium, the central level of bargaining is also taking on renewed importance. The most recent central agreement, which relates to 2011–2012, was not signed by all social partners (two employer organisations did not sign), but has been given legislative force by the government. It does not allow deviation from the pay provisions at sectoral level (Eurofound, 2013b).

Changes in minimum wages

Minimum rates of pay are an important feature of wage setting. Many countries have a statutory national minimum wage, set either by the government or in conjunction with the social partners. In countries that do not have a statutory national minimum, some form of minimum wage setting is usually present, most often set in sectoral collective agreements. Recent years have seen a range of discussions around the setting of minimum rates, and it would seem that in many cases this has been precipitated by the crisis. In Member States with a statutory national minimum wage, the crisis appears to have had some impact on the respective setting mechanisms.

In Estonia, the minimum wage has not been increased for four years (Eurofound, 2013b).

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

In Greece, wage increases have been suspended until the unemployment rate drops below 10%. The minimum wage came under serious attack in the crisis: horizontal cuts of 22% were introduced in all wage brackets of the national general collective agreement. The minimum wage for young people under 25 years was cut even further, by 32%. All these wage cuts may be imposed unilaterally by the employer without the consent of the workers (Dedoussopoulos, 2012, p. 41).

In Hungary, the government has unilaterally decided on minimum wage increases since 2011, although it consults with the social partners (Eurofound, 2013b).

Ireland has a system under which minimum rates of pay and conditions are agreed for certain industries, which has come under reform pressure due to the crisis. In early 2011 the national minimum wage was reduced by €1 to €7.65 per hour. This reduction was reversed in July 2011 after the current Fine Gael/Labour coalition government came into power and was restored to €8.65 per hour, since this was an election promise of the current government parties (Farrelly et al, 2013).

Under the country's National Recovery Plan 2011–2014 (published on 24 November 2010) introduced at the outset of the EU/IMF Programme of Financial Support for Ireland, the Irish government undertook to review two mechanisms: Registered Employment Agreements (REAs) and Employment Regulation Orders (EROs) (Barnard, 2012, p. 111). Pay and conditions determined in certain sectors by Joint Labour Committees (JLCs) are given force of law by EROs. These exist mainly in low-paid sectors such as hotels, catering, cleaning and retail. REAs are collective agreements negotiated between employers and their organisations and trade unions, which cover such areas as minimum rates of pay, working conditions and dispute procedures applicable to a sector or enterprise. If registered as a multiemployer agreement by the Labour Court, REAs then become legally binding not only upon the parties to these collective agreements, but upon all workers and employers in the affected sectors. REAs exist in sectors such as construction and electrical contracting. Following an independent review (set up under the EU/IMF Programme of Financial Support for Ireland) and a High Court ruling on a legal challenge on 7 July 2011 to a particular JLC taken by an employer group representing fast-food operators (the Quick Service Food Alliance), the government legislated in the Industrial Relations (Amendment) Act 2012 to introduce reforms to the system of REAs and JLCs in 2012. Decisions by the High Court (2011) and the Supreme

Court (2013 – McGowan v Labour Court) had found EROs and REAs respectively, as established under the Industrial Relations Act 1946, to be unconstitutional because the 1946 Act did not provide ‘principles and policies’ to guide the Labour Court and JLCs in how they exercise their power. These court rulings reflect an evolving jurisprudence on the part of the Irish higher courts and cannot be seen as a direct result of the crisis.

In reply to a parliamentary question in September 2013 (ref. no. 38121/13), the Minister for Jobs, Enterprise and Innovation, Mr Bruton, responded to the recent Supreme Court challenge affecting the status of REAs and also the effects intended by the government’s statutory reforms of 2012 by reaffirming his commitment to introduce a new legal framework to replace the REA system as soon as possible. This framework was the subject of continuing dialogue with the Irish social partners in autumn 2013. The minister also announced a reduction in the number of Joint Labour Committees and further reforms to ensure their continued operation (Department of Jobs, Enterprise and Innovation, 2013).

In Poland, the government has been increasing the national minimum wage by unilateral decision rather than consultation for the past three years (Eurofound, 2013b).

In Romania, the minimum wage is now coordinated by the new National Tripartite Council for Social Dialogue (CNTDS) and was frozen due to the crisis (Eurofound, 2013b).

Changes to extension mechanisms

Most EU Member States have some sort of mechanism in place that provides for the extension of collective agreements. In only six Member States is there no legal procedure for extending agreements – Cyprus, Denmark, Italy, Malta, Sweden and the UK (Eurofound, 2011d). Extension can be an important means of ensuring coverage of an agreement across a whole sector. There have been some changes to extension mechanisms in some countries, although not all are directly linked to the crisis.

Another blow to the system of collective bargaining in Greece is the recent abolition of extension procedures. The Minister of Labour decided to make the suspension of the declaration of sectoral and professional collective agreements universally applicable. Consequently, the extension principle has been abolished in Greece, leading, among other things, to the organisational dismantling of employer organisations (Dedoussopoulos, 2012, pp. 40–41). The Greek social partners have strongly opposed the abolishment of the extension mechanism, which jeopardises their role as industrial relations actors.

With regard to Portugal, Dornelas predicts that ‘as for the coverage rate of collective agreements, due to the increased difficulty to conclude agreements as well as to the new approach to the extension erga omnes, a sharp decline on the coverage rate is already verified and is expected to continue (Dornelas, 2012, p. 32). Dornelas continues:

the December 2011 version of the MoU [Memorandum of Understanding] states that the Government will ‘ensure wage moderation by using the available discretion in the current legislation of not extending collective contracts until clear criteria is defined’. The foreseen criterion is that ‘... a collective agreement subscribed by employers’ associations representing less than 50 per cent of workers in a sector cannot be extended’. ... If this new approach to the extension erga omnes is to be maintained in the coming years, the consequence will be a strong decline on the coverage of collective agreements, a possibility recognized and contested by both sides of industry procedures.

(Dornelas, 2012, p. 32)

In numerical terms, the number of extension ordinances in Portugal fell from 48 in 2010 to just 12 in 2012 (Eurofound, 2013b).

In Slovakia, for example, a legal change required the consent of the employer concerned by the extension, reversing the previous position. This meant that there were no extensions of collective agreements in 2010–2011 (Eurofound, 2013b).

Introduction of opening clauses

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

In Austria, although opening clauses are relatively rare, there have recently been some cases where unions have agreed to temporary exemptions for companies encountering financial difficulties. For example, in the electronics industry, companies that can prove a drop in turnover of at least 15% in the first quarter of 2009 had the option of applying only a part of the sectorally agreed wage increase (Eurofound, 2013b).

In Bulgaria, opening clauses have been agreed in some sectoral collective agreements, for example in machine-building, wood and furniture, and light industry.

Opening clauses are now a regular feature of German industrial relations as well, as they provide significant flexibility for the social partners at company level to deviate from sector-level agreements, particularly in the area of working time and pay. The sectoral agreements in the chemicals and engineering industries are good examples of this (Eurofound, 2013b).

In Greece, a number of ‘legislative provisions have reversed the collective agreement hierarchy by allowing derogations from their terms, reduced remuneration for overtime and interference with working time arrangements’ (Lanara, 2012, p. 7).

Law 4024/2011 ... abolishes the fundamental protective principle of favourability, as well as the prevalence of firm-level contracts over sectoral collective agreements where they are less favourable. This legislation also eliminates the principle of extending the scope of collective agreements and suppresses collective agreements per se by imposing a uniform pay scale in public utilities.

(Lanara, 2012, p. 7)

This point is also stressed by Dedoussopoulos, who clearly interprets this reform as being fundamental to the Greek collective bargaining system, since ‘this modification abolishes the principle of the “most favourable arrangement”’ (Dedoussopoulos, 2012, p. 39).

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

In Italy, decentralised bargaining at company and local level can now derogate from industry-level agreements (Eurofound, 2013b).

In Slovenia, the agreements in the metalworking and banking sectors contain derogation clauses allowing deviation from minimum standards (Eurofound, 2013b).

In Sweden, although there is no systematic use of opening clauses, some local plant-level clauses on working time and temporary layoffs have been agreed during the crisis in the industry sector (Eurofound, 2013b).

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

Another new impact on the processes stemming from the crisis are deviations in collective agreements ‘allowing lower-level bargaining outcomes to deviate unfavourably from the protection provided by higher collective agreements or even statutory legislation’ (Clauwaert and Schömann, 2012, p. 13). As Clauwaert and Schömann explain, the crisis has encouraged an ‘ongoing trend of collective bargaining decentralization in many countries, with a preference for enterprise-level bargaining decentralization’ (Clauwaert and Schömann, 2012, p. 10).

Changes to the automatic continuation of collective agreements upon expiry

The end of the automatic continuation of collective agreements upon expiry adds a further component of insecurity and fragility to the new system.

In Estonia, the legislation was changed in 2012. Whereas collective agreements used to be valid until a new collective agreement was signed, they can now be terminated by one of the social partners after expiry (Eurofound, 2012h).

In Greece, indefinite collective agreements have been abolished and a minimum time validity of one year and a maximum of three years have been installed (Dedoussopoulos, 2012, p. 41).

The end of ‘metenergeia’, i.e. the continuation of the provisions of a collective agreement for a period of time after its formal termination, forces the social partners to enter hastily into negotiations. A large number of collective agreements have terminated or are about to be terminated. Both sides anticipate that entering into negotiations and concluding a collective agreement is a necessary step in maintaining social dialogue and keeping collective bargaining alive. But both sides feel pressure and insecurity.

(Dedoussopoulos, 2012, p. 45)

For Portugal, the memorandum of understanding of the Financial Assistance Programme intends to shorten the validity of collective agreements upon expiry (*sobrevigência*) (Romalho, 2013, p. 11).

In Spain, a major change was introduced regarding the principle of *ultraactividad*. This principle, which was established in article 86.3 of the Workers’ Statute, states that a collective agreement that has expired will nevertheless remain in force until a new agreement is reached. Employer organisations believed it is necessary to establish exactly how long an expired collective agreement can be maintained. They proposed that if a new agreement is not reached within six to eight months, general conditions or sectoral agreements should be applied. In practice, this means that a collective agreement will cease to be in force one year after it expires (Sanz, 2013).

Changes in wage indexation

Wage indexation mechanisms exist in relatively few Member States (Belgium, Cyprus, Luxembourg, Malta and Spain). As already seen above, these countries have come under pressure to revise their indexation mechanisms. Accordingly, there have been high-profile debates in countries such as Belgium and Malta, although it is thought to be unlikely that significant reforms to these countries' indexation systems will take place.

With regard to Belgium, the European Council has recommended that steps should be taken to reform wage indexation and facilitate the use of opt-out clauses from sectoral collective agreements in order to better align wage growth and labour productivity at local level. However, after a Belgian study was produced on the country's wage indexation system, it appears unlikely that concrete action will be taken to change the existing mechanism.

In Cyprus there has also been substantial debate on a reform of the indexation mechanism. Government proposals stipulate that when the economy is in recession, wage indexation will not take place. During a period of economic recovery, indexation will be applied once a year, but reduced by 50%. In Cyprus, a tripartite agreement was reached in February 2012 to implement wage indexation in almost the entire private sector (Eurofound, 2012j). Consultations that followed with the troika during 2012 resulted in the suspension of wage indexation for a three-year period during the application of the Memorandum of Understanding (2013–2015). The suspension of wage indexation refers to the broader public sector, and by the end of 2013 a tripartite agreement will be pursued for the application of the reformed system in the private sector. From then on, and assuming no further changes are introduced, wage indexation will be provided once a year at the reduced rate of 50%, and only following positive growth in gross domestic product (GDP) in the second and third quarter of the previous year.

In Luxembourg, indexation mechanisms were changed on a temporary basis. In a tripartite agreement, the government agreed in principle to the indexation of salaries for 2011.

The EU also recommended that Malta's automatic wage indexation system, the Cost of Living Allowance (COLA), be reformed. However, the Maltese government decided against abolition, fearing that this would destabilise industrial relations in the country. The EU has since changed its recommendation from a reform to a review of this instrument in light of a debate and disagreement among the social partners on the COLA. Trade unions are urging the government to introduce a living wage.

Finally, Spain has also been under pressure to reform its ex-post inflation wage indexation clauses (Eurofound, 2013b).

Industrial action

The right to strike is anchored in the constitutions or the national legislation of most of the Member States. In others it is not explicit but is implied, and in several it is not possible to speak of a right, but rather, only of a freedom to strike.⁸ As might be expected in difficult economic times, there has been a considerable amount of unrest, trade unions in many EU Member States protesting against the outcomes of budget cuts and austerity measures (see also Gumbrell-McCormick and Hyman, 2013, p. 125).

⁸ <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/righttostrike.htm>.

In Belgium, Bulgaria, the Czech Republic, Estonia, France, Greece, Italy, Ireland, Latvia, Lithuania, Portugal, Romania and Spain, protests were organised by trade unions over governmental anti-crisis measures (European Commission, 2011, p. 94).

In Britain, France and Ireland, the crisis triggered a number of conflictual responses through sit-ins against job cuts and plant closures (Hyman, 2010, p. 5). Moreover, in France, at the end of January 2009, ‘all main French trade unions joined in calling a general strike to protest that the government was protecting businesses but not workers, an initiative repeated two months later’ (Hyman, 2010, p. 4).

The challenges faced by the Greek industrial relations system are enormous. Numerous strikes and demonstrations have taken place, while hundreds of small and medium-sized enterprises have closed. According to Patra:

the General Confederation of Greek Workers (GSEE), together with the General Confederation of Public Sector Employees (ADEDY) ... called several general strikes and mass demonstrations to put forth their demands for a new national general collective agreement, to protest against the new legislation containing austerity measures, including wage cuts and social security reforms which would jeopardize pension rights. There were major strikes accompanied by mass demonstrations on 24 February 2010, 11 March, 2 April, 5 May (which led to the death of three bank employees in Athens), 20 May, and 29 June. There were mass demonstrations on 1 May, 5 June, and 16 June and other sectoral strikes and demonstrations. The strikes continued in 2010 and 2011.

(Patra, 2012, p. 26)

In Ireland, trade unions broke their tradition of support for social partnership and called a mass demonstration against the government for what they considered to be its inadequate response to the economic crisis and demanded a ‘fairer and better way’ of proceeding. The overall degree of labour quiescence in times of crisis in Ireland, however, remains very surprising: ‘given the employment crisis, there has been very little industrial action. There were only eight strikes in 2011, with 3,695 days lost. This was one of the lowest in the OECD. Most conflict is resolved through state led dispute resolution agencies, leading to an increased role for the Labour Relations Commission’ (Regan, 2012, p. 22). Industrial action, as measured by number of strikes, has declined in Ireland since 2009 to a record low of just five strikes in 2012. High unemployment is considered to have a dampening effect on dispute activity, but as there were low levels of industrial action in the years of low unemployment preceding the crisis, this sheds light on other possible reasons for low industrial action, such as mobile capital investment, greater economic literacy and effective dispute resolution services as offered (Farrelly et al, 2013).

In April, the General Confederation of Italian Workers (CGIL), Italy’s largest trade union, called a general strike, demanding a halt to dismissals, better financial support for the unemployed, job creation measures and a cap on top salaries, but the other trade unions refused to support the action (Hyman, 2010, p. 4).

Protests were organised by trade unions in various European countries over government anti-crisis measures (European Commission, 2011, p. 94). In Lithuania, sustained opposition by trade unions to government proposals to cut the public sector wage fund culminated in a broader national protest action in January 2009 against the government’s anti-crisis plans (European Commission, 2011, p. 74). In Greece, Italy, Portugal and Spain, unilateral decision-making by the government, in some cases, gave rise to mass demonstrations and industrial action by trade unions, including general strikes (Glassner and Keune, 2012, p. 366).

The year 2010 was the most strike-intense year since Slovenia’s independence. Not only has the number of strikes risen; they have also diversified to include numerous new industrial action approaches (Kresal Šoltes, 2011).

For Portugal and Spain, Campos Lima and Artiles summarise the strategy of the trade unions as a two-pronged one of protest and pact-signing:

Among the euro area countries, Portugal and Spain have been among the most subjected to the global financial crisis, combined with the straightjacket of the EMU regime. Austerity plans resulting from external pressures triggered general strikes and massive protests, which were followed, later, by social pacts. This process provides evidence that exogenous shocks are neither a necessary nor a sufficient condition for the emergence of a single course of action (either strikes or social pacts).

(Campos Lima and Artiles, 2011, p. 399)

Portugal witnessed an unprecedented number of general strikes – four in three years (2010, 2011 and 2012) – and an unprecedented strategy on the part of the UGT and UGT-affiliated unions, which joined in the three general strikes (Dornelas, 2012; Campos Lima and Artiles, 2011).

In Spain, two general strikes took place on 24 November 2010 and 24 November 2011:

in addition to mobilizing many thousands of people, [they] brought the two rival trade union confederations together in a united stance ... the strengthening of trade union cohesion ... was a positive and noteworthy outcome in the trade union world ... Numerous other sectoral strikes (part- or full-time) also took place in the public sector, in particular in transport, in 2011 and 2012.

Costa, 2012, pp. 406–7.

Dispute resolution

The crisis also impacted on the use of alternative dispute resolution mechanisms at the expense of labour court proceedings (Bulgaria, Spain and the UK). Two prominent examples are Greece and the UK: ‘In Greece, arbitration must be triggered by the joint request of the parties and is restricted to basic wage demands. In the United Kingdom, access to labour tribunals has been restricted’ (Clauwaert and Schömann, 2012, p. 14).

In Greece, arbitration must be triggered by the joint request of the parties and is restricted to basic wage demands. According to Dedoussopoulos, a major reform has also been introduced to the Greek system of dispute resolution following the First Memorandum by establishing two new principles:

- the principle of symmetry;
- the principle of voluntary participation.

In the principle of symmetry, both parties must have recourse to arbitration. This implies that the right of trade unions or of employer organisations to unilaterally resort to arbitration is abolished. Henceforth, recourse to arbitration by all collective agreements and arbitration decisions can be taken only by mutual agreement between employers and employees.

In the principle of voluntary participation, arbitration can be agreed jointly by employer and employee organisations and not unilaterally, as previously established by Law 1876/90, which worked in favour of employees.

The content of a possible arbitration award has also been modified: ‘The content of the Arbitration Decision is limited to the determination of basic daily wages and/or basic wage payments All issues other than those of basic salary (benefits, other provisions, institutional arrangements) are not subjects of the DA any longer but of the Collective Agreement, the negotiations for which may go on simultaneously’ (Dedoussopoulos, 2012, pp. 42, 46, 47). In light of the above, some Greek researchers argue that the institutional capacity of the Greek Organisation of Mediation and Arbitration (OMED) has been fundamentally weakened (Nikolopoulos and Patra, 2012).

In Ireland, as discussed earlier, the industrial relations institutional landscape is set to change due to the creation of a new Workplace Relations Commission.

In Slovenia, although there have been no changes to procedures for dispute resolution, the number of breaches of collective agreements rose from 462 in 2007 to 2,596 in 2010 (Eurofound, 2013b).

In the UK, access to labour tribunals has been restricted. In June 2012, the government announced legislative plans to encourage the use of ‘settlement agreements’ to terminate employment relationships without recourse to an employment tribunal. However, this is more likely to be linked to efforts to reduce the number of employment tribunal claims than directly to the crisis.

Impact on outcomes 4

This last chapter examines the impact of the crisis on industrial relations outcomes, focusing on collective agreements at all levels. In terms of outcomes, one may distinguish between formal outcomes (number and length of collective agreements) and material outcomes regulating issues of pay and working time, among other things.

The main impacts include a shorter or longer duration of agreements, non-renewal of agreements, reduced levels of pay, pay pauses and freezes, and the implementation of parts of collective agreements only. It should be noted, however, that impacts vary not only according to country, but according to sector. Whereas some of the trends cannot necessarily be attributed to the crisis, the trends recorded in this section do appear to result from the crisis.

Table 3: *Impact on the outcomes*

Impact on outcomes	Countries
Decrease in duration of agreements	BG, CY, DK, EL, ES, LV, SE
Increase in duration of agreements	AT, DE
Inconclusive outcomes	BG, CY, CZ, ES, FR, HR, HU, IE, MT, NL, PT, SI
Decrease in number of agreements	CY, CZ, EE, LV, MT, PT, RO, SI
Pay cuts or freezes	AT, BE, BG, DE, DK, EL, ES, FI, HU, IE, IT, LT, LU, LV, NL, PL, PT, SI, SK, UK
Working time reduction or short-time working	AT, BE, BG, DE, FR, HU, IT, LT, NL, PL, SI, SK
Inconclusive outcomes	AT, CY, CZ, ES, HR, HU, IE, LT, LV, MT, NL, PT, SI

Source: *Eurofound (2013b and literature review)*

Collective agreements and national labour law

The ETUI reports that at the outset of the crisis there was ‘an increased role of collective bargaining in addressing effects of the crisis’ (ETUI, 2010, p. 62). These findings were also corroborated by Eurofound in 2012 (Eurofound, 2012c), but only for the early phase of the crisis. Up to April 2010, bipartite or tripartite national cross-sector agreements in response to the crisis were concluded in 10 Member States (Belgium, Bulgaria, the Czech Republic, Estonia, France, Lithuania, Latvia, the Netherlands, Poland and Portugal).

In Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands and Sweden, there were instances of the mobilisation of sector negotiations to respond to the crisis, either in the form of additional, specific agreements or through the inclusion of crisis response measures in regular collective agreements (European Commission, 2011, p. 107). There was also some crisis action taken at company and establishment level. Most of these agreements were in the metalworking and automotive sector (European Commission, 2011, p. 110).

In Italy, in June 2011 ‘a new tripartite agreement was signed to reform sectoral collective agreements. ... The reform introduced long-awaited criteria for union representativeness, establishing that company-level agreements could depart from sectoral ones if signed by unions representing more than 50% of employees’ (Meardi, 2012b, p. 9). Moreover

the labour market reforms were kept in the final bill, and they were arguably more drastic than all the policies that had been triggered by the EES in the previous fourteen years. ... In addition to incorporating the tripartite agreement of the 28th of June 2011, the new law also allows company agreements to derogate not simply from sectoral agreements, but also from legislation on dismissals.’

(Meardi, 2012b, p. 10)

Nevertheless, due to the dissatisfaction of the trade unions, on 28 June 2011 ‘they reached a new bipartite agreement with Confindustria, reaffirming the agreement of the 28th and adding the commitment to include in company

negotiations only matters previously agreed by the confederations at national level – that is, for the time being, excluding dismissal protection’ (Meardi, 2012b, p. 10). Unfortunately, the climate for social dialogue changed in the second phase of the crisis (from 2010 onwards). This period is characterised by disagreements between employer organisations and trade unions, resulting in shorter, inconclusive, fewer collective agreements or none at all.

In Slovakia, ‘trade unions and employers’ organisations concluded parallel, but separate accords with the government’ (European Commission, 2011, p. 86).

Length of agreements

One trend that is apparent in some countries has been the conclusion of agreements of a shorter length than was previously the case, largely in response to an uncertain economic climate. By and large, trade unions have been keen to allow scope to revisit issues such as wage increases at a date not too far in the future in the hope that the economic situation may have improved by then.

In Austria, some collective agreements were also concluded for two years instead of the usual one-year period, a development that appeared beneficial to the trade unions (Hermann, 2011, p. 24).

In Bulgaria, many sectoral agreements have been concluded for a duration of one year rather than two years (Eurofound, 2013b).

There is a debate in Cyprus, too, about the length of agreements. Employers are advocating a longer duration, as this will give companies some stability in difficult economic times. However, unions advocate a shorter duration, believing that many collectively agreed provisions are temporary due to the crisis (Eurofound, 2013b).

In Denmark, the duration of collective agreements in the public and private sectors has changed from three to two years on the basis that some of the conditions introduced by the crisis might no longer apply in two years’ time (Eurofound, 2013b).

Germany is one of the few Member States in which the average duration of collective agreements increased during the first phase of the crisis, from 22.2 months in 2007 to 24.3 months in 2010 (Eurofound, 2013b).

In Greece, the possible length of collective agreements has been sharply reduced: indefinite collective agreements were abolished and a minimum period of validity of one year and a maximum of three years was set (Dedoussopoulos, 2012, p. 41).

In Sweden, the main impact of the crisis on industrial relations outcomes has been the fact that shorter collective agreements have been concluded, in contrast to the usual three-year agreements. This is attributed to difficulties in forecasting wage increases.

Pay provisions

The level of pay increases negotiated by collective agreement has fallen in many countries as a result of the difficult economic circumstances. In some countries, below-inflation increases have been negotiated (if increases have been agreed at all), with the emphasis focusing on training and maintaining employment.

The crisis has been a period of reduced and often moderate collectively agreed pay increases in most EU Member States (Eurofound, 2011b, p. 4; Eurofound, 2013a). Pay pauses and freezes have been agreed in many Member States, particularly (although not exclusively) in the public sector, as a way of cutting costs.

Austria recorded one of the highest nominal and real wage growth rates in the European Union in 2009. The government agreed to increase the wages of the roughly 350,000 public sector workers in 2009 to boost purchasing power. However, outside the sector the growth in real wages was the outcome of the traditional bargaining process, the timing of bargaining and the shortness of the crisis. Growth started to pick up again in the second half of 2009. Since real wage growth fell back in 2010, the wage agreements concluded during the crisis had a strong anti-cyclical effect (Hermann, 2011). A further pay pause for federal employees was agreed in 2013 and moderate wage increases are foreseen for 2014 (Eurofound, 2013b).

Glassner and Keune explain that

wage moderation and flexibilisation of wage setting have been widely used since the onset of the crisis to increase the competitiveness and adaptability of firms and to safeguard employment At the national level, wage moderation was included in 11 agreements concluded in Belgium, Greece, Italy, the Netherlands, Slovakia, Slovenia and Spain between October 2008 and October 2011. More importantly, 16 agreements containing such provisions were settled at the industry level.

(Glassner and Keune, 2012, p. 359–360)

In Belgium, ‘social partners have agreed on a margin for wage increases within their cross sectoral agreement 2011–2012’ (Eurofound, 2011b, p. 6), while in Bulgaria, seniority payments have been cut or frozen in some sectors (Eurofound, 2013b).

A public sector pay freeze has also been introduced in Denmark and Slovenia, where changes to the adjustment system have effectively resulted in public sector pay cuts. There is evidence that pay cuts have been introduced in many Member States in both the public and private sectors.

In Finland, the Pilot agreement was concluded in 2009 between ‘the Finnish social partners for blue collar workers of the technological manufacturing sector – i.e. electronics, mechanics, ICT and metalworking The agreement provides for the possibility of “incremental” wage increases at the company level, according to conditions set in the sectoral agreement.’ The same agreements can also be found in Germany and Sweden (Glassner and Keune, 2010b, p. 11).

In Germany, there have been many examples of pay freezes and the award of lump-sum non-consolidated payments in lieu of consolidated pay increases. Although the crisis has arguably been much less severe than in other EU Member States, trade unions have been exercising wage restraint, resulting in slow earnings growth.

Further, bonus payments have been cut in many countries (Eurofound, 2013b). One of the most striking examples of this is Greece, where significant pay cuts were made in 2012. Legislation gives companies the right to reduce wages by 22%, and statistics show that since that law came into force, there has been an average reduction in pay of around 22% (Eurofound, 2013b).

In Ireland, there have been public sector pay cuts of between 5% and 15% and a public sector pension levy of 7% on taxed pay (Eurofound, 2013b).

In Italy, the government reached an agreement with unions on 4 February 2011 over productivity-linked pay increases in the public sector. The agreement also covers negotiations for a framework agreement on industrial relations in the public sector until 2012, as collective bargaining is frozen until then (Eurofound, 2011b, p. 7).

In Lithuania also there have been public sector pay cuts of between 4% and 12%. Meanwhile in Latvia, public sector pay was cut by 26% and private sector salaries by 10% in 2009.

In Luxembourg 'a bipartite agreement on this [the indexation mechanisms] was reached on 29 September between the government and the most representative national trade unions. This agreement meant that the government agreed, in principle, to the indexation of salaries for 2011, while trade unions agreed to the postponement of the pay rise to the third quarter of the year' (Eurofound, 2011b, p. 6).

A pay freeze for workers in public administration in Poland was put into place in 2011.

In Portugal, in 2011 it was reported that collectively agreed nominal pay increases in the private sector resulted in a growth in real wages of 0.3% (Eurofound, 2013b).

Other countries experiencing public sector pay cuts are Romania (25% in 2010) and Slovenia (8% in 2012) (Eurofound, 2013b). The pay cuts in the public sector of Romania were restored unilaterally by the government at the end of 2012. In Slovenia, non-payment of collectively agreed wages increased considerably between 2007 and 2010.

In Spain, the agreed wage increase is below levels of inflation.

In the UK, there has been a pay freeze for public sector workers earning more than £25,000 a year in place for over two years. Around one in five pay settlements in the UK is a pay freeze, mostly in the public sector – pay freezes in the private sector have been relatively rare in the UK. Further, the 2011 WERS found that 33% of employees in the UK reported a cut or freeze in pay as a result of the recession, with 19% reporting restrictions on access to paid overtime and 6% reporting a reduction in non-wage benefits (Eurofound, 2013b). By contrast, actual pay growth in the UK seems to be relatively stable, according to recent figures relating to 2012. Figures from the UK-based Incomes Data Services (IDS) show that pay settlements are actually quite stable, despite the continuing economic uncertainty. The median pay settlement in the three months to August 2012, as well as the upper and lower quartile figures, were unchanged compared with the figures for the three months to July 2012.

In those Member States with statutory minimum wages (all EU28 except Austria, Cyprus, Denmark, Finland, France, Germany and Sweden), minimum wages decreased in net terms in 16 Member States, both in 2011 and 2012. Net increases were seen only in Hungary, Latvia, Poland, Romania and Slovenia in 2011 and Bulgaria, France, Hungary, Poland and Romania in 2012. The highest decline took place in Greece in the second half of 2012, resulting in an average real decline of more than 10% (Eurofound, 2013a).

Working time and work organisation

In several Member States, responses to the crisis have largely consisted of changes in working time arrangements. By and large, these changes have resulted in a further flexibilisation of working time arrangements (Clauwaert and Schömann, 2012, p. 8; Lang, Clauwaert and Schömann, 2013, p. 28). Changes to working time as well as work organisation have been agreed in some countries in an attempt to increase productivity. One of the main responses to the crisis in various European countries was the introduction of 'short-time working arrangements aimed at maintaining employment by setting a framework for the collective reduction of working time and by providing workers and employers with financial compensation from public (unemployment) funds' (ETUI, 2010, p. 61).

‘Statutory arrangements for short-time work have been widely used in the EU since the onset of the crisis in the second half of 2008’ (Glassner and Keune, 2012, p. 354), varying across countries ‘in terms of conditions of eligibility, coverage, the extent of compensation and sources of financing In a number of countries, such schemes were introduced or reintroduced, as in the case of the Netherlands in response to the economic crisis’ (Glassner and Keune, 2012, p. 354). The authors explain that unions and employers played a central role in the implementation of short-time work schemes, as they ‘require the conclusion of a collective agreement at company level’ (Glassner and Keune, 2012, p. 357).

As indicated above, the ETUI argues that collective bargaining during the crisis is characterised by ‘short-time working arrangements’ (ETUI, 2010, p. 61). Short-time measures ‘often rely on company or sectoral collective agreements for their implementation. In this way they truly are examples of coordinated collective responses by social partners and governments’ (Glassner and Keune, 2010b, p. 8).

In Austria, Belgium, France, Germany, Italy and the Netherlands, short-time schemes existed prior to the crisis. Nevertheless, with the crisis they ‘have been extended by governments, while in other countries (i.e. Bulgaria, Hungary, Poland and Slovenia) legal provisions for short-time working have been newly introduced’ (ETUI, 2010, p. 62). The social partners have played an important role in the implementation of those schemes. Indeed, in ‘Austria, Germany, Belgium and the Netherlands, a number of sectoral collective agreements contain provisions on the implementation of short-time working schemes’ (ETUI, 2010, p. 62).

Social dialogue and collective bargaining played an important role in mitigating the crisis in Austria. Tripartite social dialogue helped to reform the existing short-time working schemes and make them more attractive for companies as an alternative to laying off workers. Up to 30,000 jobs may have been saved through this measure. Tripartite social dialogue also succeeded in setting up a work foundation for young workers threatened by unemployment, though the measure was less effective than expected. At the same time, collective negotiations on the implementation of short-time working made sure that workers did not suffer dramatic reductions in income even if they worked significantly fewer hours than usual. Social partner negotiations also led to the adoption of a more flexible system of mandatory staff retention, benefiting companies with long short-time working periods. Just as importantly, collective bargaining boosted real wages in the crisis year, fuelling demand and mitigating the contraction of gross domestic product (GDP) (Hermann, 2011).

The crisis ‘has led to an increase in the range of measures and an extension of the entitlement conditions, as well as the first-time introduction of short-time working arrangements in several of the central and eastern European countries where they did not exist previously’ (Glassner and Keune, 2010b, p. 8). In Bulgaria, Hungary and Poland, ‘collective agreements on short-time working have been implemented primarily in large and multinational companies’ (ETUI, 2010, p. 62).

In Germany short-time working schemes have been most prominent, followed by Belgium, France and the Netherlands. ‘In the rest of Europe, the role of these schemes has been much less prominent’ (Glassner and Keune, 2012, p. 357). These schemes were mostly used in the manufacturing, metalworking and engineering sectors, ‘but also in the electronics, chemical and pharmaceutical industries – and to a much lesser extent in service industries’ (Glassner and Keune, 2012, p. 357). Also, the majority of those schemes oblige employers to provide training for workers on short-time schemes and ‘only seven agreements feature no such link’ (Glassner and Keune, 2012, p. 358).

In Italy, drastic changes were introduced in 2010–2011 by the largest Italian manufacturing company, Fiat, where new plant agreements introducing notably more working time flexibility were concluded. ‘The agreements were first signed at the plant level, starting from the plants most directly threatened by relocation, while another small plant was being closed, and were then extended, with small modifications, to the whole of the Fiat group at the end of 2011’ (Meardi, 2012b, p. 9).

In other countries, working time reduction has been implemented in order to reduce costs in the face of falling demand. In Lithuania, for example, some companies have reduced the working week, with a proportionate pay reduction, in response to reduced production demand, in addition to encouraging workers to take unpaid holidays (Eurofound, 2013b).

Poland introduced short-time working schemes where ‘companies experiencing temporary financial difficulties are able – for a maximum of six months – to reduce working time or even to put their workers on ... “inactivity leave” because of lack of work, as an alternative to collective redundancies’ (Clauwaert and Schömann, 2012, p. 10).

In Slovenia the agreements on wage subsidies for cuts in the full working time required a collective agreement at the company level, as did the Guarantee Fund both in Slovenia and in Italy (ETUI, 2010, p. 62).

Inconclusive outcomes

Another trend has been the increasing difficulty of negotiations, leading to inconclusive outcomes, as the bargaining parties remain too far apart in their demands.

The social partners in Austria, despite the relative success of their coordinated model of multiemployer bargaining, also face a number of difficulties in their bargaining rounds in the crisis: ‘Despite its positive contribution to the economic recovery, bargaining during the crisis was more difficult than during periods of growth. In several cases an agreement could be reached only after lengthy negotiations and after the unions had threatened to call for a strike (but no worker actually went on strike)’ (Hermann, 2011, p. 24).

In Cyprus, collective bargaining has declined at both sectoral and company level due to wide differences between the bargaining parties (Eurofound, 2013b).

After seven rounds of negotiations in Croatia in 2012, the government’s proposal on the irreversible revocation of certain substantive rights of civil servants (Christmas bonuses, vacation allowances and anniversary bonuses) did receive the necessary support of the trade unions: four out of eight unions rejected the proposal and the subsequent mediation process also failed (Butković et al, 2012, pp. 87–88).

In the Czech Republic also, the volume of agreements shrank considerably in those sectors most affected by the crisis (Eurofound, 2013b).

In France, there has been a reduction in quality in terms of the outcomes of collective bargaining, rates agreed being below the minimum wage, and the incidence of signature by some trade unions being low (Eurofound, 2013b).

In Hungary, Ireland, Slovenia and Spain, there were unsuccessful talks over agreements (European Commission, 2011, p. 86).

Collective bargaining volumes have also dropped in Latvia and Lithuania (Eurofound, 2013b).

In Malta, there have also been delays in the renewal of collective agreements (Eurofound, 2013b).

In the Netherlands, many agreements have not been renegotiated. However, the impact of this on employees has been relatively minor, as by law, collective agreements continue to apply after they have expired, except in the case of employers and employees that are solely covered by extended agreements (Eurofound, 2013b).

In Portugal, the number of multisectoral, sectoral and company agreements (Table 4) dropped drastically in the course of the crisis. In 2012, the Ministry of Labour published a total of 85 collective agreements, covering only 327,000 workers. This is the lowest number since 2008 and constitutes an overall drop of more than 1.5 million workers covered by collective agreements. The number of extension ordinances fell from 137 in 2008 to only 12 in 2012 (Eurofound, 2013b).

Table 4: *Number of collective agreements signed in Portugal, 2008–2012*

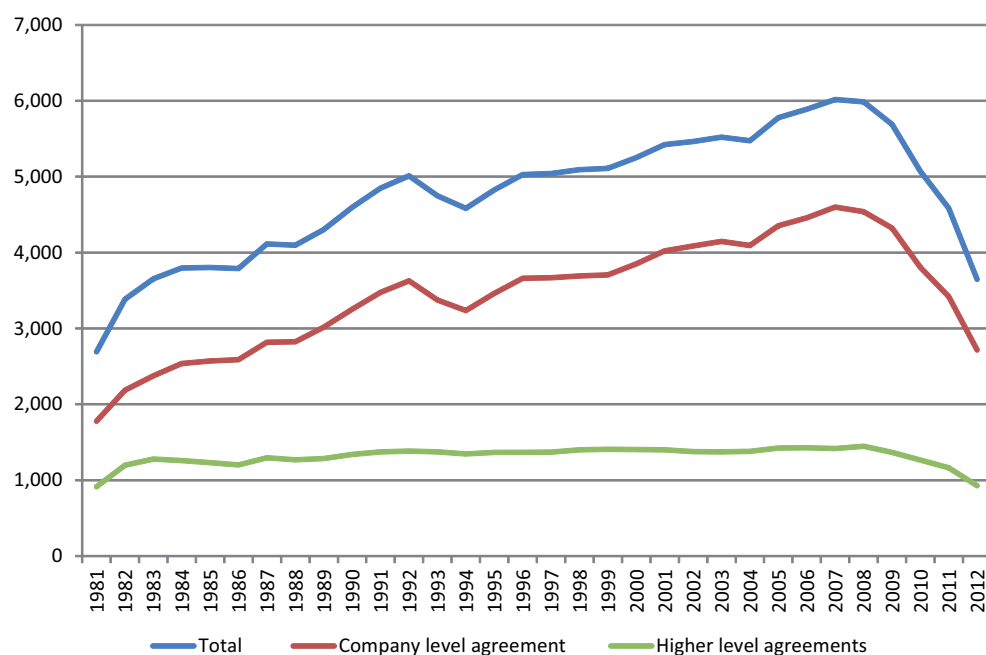
	2008	2009	2010	2011	2012
Sector collective agreement	200	164	166	115	46
Company collective agreement	95	87	64	55	39
Total collective agreement	295	251	230	170	85
Extension	137	102	116	17	12
Coverage (in 1,000s)	1,894	1,397	1,407	1,236	327

Source: *Ministry of Economy and Employment (2013)*

In Slovenia, bargaining on new collective agreements has slowed down or been put on hold due to the fact that the social partners are waiting for new labour legislation reform to be enacted.

In Spain, too, the number of collective agreements concluded declined sharply in the crisis (Figure 2), similar to developments that took place during a previous, but less encompassing, economic crisis in the 1990s. Regarding the negotiation of collective agreements, one of the most visible impacts of the adjustment on collective bargaining has been the difficulty of renewing many collective agreements (Molina and Miguélez, 2012, p. 34).

Figure 2: *Number of agreements signed (new signatures and renewals) in Spain, 1981–2011*



Source: *Molina and Miguélez (2012, p. 35, from Bulletin of Labour Statistics)*

Two phases of the crisis

In the early phase of the crisis (2008–2010), many of the cases examined clearly demonstrate that despite variations across the EU, the different European systems of industrial relations have weathered the economic and social impact of the crisis. Member States with strong social dialogue or industrial relations systems tended to fare better during the crisis in terms of cooperation between the state, employers and their employees (Eurofound, 2012c). This last conclusion is also shared by Glassner et al, who state that ‘collective bargaining responses to the crisis have been much more frequent in multi-employer bargaining systems than in single-employer bargaining systems, both at sectoral and company level’ (Glassner, Keune and Marginson, 2011, p. 303; see in the same sense Glassner, 2010a; Ghellab, 2009, pp. 8–9).

As for the second phase of the crisis (2010–2012), it is clear that there have been many significant and far-reaching impacts of the crisis on a range of aspects of industrial relations in the EU’s 28 Member States, although it should also be stressed that in many cases it is difficult to disentangle the impact of the crisis from other factors and developments, such as longer-standing national industrial relations trends (or megatrends, as discussed by Visser, 2013c). It should also be noted that the impact of the crisis has not been even across all sectors or groups. Even in countries that have emerged relatively unscathed by the crisis, such as Austria, it is reported that the impact has been most severe on young and older workers. In terms of sectors, there has also been an uneven impact. In Bulgaria, the crisis has been most keenly felt in construction, metalworking, mining and railways, arguably all of which are in need of some restructuring. Export industries in some Member States, such as Finland, Malta, and Sweden (as well as in Norway) have been hardest hit by the crisis. In the Netherlands, the crisis has primarily hit the banking, construction and transport sectors. Across most of the Member States, the public sector has recently been more exposed to the effects of the crisis, as budget cuts begin to bite in many countries (Eurofound, 2013b).

New actors

At national level, tripartite institutions in a number of countries have suffered – if not from the crisis, at least during it: this is the case for Bulgaria, Greece, Ireland, Romania and Slovenia, whose governments often acted unilaterally in reducing the social partners’ prerogatives of setting minimum wages or other conditions of pay. Occasionally tripartite institutions were opened to civic society or entirely revamped, such as in Ireland with the creation of the new Workplace Relations Commission that will replace existing employment rights and industrial relations bodies with an overall body for employment rights issues handling cases on a first instance basis. Meanwhile, as discussed earlier, new actors have emerged, such as the previously discussed ‘associations of persons’ in Greece, and new social movements in Portugal, Slovenia and Spain. In light of these developments, Schulten speaks of a ‘dismantlement of the trade monopoly over negotiating on terms and conditions’ (Schulten, 2013).

From organised to disorganised decentralisation?

Another, if not the most clear, result of the Eurofound research has been a trend towards decentralisation in collective bargaining in many Member States. It could be argued that in many countries, this is a trend that had been in train for some decades and that the crisis has merely served to exacerbate and accelerate the process due to the need for more flexibility and more tailoring of agreements to the individual circumstances of companies (Visser 2013a, 2013b). This view is also shared by Glassner and Keune, according to whom ‘the crisis has also tended to reinforce longer-term trends, such as the decentralization of collective bargaining, shrinking bargaining coverage, and declining union densities’ (Glassner and Keune, 2012, p. 368; see also Gumbrell-McCormick and Hyman, 2013, p. 108). The only Member States where there was a trend towards centralisation have been Finland and, to a limited extent, Belgium. This assessment is shared by Schulten, who argues that the ‘systems of collective bargaining that were once robust have been systematically eroded and destroyed. The collective agreement itself – as an instrument for collectively regulating wages and other

employment conditions – is manifestly now at risk’ (Schulten 2013). In the same vein, Marginson argues in his most recent paper that articulated, multiemployer bargaining has come under further threat due to the ongoing crisis (Marginson, 2013).

It would appear that in the Nordic and central-western industrial relations regimes decentralisation took place in an organised manner, whereas in the programme countries – in particular in the Mediterranean systems – disorganised centralisation seemed to prevail (ETUI, 2013, p. 56). In these Member States, the combined effect of more governmental unilateralism and the decentralisation of collective bargaining led to less multiemployer bargaining and a drop in collective bargaining coverage. In sum, the principle of horizontal subsidiarity was hollowed out in many of the 28 Member States and a certain degree of convergence towards the central and eastern European regimes of industrial relations can be observed (ETUI, 2013, p. 56; Meardi, 2012a). One is tempted to tag this process as the ‘east-Europeanisation’ of industrial relations in times of crisis. This process is marked by a vanishing importance of sectoral collective bargaining as well as weakening linkages between the interprofessional, sectoral and company levels of collective bargaining (Ghellab and Vaughan-Whitehead, 2004; Visser, 2013a, 2013b). Yet even within the model of central and eastern European industrial relations, a drift towards the more voluntaristic and less tripartite or neo-corporatist structures and processes seems to have taken place (Glassner, 2013).

Collective bargaining coverage in steady decline

Another paradigmatic change in the crisis has taken place in regard to collective bargaining coverage and its related mechanisms either extending or reducing the scope of application of collective agreements: more extension mechanisms, more opt-out and derogation clauses, less favourability and non-continuation of collective agreements upon expiry.

Most EU Member States have some sort of mechanism in place that provides for the extension of collective agreements. Extension can be an important means of ensuring coverage of an agreement across a whole sector. There have been some changes to extension mechanisms in some countries, although not all are directly linked to the crisis. As shown above, the crisis has provoked a revision of these mechanisms in a number of Member States (Greece, Ireland, Portugal, Slovakia and Spain) that have been severely hit by the downturn. Schulten concludes that ‘under pressure from the Troika, Portugal has now followed a pattern set in Germany and has raised the barriers to extension, so that in future only a very small number of collective agreements are likely to be extended’ (Schulten, 2013).

The above developments with regard to restricted extension mechanisms follow another trend that has been prevalent in Germany for a number of years already. The introduction or increased use of opening clauses can be seen as an element of decentralisation in that it adds a certain level of flexibility to the application of a collective agreement, specifically providing for deviation at a lower level (typically company-level agreements deviating from sectorally agreed provisions). A number of Member States (Austria, Bulgaria, Germany, Greece, Hungary, Italy, Slovenia, Spain and Sweden) have made increased use of opening clauses in order to provide for more flexibility during the crisis (Eurofound, 2013b).

Lehndorff points out that the

outstanding characteristic of the changes in German collective bargaining since the 1990s has been the gradual erosion of the system in terms of coverage and impact. Other than in countries with powerful collective agreement extension procedures, in Germany trade union decline gives way to decline of employers’ associations, which in turn translates into decline of collective bargaining coverage. From the early years of the present decade until the beginning of the current crisis, erosion was aggravated by fragmentation through local concession bargaining, entailing deviations from collectively agreed industry standards.

(Lehndorff, 2009, p. 26)

In a nutshell, another dimension of decentralisation of collective bargaining can be observed in the abolition of the ‘favourability principle’ in according workplace agreements unrestricted priority over higher-level agreements (Schulten 2013). According to Visser (2013c), the introduction of opening clauses does away with the principle of favourability.

In some Member States there is an automatic continuation of collective agreements upon expiry – for example, the schemes of *metenergeia* in Greece, *sobrevigência* in Portugal and *ultraactividad* in Spain. These automatic extensions came under immense pressure during the crisis and have been revised in a number of Member States.

Other impacts on collective bargaining have included the following:

- a drop in the overall volume of bargaining, as the bargaining parties find it difficult to agree;
- the conclusion of agreements of shorter duration, which are deemed to be more suited to the changing economic climate and uncertain times;
- in some countries, curbs on provisions allowing collective agreements to remain in force for a certain period once they have expired.

Marginson argues that:

the viability of multi-employer bargaining arrangements as a cornerstone of labour market regulation across much of western Europe has rested on a number of features, including a high degree of employer organisation and (less crucially) union organisation which have ensured a high level of workforce coverage, supportive state policies including mechanisms to legally extend the coverage of agreements to all of the relevant workforce, and the capacity to articulate bargaining across different units and at different levels.

(Marginson, 2013)

As the literature review and the previous report (Eurofound, 2013b) show, four features of the European social model have come under increased stress in the crisis: multiemployer bargaining, trade union density, extension mechanisms and level coordination. Only the employer density rates have remained somewhat stable in the crisis.

Following on from the above, a number of authors see the power of trade unions crumbling in light of the combined effect of the loss in trade union density and collective bargaining coverage rates: ‘In many countries, these transformations in collective bargaining machinery have led to a dramatic decline in bargaining coverage. Ultimately, this has also culminated in a massive loss of power for trade unions, which are no longer able to prevent substantial cuts in real wages against the background of rising unemployment triggered by the crisis’ (Schulten, 2013; see also Clauwaert and Schömann, 2012, p. 14).

Different industrial relations models and their degree of resilience

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

economic adjustments these countries have had to make. With regard to the Mediterranean countries, Marginson notes that

the hierarchy of agreements has been inverted in favour of the company level, as in Greece, Spain and Romania, and the application of the favourability principle abandoned or, as in Portugal, suspended. Extension practice has been curtailed in all these countries, also in Ireland and its legal underpinnings are in question in Italy. In Italy too, established articulation mechanisms have been disrupted.

(Marginson, 2013)

Yet the crisis also seems to have had fundamental impacts on industrial relations in the central and eastern European Member States. According to Glassner ‘Empirical findings on recent developments in the EU-10 indicate that the triple typology of neoliberal, embedded neoliberal and neocorporatist industrial relations yields a certain amount of predictive and explanatory power. In line with Bohle and Greskovits, “both the persistence of diversity, and a clear shift of all new regimes ... in the neoliberal direction” ... are found’ (Glassner, 2013).

Finally, academia argues that the industrial relations systems of Nordic and central European Member States contain more potential flexibility in terms of the actors and the processes (for example, opening clauses in collective agreements), enabling them to adapt more readily to changes in the economic environment. Furthermore, these countries have more solid linkages between levels and an overall less adversarial industrial relations climate and culture, all of which may well have contributed to their resilience during the crisis. Also, in countries where the tripartite systems in place are well established and function strongly, there seems to be more scope for a joint response to the crisis, provided that these fora have not been dismantled. A paper by Dølvik et al notes that the Nordic models still seem to retain much of the flexible adjustment capacity earlier attributed to them. It is also noted that trade unions have shown wage restraint and consented to new forms of local flexibility in working time and pay in order to safeguard jobs (Dølvik et al, 2012).

In terms of varieties of the capitalism paradigm, there seems to be a marked difference between the coordinated and the liberal market economies and their responses to the crisis: the first preferred internal to external flexibility as a response, whereas the latter relied to a large extent on dismissals (Hyman, 2010, p. 10).

Marginson argues that ‘the overall effect amounts to a frontal assault on existing multi-employer bargaining arrangements amongst a significant number of the relevant EU member states’ (Marginson, 2013).

This chapter concludes with a quote from Hyman’s paper for the ILO, summarising the challenges of social dialogue in times of crisis as follows:

In times of economic crisis, the overriding challenge is therefore to interlink bipartite subsidiarity and decentralization with higher-level authoritative norm-setting, creating new links between different levels of regulation and different issues on the regulatory agenda. Without this, social dialogue in hard times is likely to prove increasingly ineffectual.

(Hyman, 2010, p. 14)

Part 2

Impact of the crisis on working conditions

Jobs crisis in Europe

The EU has been confronted with a wave of crises affecting the economy and labour markets since 2007. The economic recession began in 2007 with the banking crisis. Following this, and in some cases caused by the problems in the banking system, several European Member States were faced with debt problems, involving the EU in a sovereign debt crisis. In 2009, the world and Europe climbed out of the recession and there was some economic growth. However, this growth was too limited and unevenly distributed across Member States, causing new problems and creating the euro zone growth crisis. This left the EU facing three interlinked financial and economic crises, as described in the report *Euro area labour markets and the crisis* from the European Central Bank (ECB, 2012) and the report *Labour market developments in Europe 2012* from the Directorate-General for Economic and Financial Affairs of the European Commission (European Commission, 2012).

Economic effects on country clusters

The crisis has had a differentiated impact on working conditions in the EU Member States, and in Norway, as is reflected in the national contributions prepared for this report. Malta and Poland report being barely affected by the crisis. Other countries (Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Romania and Spain) report that the crisis has had substantial effects, often with a drastic impact on unemployment, youth unemployment and long-term unemployment. There is also some variation between countries regarding the duration of the crisis.

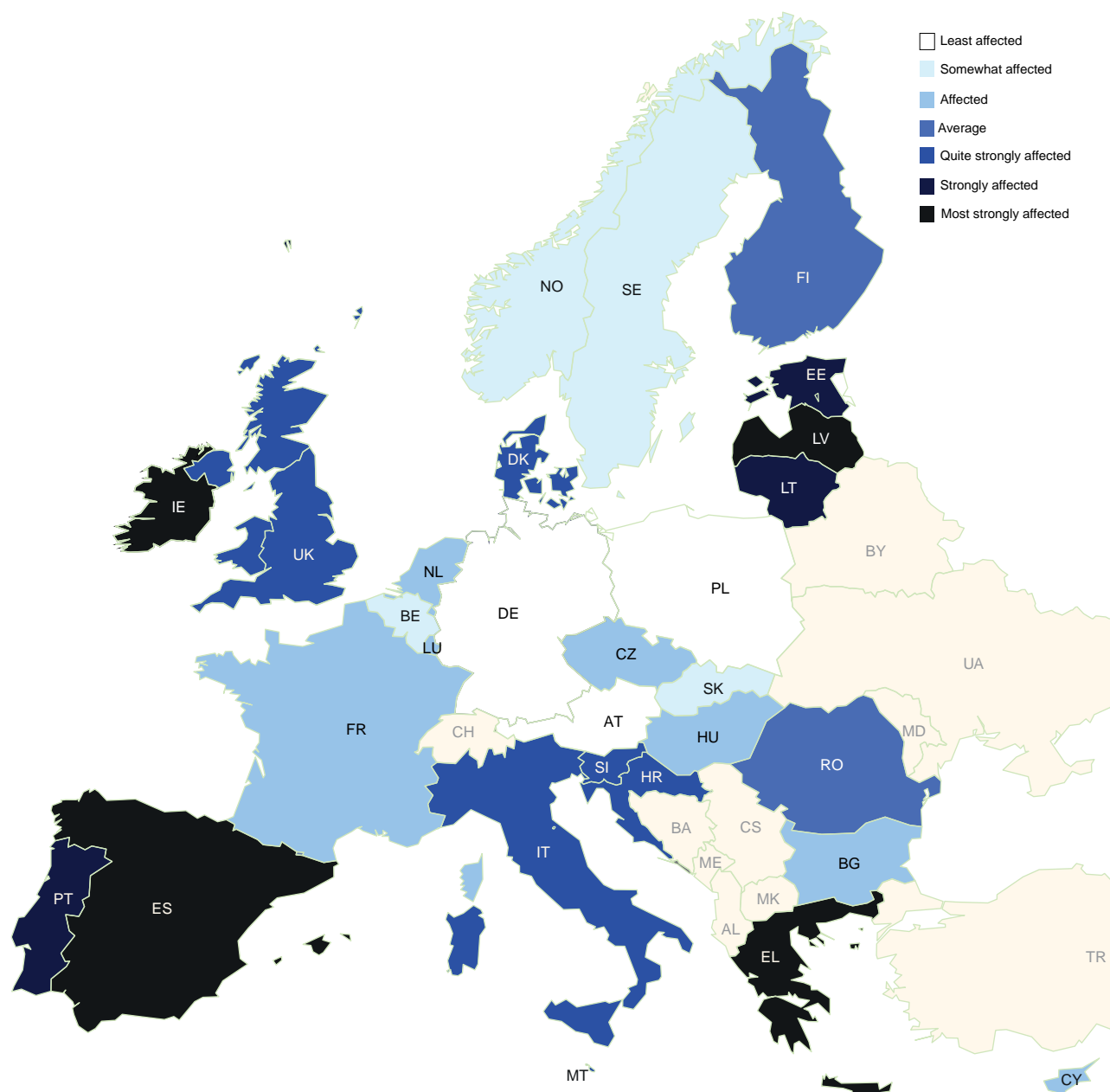
Some national contributions note that the impact of the crisis on employment and working conditions seemed to lag behind the economic crisis. Nevertheless, the crisis had a significant impact on the labour market of all Member States in 2009 and 2010. The timid recovery of employment in 2011 ended with the return of very low or negative economic growth rates. In the following sections, this evolving crisis is considered in relation to working conditions in the EU.

To simplify and clarify further analysis of the impact of the crisis on working conditions, a preliminary classification was made of the size effect of the crisis on the EU Member States and Norway. Growth in GDP between 2007 and 2011 and the change in the unemployment rate between the end of 2007 and the end of 2011 were taken as indicators to produce a ranking of all the countries from 1 (least affected by the crisis) to 28 (most profoundly affected by the crisis). The countries were subsequently classified into seven groups based on their (standard) deviation for the average of these two rankings. Figure 3 shows the seven groups of countries. This is, of course, a simplified categorisation to deal with the question of how recent changes in working conditions can be related to the economic crisis.

- Austria, Germany and Poland were least affected economically by the crisis (Figure 3).
- Two of the Nordic countries (Norway and Sweden), Belgium and Slovakia, and the positive southern outlier, Malta were somewhat affected.
- In a broader circle around these countries are Bulgaria, the Czech Republic, Finland, France, Luxembourg and the Netherlands, countries that were quite affected by the crisis.
- A still more negative economic impact of the crisis is visible in a diverse group of countries such as Denmark, Hungary, Italy, Slovenia and the UK.
- It is mainly the southern Member States and the Baltic states – in Greece, Latvia and Spain, and in Ireland – that countries are most profoundly affected.

Hungary and Romania score rather well in these rankings. However, in order to overcome fiscal and external imbalance, these countries have been supported by EU and International Monetary Fund (IMF) bailout programmes – Hungary in 2008 and Romania in 2009 and 2012 (and also Cyprus in 2013, which is after the period covered by this report).

Figure 3: *Economic impact of the crisis on EU Member States and Norway*



Note: Classification of countries is based on a ranking in terms of average growth in GDP between 2008 and 2011 and the change in the unemployment rate between 2007 and 2011.

Source: Eurostat

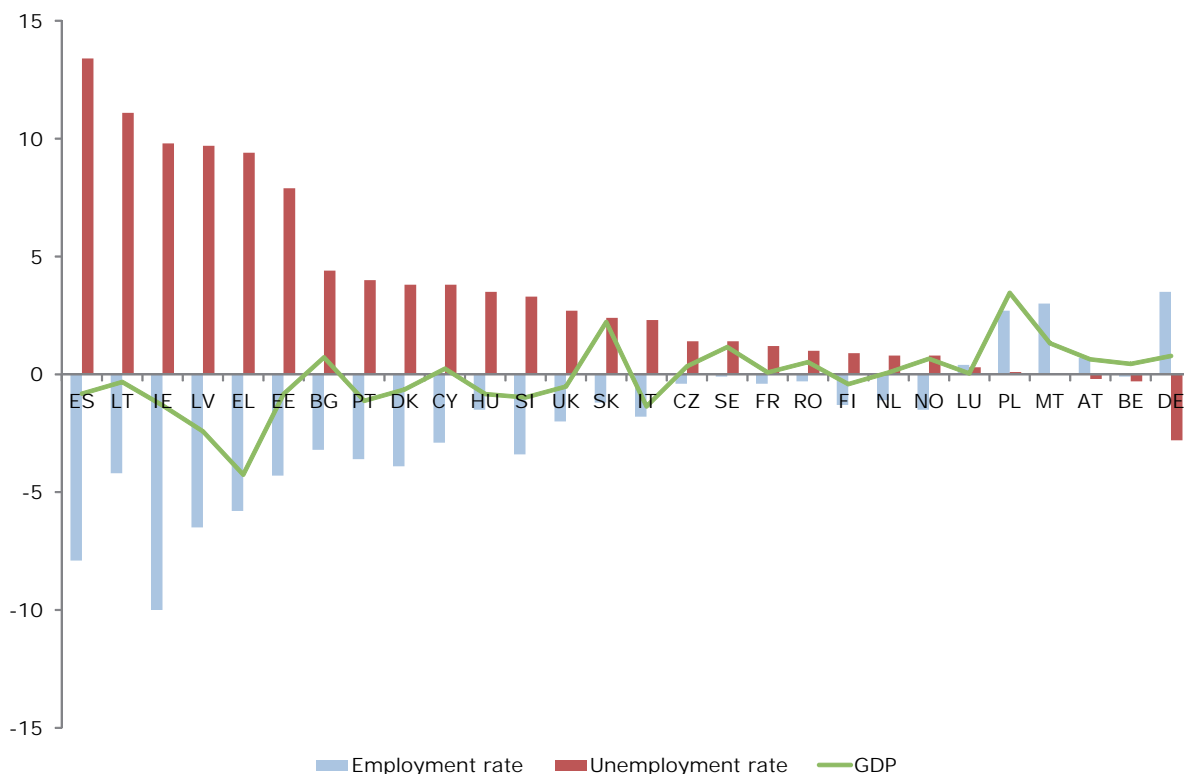
Employment and unemployment

Employment in Europe was severely hit by the crisis and has dropped considerably since 2009. Between 2008 and 2010, more than five million jobs were lost. There was a small increase in employment in 2011, bringing the balance of job losses to 4.3 million since 2008.

A corresponding trend can also be found with regard to unemployment rates, which showed an increase for the entire EU in 2009. This increase continued in 2010 for almost all Member States. In 2011 the situation reversed for half the

EU Member States and Norway, when unemployment rates started to decline again. Only three countries (Austria, Belgium and Germany) had a lower unemployment rate in 2011 than in 2007. Six countries (Estonia, Greece, Ireland, Latvia, Lithuania and Spain) saw an increase of more than 8% in their unemployment rates over this period (Figure 4).

Figure 4: *Change in GDP, unemployment rate and employment rate, 2007–2011*



Note: GDP = gross domestic product.

Source: Eurostat

Uneven employment effects

The change in employment has been uneven for different groups of workers.

Youth unemployment: The first period of the crisis had a major impact on youth unemployment (for people younger than 25 years), with a rise in 2009 for all Member States apart from Germany. Subsequently, parts of Europe experienced a reduction in youth unemployment in the economic recovery of 2010 and 2011. However, youth unemployment still remained above the pre-crisis level (with the exception of Austria, Belgium, Germany and Malta). In other countries, mostly in southeastern and southern Europe, the upward trend continued. The term ‘NEET’ is used to describe young people who are not engaged in any form of employment, education or training.⁹ The term has entered the policy debate in recent years due to the disproportionate job impact of the recession on young people (under 30 years of age). Some 14 million young people are not in employment, education or training across the EU as a whole. However, rates vary widely, from around 5.5% of 15- to 24-year-olds in the Netherlands to 22.7% in Italy. Those with low levels of

⁹ See <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/neet.htm>.

educational attainment are three times more likely to be a NEET than those who have attained third-level education. The risk is 70% higher for young people from an immigrant background than nationals, while having a disability or health issue is also a strong risk factor (Eurofound, 2012d).

Men and women: On average in the EU27, the employment decrease between 2007 and 2009 affected men more than women (–3.6% and +0.9% respectively).

Migrant workers: Migrant workers were another vulnerable group during the last crisis. Men from outside the EU were the worst hit by job losses, with a peak drop in employment rate of 8.6%, followed by men from inside the EU, with a 5.2% drop. In comparison, the decrease for native men was 3.8% and the employment fall for women from outside the EU was 3.7% (European Commission, 2013c). One reason for this impact is that migrants, especially male workers, are more often employed than nationals in sectors like construction, which were hit particularly hard in the crisis. The impact of the crisis on migrant women was much smaller; in general, their participation rates even increased, as women are more active in the services sector, which until now has been less affected by the crisis.

Older workers: The unemployment rates for older workers (50+ years) show that this group was less affected by the crisis than young workers. Nevertheless, these rates also increased considerably in the countries that were strongly hit by the crisis. Combined with the increased development of active ageing policies and increases in the retirement age, the policy of keeping these older workers in work has had a moderating effect on the impact of the crisis for the employment of this group.

Education and employment: Another notable aspect of the employment evolution in times of crisis is the structure of employment by workers' level of education. On average (EU27), there has been a drop in employment of –19.2% among workers with a low level of education (pre-primary, primary or lower secondary education), –2.8% among those with a secondary level of education (upper secondary, post-secondary or tertiary education), but a rise in employment of +16.8% among workers with a tertiary level education.

Employment conditions 7

In analysing the impact on employment conditions, the career perspective is looked at first, focusing on job mobility, training and labour migration trends. This is followed by a brief examination of wage adjustments during the crisis. This section also describes how secure employment conditions are and whether they are threatened by the crisis or other related reforms. Feelings of job insecurity are discussed and trends in employment status are illustrated by focusing on temporary employment.

Changes in career development, mobility and employment conditions

Training, job mobility and migration are crucial aspects of career development. Developing skills and competencies, changing jobs or finding a job abroad are all important steps that help to determine an individual's work future and employment security.

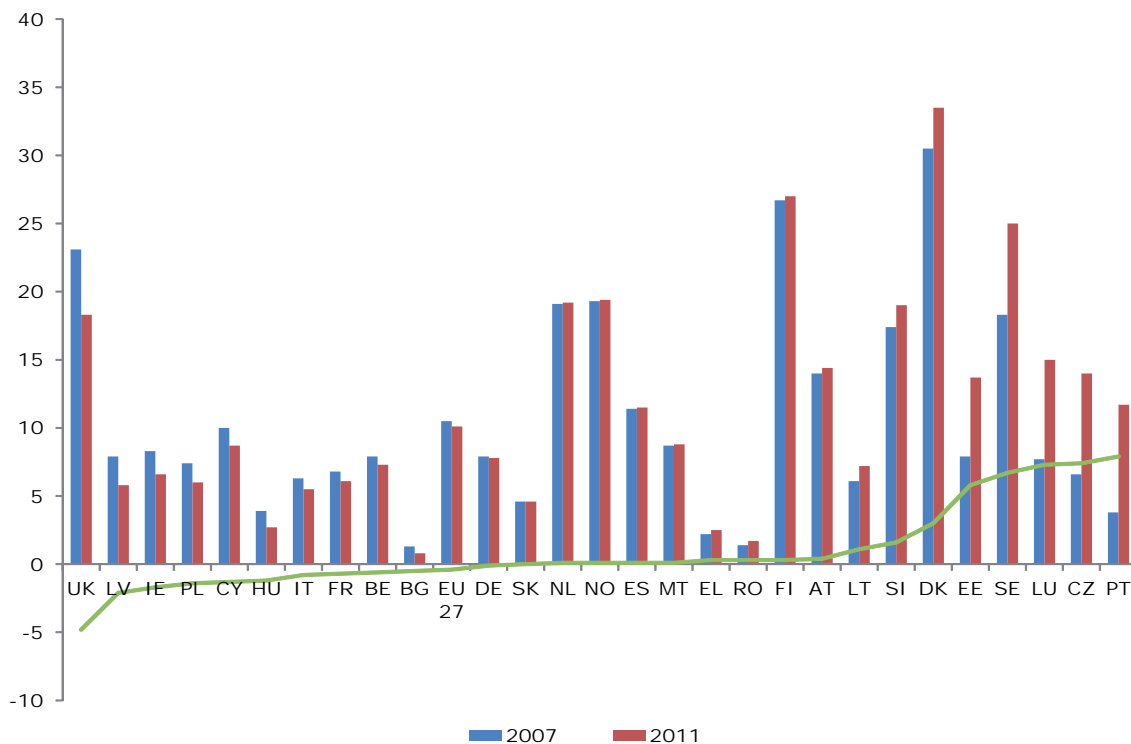
Training

Data from the Labour Force Survey (Eurostat) allow a systematic comparison across Member States and between 2007 and 2011. Figure 5 shows the development of changes in training opportunities.

Countries are organised in terms of the increasing participation rate of employees in education and training (during the four weeks prior to the survey).

Three trends can be identified across Europe. On average, there was no significant change in training provided during the crisis. There was a marked increase in the Czech Republic, Denmark, Estonia, Luxembourg, Portugal and Sweden. A decrease in training provided during the crisis was seen in Cyprus, Hungary, Ireland, Latvia, Poland and the UK. In the other Member States, no obvious changes were found with regard to the rate of participation in training.

Figure 5: *Participation rate of employees in training and education during the crisis*



Notes: 2007–2011 = percentage-point change in participation rate between 2007 and 2011.

Participation rate = percentage of employees involved in training or education during the four weeks prior to the survey.

Source: *Labour Force Survey (Eurostat)*

There are some differences in participation rates across Europe. The highest levels of participation in training are found in the Nordic Member States and Norway, the Netherlands and the UK. This is the case in both 2007 and 2011 (although participation diminished somewhat in the UK in 2011). The lowest participation rates are seen in southern and eastern European countries in 2007 and 2011.

Nevertheless, based on individual training data from the ESS, Dieckhoff (2013) found that when taking composition changes of the workforce into account (considering that there are fewer low-skilled people in the workforce with a generally lower chance of training), the result is a general decline of 20% in the chances of ‘participating in training’ across the EU (and Norway). Having fewer low-skilled people in the workforce with their generally poorer chance of getting training results in an upward bias in country averages: in other words, if the composition of the workforce had stayed stable, the overall chances for participating in training would have decreased. The Eurofound report *Preparing for the upswing: Training and qualification during the crisis* (Eurofound, 2011e) offers some additional overall conclusions about the impact of the crisis on training, which are in line with those in Figure 4. This report shows that although there are no relevant changes in the overall level of participation, the prevalence of the various types of training offered has changed: more training was related to the core activities of the companies and less on transversal competencies not related to the job. Another interesting finding of this report is that nearly all Member States between 2008 and 2010 developed measures to increase training and skills upgrading, which could have compensated for the reduction of training offered by companies.

Job mobility

Job mobility consists of three different kinds of movement within the labour market: job-to-job mobility, employment-to-unemployment mobility and unemployment-to-employment mobility.

Overall, job mobility seems closely linked to the evolution of employment and unemployment. In less favourable working circumstances – as in the current job crisis – job-to-job mobility decreases with growing unemployment, but also seems to recover very quickly with the first signs of economic improvement. Thus, most European countries reported a decrease in job-to-job mobility during the first years of the crisis but an increase (or stabilisation) in the past few years.

The correspondent for Belgium discussed the differences between age groups: job-to-job mobility is greater for young people, which can be related to the fact that they often enter the labour market with a fixed-term contract or a job obtained through a temporary agency.

A report on labour markets in the Baltic states during the crisis from the University of Tartu used data from the Labour Force Survey to examine the job mobility of employees in Estonia (Krillo and Masso, 2011). The study found a procyclical relationship between job mobility (across occupations) and economic recession. A decrease in job mobility between 2008 and 2010, especially for women, was also identified.

According to the French national contribution, job mobility generally remained stable but the distribution over the different types of mobility changed. Employment-to-unemployment mobility rose, while job-to-job mobility and unemployment-to-employment mobility declined. This also translated into increasing numbers of unemployed.

Finally, the UK national contribution reported a drop in job mobility, especially in voluntary job mobility.

Labour migration

The crisis is changing the migration patterns of a range of Member States. In the eastern European Member States that joined in the past decade, emigration flows have picked up again after a (short) period before the crisis when they were declining. In Estonia there has been an increase in both employees considering working abroad and those preparing to work abroad. In Latvia and Lithuania, and to a smaller extent in Bulgaria, emigration appears to have grown since the crisis. In Latvia, for example, emigration has almost doubled, while immigration has declined. The main reason Latvians gave for emigration is ‘seeking a job or a better job’. In Slovakia, research on reasons for working abroad illustrates the important role of job opportunities and working conditions. Slovenia also faces increasing emigration rates with a large number of people leaving to work abroad; in particular, young and highly educated people previously working in the public sector have emigrated. Thus, Slovenia is at risk of a ‘brain drain’ – a loss of high-level expertise – as a result of the crisis. This fear of a brain drain is also expressed in the national contributions from Cyprus and Hungary. The main cause of this brain drain in these countries is a lack of high-skilled jobs for university graduates since the crisis. Kuptsch (2013) argues that most immigrants have not gone back to their home countries despite facing unemployment in another country and that, in response to the crisis, there has been increased protectionism in many European nations, leading to stricter immigration policies.

Considering a longer period of time in the western EU Member States that were particularly hard hit by the crisis (Ireland, Portugal and Spain), there has been a remarkable change in patterns of migration. In Ireland and Spain, immigration dropped sharply, especially during the first part of the crisis. Data from Spain’s National Institute of Statistics (INE) reveal that employment cuts in the country have especially affected migrant workers. While the employment rate for Spanish nationals fell by 14.3% between the second quarter of 2008 and the third quarter of 2012, employment of foreign workers fell by 24.9% (from 2.9 to 2.2 million) over the same period. This reduction was especially noticeable among workers from Latin America (36.9%). In a second phase, emigration rates also grew in these countries. What is striking here is that the emigration flows largely consisted of foreign nationals returning or moving elsewhere. Thus, the crisis caused many immigrants of the past decade to leave these countries.

These changing national migration patterns resulted in the net migration rate reversing and becoming negative in Ireland (2009), Greece (2010), Portugal (2011) and Spain (2011), countries severely hit by the crisis. Other EU Member States with negative net migration rates in 2007 and 2011 are the more traditional emigration countries. In Estonia, Poland and Romania, the net migration rate remained stable and almost zero during the crisis.

Wages

The impact of the crisis on wages up to 2010 is extensively discussed in the Eurofound report *Wages and working conditions in the crisis* (Eurofound, 2013d). Some general trends can be observed, the main one being a freeze and/or reduction of wages during the first part of the crisis. However, the crisis seems to have caused several employment effects, which can partly explain the changes in wages. One of them is that proportionally more low-wage jobs have been cut due to the crisis. This can have the effect of increasing the average wage, independent of an effective increase in wages. Working hours also declined somewhat during the crisis. This could have a negative impact on the average monthly wage, even if the average hourly wage had stayed the same or even increased slightly. Thus, it is preferable not to consider just the evolution of the average hourly or annual wage because this might hide important employment effects. Other aspects, such as changes in the composition of the labour force, should be taken into account when carrying out a more in-depth investigation of the evolution of wages during the crisis.

Temporary employment

Temporary employment (dependent employment of limited duration) can be seen mainly as the combination of temporary-agency work and jobs with fixed-term contracts. There are large differences between Member States in the incidence of these two types within the group of temporary employees due to country-specific policies and customs. They are therefore discussed here as one phenomenon. At aggregate level in the EU, the major part of the fall in temporary employment can be attributed to developments in the Spanish construction sector. Excluding Spain, temporary employment has grown rapidly since 2009 (Eurofound, 2013c; see also Lang, Schömann and Clauwaert, 2013). In Spain – as in other countries – asymmetrical employment protection between permanent and temporary contracts seems to play a role in the fact that permanent contracts have been less affected by the decline in employment.

Three different trends can be found in the evolution of temporary employment during the crisis (Table 5).

The first trend is an increase in temporary employment during the crisis due to increasing flexibilisation of employment conditions. This is the case in the Czech Republic, Estonia, Ireland, Latvia, Lithuania, Malta, the Netherlands and the UK. Policy reforms have been introduced in three of these countries (the Czech Republic, Estonia, and Lithuania). Since the introduction of these reforms in 2009 and 2011, there has been an increase in the proportion of temporary employment as a share of total employment from 7.5% to 8.0% in the Czech Republic, from 2.5% to 4.5% in Estonia and from 2.3% to 2.8% in Lithuania. These are all countries with a rather low level of temporary employment. After an increase from 10.9% to 12.1% between 2007 and 2009, the rate of temporary employment in Greece fell to 11.6% in 2011, which was still above the 2007 level.

A further trend regarding temporary employment is one of a temporary decline followed by a slow recovery towards the pre-recession level (often not yet reached). This evolution can be explained by the cyclical nature of temporary employment. Temporary workers are very vulnerable in times of crisis and, when crisis hits, are often the first to be dismissed. But as noted by the ECB (2012) and Eurofound (2012a), they are also the first to be rehired at the first signs of economic recovery. The vulnerability of temporary workers in times of crisis was also the conclusion of a 2010 report on Austria's economy from the Austrian Institute of Economic Research (WIFO, 2010), which analysed the evolution of temporary employment in the country. This evolution can also be found in Belgium, Finland, France, Italy, Luxembourg, Romania, Slovakia, Slovenia and Sweden, and to some extent in Cyprus and Portugal.

A final trend is a steady decline in temporary employment, as can be seen in Bulgaria, Norway, Poland and Spain. It is noteworthy that Poland and Spain, which experienced totally different economic impacts as a result of the crisis, have seen the same trend in relation to temporary employment. Both had a very high number of temporary jobs before the crisis. However, Poland has experienced a relatively positive employment evolution in recent years, which has led to the transition of temporary jobs into permanent jobs. Poland is an outlier in this link between policy changes and the evolution in temporary jobs. Although it became possible to give an employee an unlimited number of fixed-term contracts as part of the anti-crisis package of July 2009 (previously, this was restricted to two fixed-term contracts), the number of temporary jobs decreased. Spain, as discussed above, saw the opposite evolution: the massive reduction in employment was primarily achieved through the downsizing of temporary jobs.

Alongside these three trends, temporary employment remained stable in Denmark and Germany. In Greece and Hungary, the change in temporary employment is more diffuse and no clear trend can be identified.

The major differences in the share of temporary employment across countries are also important. In Romania, only 1.5% of employees had a temporary employment contract in 2011, while this share was 26.9% in Poland. Trends in temporary employment diverge and depend on how prevalent this type of employment was before the crisis. In the Member States with a rather high start rate, there has been a decrease since the crisis (as in Spain).

Table 5: *Temporary employment during the crisis (%)*

	2007	2009	2011	Change 2007–2011 (percentage points)
EU27	14.6	13.6	14.0	-0.6
AT	8.9	9.1	9.6	0.7
BE	8.6	8.2	8.9	0.3
BG	5.1	4.6	4.1	-1.0
CY	13.3	13.5	13.7	0.4
CZ	7.8	7.5	8.0	0.2
DE	14.7	14.6	14.8	0.1
DK	9.0	8.7	8.9	-0.1
EE	2.2	2.5	4.5	2.3
EL	10.9	12.1	11.6	0.7
ES	31.7	25.5	25.4	-6.3
FI	15.9	14.5	15.5	-0.4
FR	15.0	14.3	15.2	0.2
HU	7.3	8.4	8.9	1.6
IE	8.0	8.6	9.9	1.9
IT	13.2	12.5	13.4	0.2
LT	3.5	2.3	2.8	-0.7
LU	6.8	7.2	7.1	0.3
LV	4.2	4.4	6.5	2.3
MT	5.1	4.8	6.5	1.4
NL	17.9	18.0	18.2	0.3
PL	28.2	26.4	26.9	-1.3
PT	22.4	22.0	22.2	-0.2
RO	1.6	1.0	1.5	-0.1
SE	17.2	14.9	15.9	-1.3
SI	18.4	16.2	18.0	-0.4
SK	5.0	4.3	6.5	1.5
UK	5.7	5.5	6.0	0.3
NO	9.5	8.1	8.0	-1.5

Notes: Temporary employment = the percentage of temporary employees of total employees.

Source: *Eurostat*

Scientific evidence is generally consistent with temporary workers having jobs of poorer quality. A recent study on trends of job quality based on the EWCS by researchers at the LLAKES Centre (Institute of Education, London) and Eurofound confirmed this insight (Green et al, 2011). Those employed on indefinite contracts have relatively high values on most of the indicators, while employees with fixed-term or temporary contracts have lower job quality on all dimensions. Job insecurity and wages tend on average to be more problematic for workers in temporary positions, while the effects of temporary employment status on health and well-being at work are a more debated issue (De Cuyper and De Witte, 2007).

Job insecurity

Increased unemployment rates as well as some of the employment changes described above could have impacted on job insecurity. This indicator is measured in many different ways across EU Member States, as reported by the national contributions to this study. It can be indicated by job (in)security or the perceived security of one's own job, the

perceived likelihood of losing one's job within the next six months or year, the perceived difficulties in finding an adequate new job or increased stress associated with the risk of losing one's job.

According to the EWCS, job insecurity rose between 2005 and 2010 in most of the EU27 and Norway, since the percentage of workers considering that they are not at risk of losing their job in the next six months fell by 17%. To look closely at the period of the crisis (2007–2012), Table 6 uses the indicator of job insecurity from the EQLS. The EQLS (2003, 2007 and 2012) provides cross-country information that allows a comparison of countries in a consistent way for the evolution of job insecurity between 2007 (before the crisis) and 2012.

Table 6: *Evolution of job insecurity during the crisis*

	Source of data			
	National contribution	EQLS		
		2007 (%)	2012 (%)	Change (percentage points)
EU27	nd	8.70	13.21	4.51
AT	Increased	3.00	4.24	1.24
BE	Increased	6.20	5.76	-0.44
BG	Increased	22.20	22.29	0.09
CY	Increased	9.30	31.67	22.37
CZ	Decreased	9.90	21.87	11.97
DE	nd	6.10	3.72	-2.38
DK	Increased	9.30	11.55	2.25
EE	nd	9.40	14.76	5.36
EL	nd	8.20	30.57	22.37
ES	Increased	8.40	19.32	10.92
FI	Increased (but recovering)	13.40	11.55	-1.85
FR	nd	11.10	14.78	3.69
HU	Increased	8.20	12.11	3.91
IE	Increased	5.20	17.67	12.47
IT	Increased	7.90	14.92	7.02
LT	Increased	18.60	21.67	3.07
LU	nd	4.50	5.59	1.10
LV	Increased	13.00	25.36	12.36
MT	Increased (but recovering)	3.90	9.28	5.38
NL	Increased	3.60	4.40	0.80
PL	No change	11.30	15.48	4.18
PT	Increased	11.40	22.82	11.42
RO	nd	12.20	19.14	3.94
SE	nd	5.90	4.50	-1.39
SI	Increased (but recovering)	8.80	33.69	24.89
SK	nd	13.70	24.08	10.38
UK	Increased	8.30	13.41	5.11
NO	nd	nd	nd	nd

Notes: nd = no data available.

National contributions: trend in job insecurity as described by national correspondent based on national statistics.

EQLS: Percentage of working people who think it is very likely or quite likely they will lose their job within the next six months.

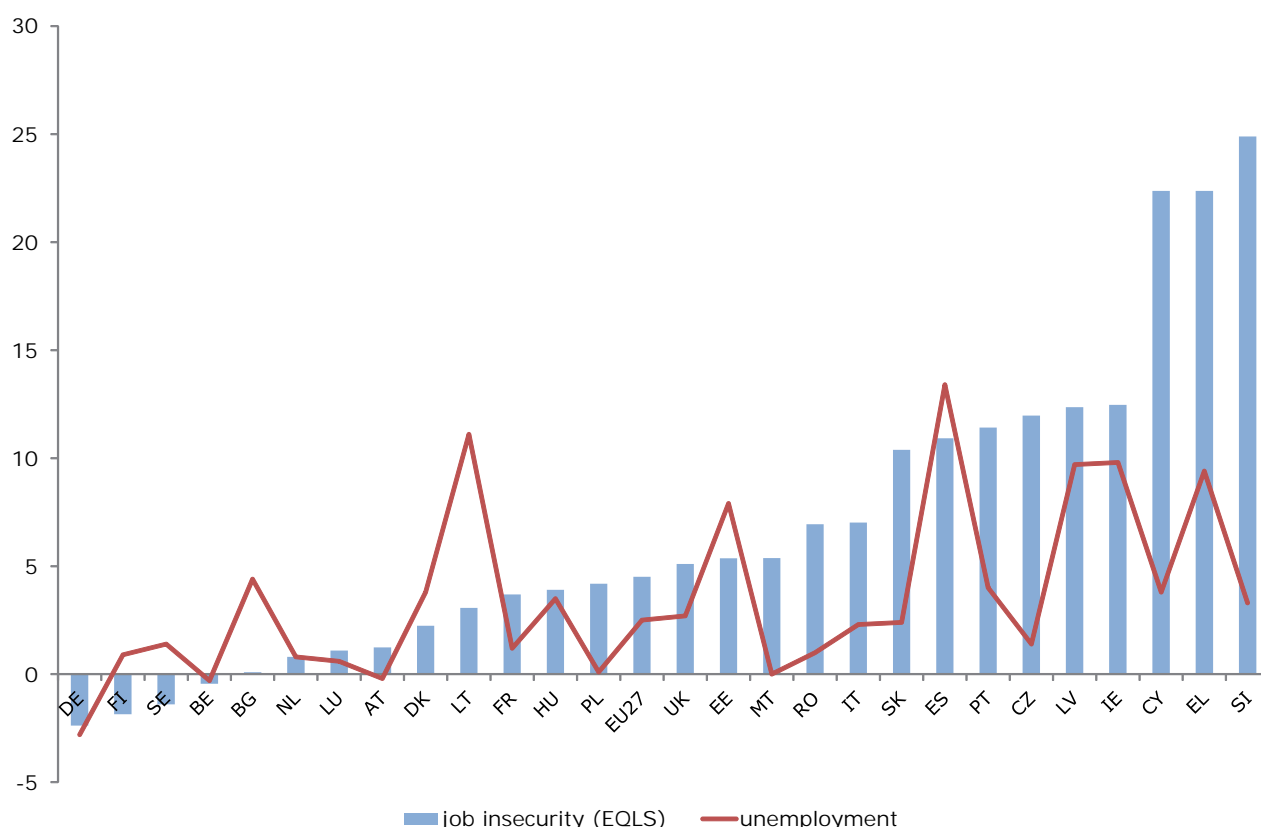
Source: *National contributions to this study, EQLS 2007, EQLS 2012*

Based on the responses to the statement ‘I might lose my job in the next six months’, a general increase in job insecurity is found. In most cases, this is the opposite of the downward trend visible between 2003 and 2007. Three countries faced a very large increase in job insecurity during the crisis (24.9 percentage points in Slovenia and 22.4 percentage points in both Cyprus and Greece). In addition, significantly high changes in job insecurity are found in Ireland (12.5 percentage points), Latvia (12.4 percentage points), the Czech Republic (12.0 percentage points), Portugal (11.4 percentage points), Spain (10.9 percentage points) and Slovakia (10.4 percentage points). Four exceptions to the rule of increasing job insecurity can be noted, namely Belgium, Finland, Germany and Sweden, where there was a decrease in job insecurity of between 0.4 percentage points and 2.4 percentage points.

Table 6 also displays findings from Eurofound’s network of correspondents. Again, despite some differences, a general tendency of increasing job insecurity during the crisis years can be observed. National data for Finland, Malta and Slovenia show a recovery in job security in 2011, although the pre-recession levels had not been reached as of 2012.

Figure 6 also shows a positive relation between the increase in the unemployment rate and the increase in job insecurity (based on the EQLS), which can also be deduced from the positive correlation between these two factors (0.45). There is also a positive correlation (of 0.47) between job insecurity and the effect of the crisis. Countries hit more strongly by the crisis also have experienced a larger increase in job insecurity.

Figure 6: *Change in job insecurity*



Notes: Job insecurity = change in percentage of working people between 2007 and 2012 who thought it ‘very likely’ or ‘quite likely’ they would lose their job within the next six months.

Unemployment = the percentage change in unemployment rate between 2007 and 2011.

Source: Eurostat, EQLS 2007, EQLS 2012

However, the relationship is not absolute. A difference can be seen between the new Member States (NMS) that joined the EU in 2004 and 2007 and the Nordic Member States. Although the impact of the crisis in terms of employment was less in some NMS such as Cyprus, the Czech Republic, Malta, Romania, Slovakia and Slovenia, there feelings of job insecurity increased considerably. Workers in the Nordic Member States, even when confronted with a greater increase in unemployment, were much less worried about this situation, perceiving only a limited increase in job insecurity (as in Denmark) or even perceiving less job insecurity.

In order to further confirm the relationship between the economic situation and job security, a logistic regression analysis has been carried out on EWCS data linked to some macroeconomic indicators in order to compare the pre-crisis situation (2005) with the situation during the crisis (2010) for the EU27 as a whole. The results show a significant relationship between job security and variations in the unemployment rate. An increase in the unemployment rate of a country increases the probability of a worker reporting job insecurity.

Working time arrangements and 8 work–life balance

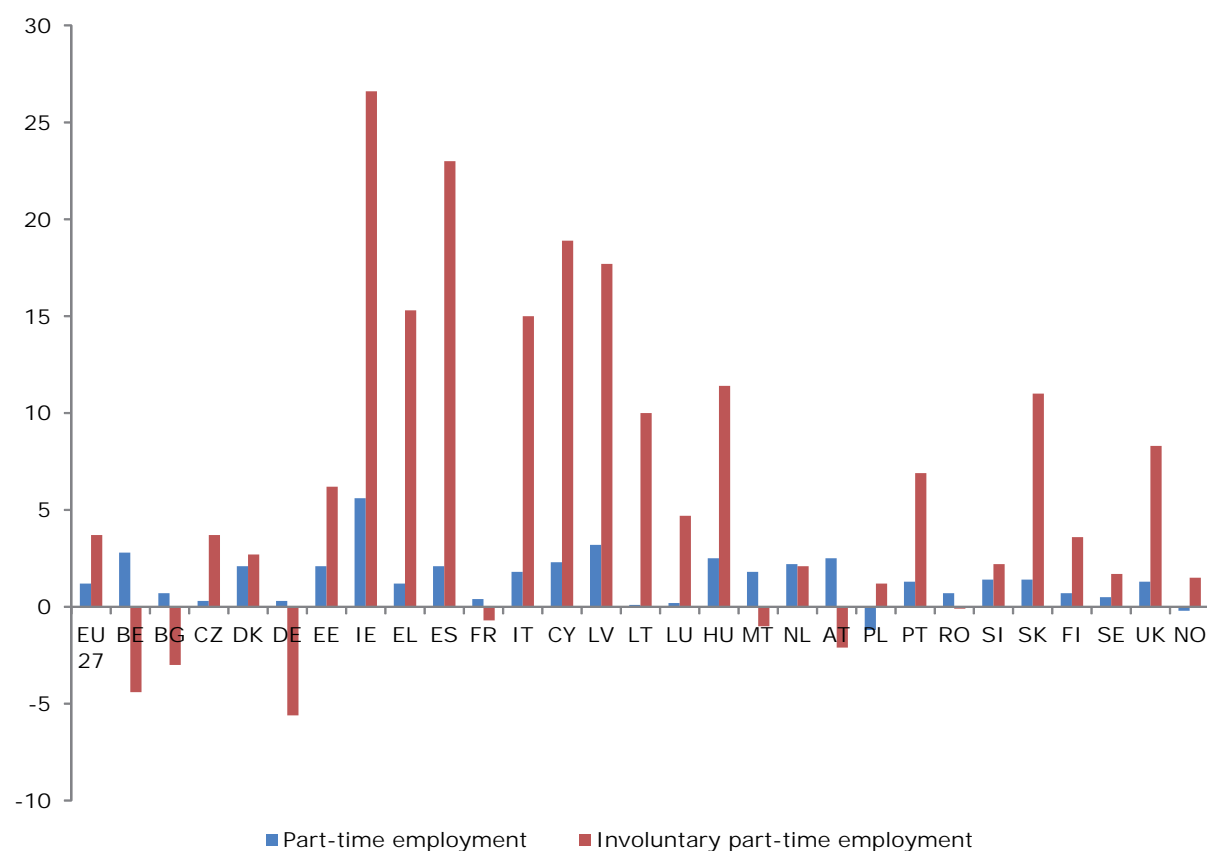
Next to contract status and pay, working time is another major component of the employee relationship and of working conditions. This chapter deals with the impact of the crisis on part-time employment, actual working hours and overtime, unsocial working hours and subjective perceptions of work–life balance.

Part-time employment

Both the national contributions and Eurostat statistics report a growth in part-time employment during the crisis. This increase is also observed in the analysis of findings from the EWCS between 2005 and 2010. This upward trend is more evident for involuntary part-time employment (people who work part time because they cannot find a full-time job, Figure 6). Several national contributions suggest this is an indication that the rise in part-time employment can largely be attributed to a lack of full-time employment possibilities during the crisis.

There seems to be a positive relationship (correlation = 0.74) between the size of the effect of the crisis and the evolution of involuntary part-time employment. In Austria, Belgium, Germany and Malta, where the impact of the crisis was weaker, involuntary part-time employment even decreased, while large increases were seen after 2008 in countries that were more strongly hit by the crisis, such as Greece, Ireland, Latvia and Lithuania (Figure 7).

Figure 7: Trends in part-time and involuntary part-time employment during the crisis



Notes: Part-time employment = change in percentage of people employed in part-time employment between 2007 and 2011.
Involuntary part-time employment = change (2007–2011) in percentage of part-time employed who were in part-time employment because ‘they could not find full-time employment’.
Source: Eurostat

Part-time employment is traditionally more common among women and this remained the case during the crisis. However, an increase can be found for both men and women. When looking at the evolution of involuntary part-time employment, the numbers for men always exceed those for women and a larger increase in involuntary part-time work for men can also be seen during the crisis.

In terms of differences between age groups, part-time employment seems to be traditionally more common among young workers (aged 15–24 years); in general, part-time employment increased more for young employees in the recent period of crisis. This is the case in Ireland, Slovenia and Spain, with increases of 22.2%, 11.4% and 11.0% respectively. Large increases were also found in Luxembourg (8.3%), Portugal (8.2%), Denmark (8.1%) and Sweden (7.7%). In Austria, Belgium, Estonia and Malta another pattern can be found: that of an increase in part-time employment for both the youngest and oldest age groups. The latter can be attributed to efforts to increase active ageing and to maintain these older workers at work.

Working hours and overtime

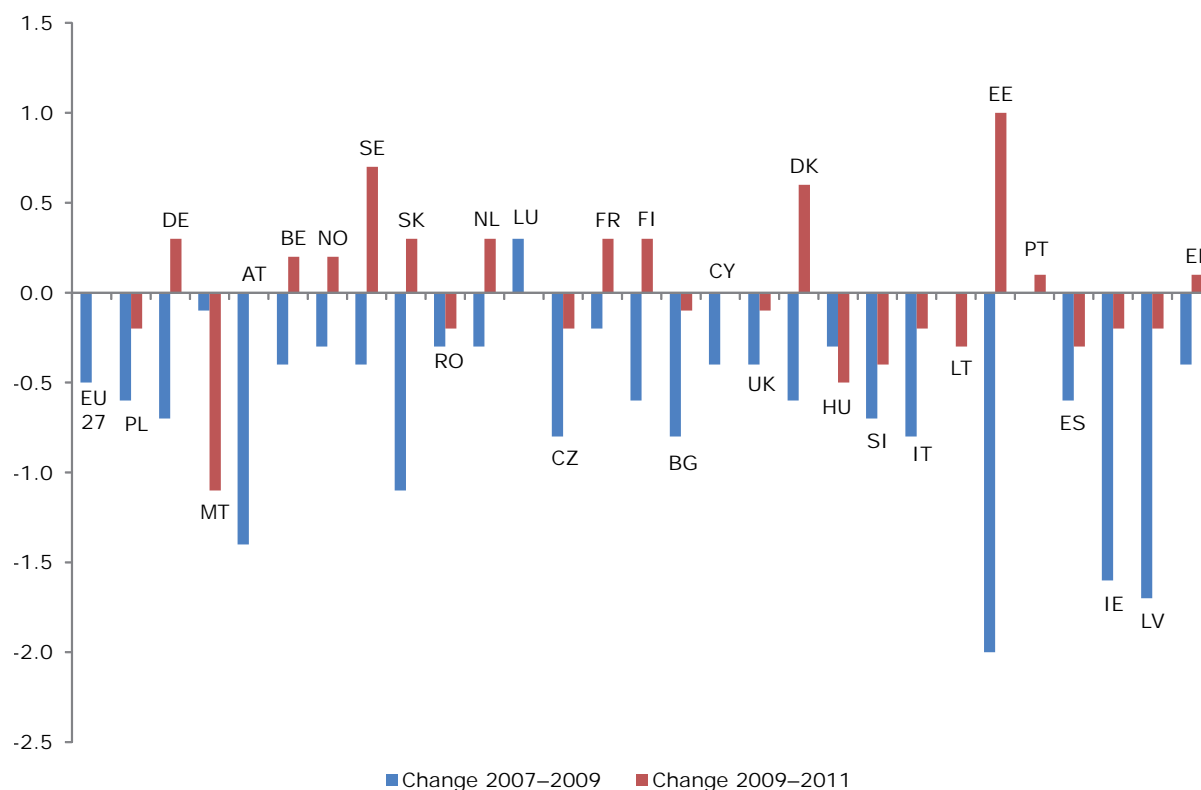
Several indicators can be used to examine working time during the crisis. The first is actual working hours. The second is overtime, both paid and unpaid, which can give additional information about the working time of employees.

Changes in working hours during the crisis can be divided into two phases (Figure 8). During the first phase (2007–2009), working hours decreased across all countries with the exception of Luxembourg, where there was a small increase of 0.3 hours. Average working hours decreased more strongly in a range of countries where the economic impact of the crisis was high (Estonia, Ireland and Latvia), but it also decreased strongly in Austria and Slovakia. In the second phase (2009–2011), three different patterns can be found. For three Member States (Austria, Cyprus and Luxembourg), the working hours remained stable. Working hours declined further in 13 countries but increased again in 12 others. This heterogeneous evolution of working hours during the second period of the crisis (2009–2011) might be linked to the different general evolution of the crisis across the EU.

Turning for a moment to EWCS data, findings from the 2005 and 2010 waves of the survey show that in this period the number of workers working more than 45 hours increased by 20% in Greece and 4% in Spain (two countries very much affected by the crisis). In contrast, in Austria and Sweden the number declined by 22%. These figures might represent a more long-term trend and confirms that although the crisis might have helped to reduce the number of hours in some countries, there are other aspects to consider in order to assess factors related to working hours.

Turning back to the Eurostat data, when distinguishing between groups of workers (self-employed, men and women), differences in the development of working hours can be found. Nevertheless, the general trend (within the two phases) remains present across all groups.

Figure 8: Change in working hours during the crisis



Notes: Change 2007–2009 = increase or decrease of weekly working hours (in hours) between 2007 and 2009.

Change 2009–2011 = increase or decrease of weekly working hours (in hours) between 2009 and 2011.

Source: Eurostat

Self-employed workers tend to work more hours than employees. This remained the case during the crisis, although the average working hours of the self-employed showed a much larger decrease between 2007 and 2009. The only increase in the average working hours of the self-employed can be found in Lithuania. Between 2009 and 2011, the working hours of the self-employed increased in only nine countries, remaining stable in three countries and declining in the other 16 Member States.

Men generally work more hours than women. While a gender gap persisted during the crisis, the size of the gap decreased (with the exception of Belgium, Luxembourg and Slovenia). Working hours declined more for men than for women and seemed to increase less for men than for women in the second phase of the crisis. An key explanation for these different gender trends in working time is the fact that manufacturing work – which has a higher proportion of men – was more affected by the crisis than other sectors.

Some possible explanations for the development of actual working hours are suggested in the national contributions. A first explanation can be found in the decline in overtime observed in most Member States, which affected the number of hours worked (for example, in Finland and Malta). Another explanation can be found in the increase in part-time work (for example, in Belgium, Malta and Slovakia). With more people working fewer hours, there is a decline in the average number of working hours. When differentiating between part-time and full-time employment, in general a decline of working hours can be found in both forms of employment.

The evolution of overtime during the crisis can also clarify some of the impact of the crisis on working time. Although not all national correspondents reported on this, some general findings can be discussed. As indicated above, most Member States reported a decline in overtime, especially in paid overtime. In some countries (Denmark, Slovenia and the UK) this drop in paid overtime seems to have been accompanied by an increase in unpaid overtime, while in Denmark the growth in unpaid overtime is linked to an increase in compensatory leave. Some eastern European Member States (Estonia, Latvia and Slovakia) reported an increase in overtime, but in these Member States the limits applied to overtime had not been increased (see Box 1). Finally, in some countries, changes in overtime seem to be linked to specific sectors. In Italy, overtime in general declined but there was a peak in overtime in the construction sector in 2009, which was linked to the effect of the general crisis, construction sites needing to finish work quickly.

Box 1: National examples of policy changes on working hours

Policy reforms on working hours were widely implemented across the EU, especially in 2009. Changes to traditional working hours and the working week (for example, short-time working schemes or working time accounts) allow employers to organise work more flexibly and to quickly adapt their labour force to changes in demand. As noted by the OECD (2011), this can help stabilise the economic recovery of countries. In most countries, some compensation is provided to employees to safeguard their income.

Some Member States implemented or extended short-time working schemes during the crisis. For example, in France, ‘partial unemployment’ (*chômage partiel*), which was used extensively in the industrial sector between the end of 2008 and the first half of 2009, was extended. In Slovenia, subsidies for shorter working hours were provided (Partial Subsidising of Full-time Work Act) and a co-financing of wage compensation for workers who were temporarily laid off was established by the government (Partial Reimbursement of Payment Compensations Act). In Portugal, an agreement was made relating to the temporary reduction of normal working hours and the suspension of labour contracts in cases of entrepreneurial crisis (Tripartite Agreement for Competitiveness and Employment). In Belgium, regulations changed in 2009 when possibilities for short-time work unemployment were extended to white-collar workers in addition to a specific crisis career break system and a temporary system of collective working time reduction. In some countries, short-time working schemes have been combined with training opportunities for employees, the aim being to strengthen both the employability of workers and the competitiveness of companies. These systems were strengthened in Austria, Belgium, Germany and the Netherlands.

In Bulgaria, a part-time work scheme was introduced in 2009 when compensation for employees was limited to half the minimum wage and the possibility of vocational training was provided. In Hungary, a reduced working week was also introduced, but workers did not receive compensation and their wages decreased in proportion to the unworked hours.

Some other changes to working hours were initiated. In Germany, the use of working time accounts also helped to safeguard employment during the crisis. According to a report on working time accounts published by the Institute for Employment Research (IAB, 2011) in December 2011, working hours on the working time account decreased on average by 12 hours between the last quarter of 2008 and the first quarter of 2010. Afterwards, however, the hours on the working time account increased again, with an average of 6.9 hours between the second quarter and the end of the third quarter of 2010. A similar system, called *flexikonto*, was introduced in Slovakia as a temporary measure in 2007 until 2012 (Cziria, 2011). Since it is widely and extensively used by employers, it is becoming a permanent arrangement for solving declines in demand or production.

Overtime rules were changed in Hungary, Lithuania and Portugal. In Hungary, the annual limit for overtime was increased from 200 to 250 hours (or 300 by collective agreement). Lithuania liberalised its overtime rules, permitting up to 120 or 180 hours (by collective agreement). Portugal reduced the additional pay for overtime.

The reference period for calculating working time was extended in Hungary, and temporarily in Poland and Romania.

Unsocial working hours

Unsocial working hours are those outside the general schedule of working between 09.00 and 17.00 on weekdays. They comprise the following work arrangements:

- shift work;
- night work;
- evening work;
- work on Saturdays;
- work on Sundays.

The fourth and fifth waves of the EWCS (in 2005 and 2010 respectively) identified an upward trend of working during the weekends and evening work over the past decade. These trends seemed to continue during the crisis, while the other types of unsocial working regimes tended to remain relatively stable during the crisis. Due to changes in the economic structure as a result of the crisis, some countries saw a change in the average adoption of unsocial hours, especially as a consequence of the shrinking of the manufacturing sector and therefore a reduction of night and shift work (for example, in Belgium and Italy). Overall, however, the crisis seems to have had no notable impact on unsocial working hours.

Work–life balance

Correspondents from 11 Member States provided information for this report, using a diverse set of indicators, on trends in work–life balance since the crisis. The general conclusions from the information provided by the national centres are summarised in Table 7.

In five of the Member States (Belgium, Finland, the Netherlands, Poland and the UK) an improvement in work–life balance was reported during the crisis. In the other six Member States (Austria, Germany, Ireland, Italy, Spain and Sweden) work–life balance deteriorated, albeit to a limited extent in Austria, Germany and Sweden. In Member States seriously hit by the crisis (Ireland, Spain and to a lesser extent Italy), a higher percentage of workers reported being more worried about their work–life balance than before. It is possible that pay freezes, work intensification and an increase in unpaid overtime have played a role in this development.

In Italy there was a clear deterioration of the work–life balance during the crisis, although there were some differences between men and women. This deterioration is in line with the declining trend in work–life balance for women; however, work–life balance was improving for men before the crisis, before deteriorating during the crisis.

Table 7: *Evolution of work–life balance during crisis*

Improved	Deteriorated
Belgium: Data from the Flemish Workability Monitor (Stichting Innovatie & Arbeid, 2010) show that 10.6% of workers had a problematic work–life balance in 2010. This is 0.2 percentage points lower than in 2007.	Austria: The share of workers reporting a good (‘very good’ and ‘good’) fit between working and non-working life remained relatively stable during the period of interest, with a slight decrease from 82% in 2007 to 79% in 2009 and little change over the following two years (Work Climate Index (AK, 2009) data).
Finland: According to the Work and Health Survey (Finnish Institute of Occupational Health, 2013), the proportion of workers who had to neglect their home because of work concerns (‘at least now and then’) dropped from 41% in 2006 to 31% in 2009 and 2012.	Germany: The Initiative Gesundheit und Arbeit barometer (Friedrichs et al, 2011) shows that 56.4% of female respondents felt they had the right balance of working and non-working life in 2010 compared with 49.9% of male respondents. Compared to 2007 a perception of having the right work–life balance decreased only slightly.
Netherlands: Trend data for 2007–2011 from the Netherlands Working Conditions Survey (TNO, 2012) illustrate that working life was less neglected because of family life, whereas the influence of work on private life was reported to be equal.	Ireland: Data from the National Workplace Survey (NCPP, 2009) show a deterioration. In 2009, for example, 39% of workers said that their job prevented them ‘always’ or ‘often’ from giving the time they wanted to their partner or family. In 2003 this proportion was 31%.
Poland: According to work and family duties data from the Central Statistical Office (GUS, 2010), the proportion of workers for whom it was not possible to take a day off without using the family emergency leave entitlement decreased from 71% in 2005 to 61% in 2010.	Italy: According to the Institute for the Development of Vocational Training Quality of Work Survey, ‘good’ or ‘very good’ work–life balance displayed an irregular profile over the period in question (Eurofound, 2013f). While men reported a significant increase from 67.8% in 2002 to 74.1% in 2006, this then declined to 69.8% in 2010. Women reported a decline over time, consistent with the increase in working unsocial hours, from 80.9% in 2002 to 79.7% in 2006 and 75.3% in 2010.
UK: According to the Labour Force Survey conducted by the Office for National Statistics (ONS, 2013), the proportion of workers with family-friendly working time practices increased slightly between 2007 and 2010 (10.6% to 11.7%), but fell back again in 2011 to 10.5%.	Spain: According to the Survey on Quality of Life in the Workplace (Ministry of Labour and Social Security, 2011) carried out by the Ministry of Labour and Social Security, on a 10-point scale, the average satisfaction level with time spent with children dropped from 6.9 in 2007 to 6.5 in 2010.
	Sweden: According to a survey by the Swedish Work Environment Authority (SWEA, 2008, 2012), the proportion of workers who every day felt too tired or lacked time for family, friends or recreational activities due to work increased slightly, from 6% in 2007 to 7% in 2011.

Note: Only 11 national correspondents provided information on this aspect.

Source: *National contributions (based on national statistics)*

Work organisation and psychosocial risks 9

This chapter examines the impact of the crisis on work organisation and psychosocial risks.

The national contributions used a diverse set of indicators related to stress at work, work pressure and bullying/harassment at work to report on changes in job content and psychosocial risks during the crisis. Chapter 9 first looks at the reported information on stress at work, a key factor of psychosocial well-being. It then summarises the findings on work pressure in relation to job demands and autonomy/control as a job resource. Both are widely recognised as being determining factors in terms of stress in work organisation. As a further insight into psychosocial risks, the analysis looks at the information from the national contributions on bullying/harassment and the social climate at the workplace. None of the national contributions refers to crisis-related policy measures addressing psychosocial risks and work organisation.

Work-related stress

Developments in stress at work during the crisis are documented in eight national contributions (Table 8). In general they report an increase of stress at work, although this cannot always be linked to the crisis. In Belgium, for instance, there was an increase of ‘stress at work’ between 2007 and 2010, as measured by the Workability Monitor (SERV, Eurofound, 2013c). However, this upward trend was also detected between 2004 and 2007, which makes it difficult to link the trend to the crisis.

Other national correspondents did not find any direct relationships between changes in work-related stress and the crisis, but they do give some information on stress at work itself. In Bulgaria, an increase was found in ‘complaints about stress’ as measured by the National Working Conditions Survey in 2005 and 2010. Comparing these surveys, an increase in ‘general fatigue’ also emerged. In Spain, in 2011, 23.9% of Spanish workers said they were ‘very stressed and coping with too much work’, compared with 20.3% in 2007, according to the Seventh National Survey of Working Conditions (INSHT, Eurofound, 2013c). Respondents were asked in the Irish National Workplace Survey how often they found their job stressful. In 2003, 7% said ‘always’ and 47% said ‘often’, whereas in 2009, 10% said ‘always’ and 49% said ‘often’.

In France, an analysis by the Directorate for Research, Studies and Statistics (Eurofound, 2013c) of the SUMER data (*Enquêtes Surveillance médicale des expositions aux risques professionnels*) for 2003 and 2010 showed an increase in mental strain (see also Eurofound, 2013g). Data on the burnout score in the Netherlands Working Conditions Survey (2007 and 2010) showed that it was at its highest level ever in 2010. Finland, however, was an exception to the upward trend, reporting a decrease in stress based on data from the Work and Health Survey (2006–2011).

The UK contribution discusses the evolution of work stress based on two different sources. The psychosocial working conditions survey (carried out by the Health and Safety Executive, HSE) found an increase in highly stressful jobs up to 2010, when the level stabilised and then fell (HSE, 2010). Two-yearly surveys by the Trades Union Congress (TUC) of health and safety representatives show an increase in the importance of stress as a key hazard in the workplace (TUC, 2006, 2008, 2010).

Table 8: *Work stress during the crisis*

Country	Indicator	Survey	Trend
BE	Stress at work	SERV: 28.8% problematic in 2007; 29.8% problematic in 2010	Increase (but no clear link with crisis)
BG	Complaints about stress	NWCS: from 22% in 2005 to 40% in 2010	Increase
	General fatigue	NWCS: from 22% in 2005 to 60% in 2010	Increase
ES	Feeling very stressed and coping with too much work	National Survey of Working Conditions: from 20.3% in 2007 to 23.9% in 2011	Increase
FI	Experience some stress	Work and Health Survey: 38% in 2006, 34% in 2009 and 35% in 2012	Stable/slight decrease
FR	Mental strain	SUMER data: from 23.3% in 2003 to 23.4% in 2010	Slight increase
IE	Stressful job*	National Workplace Survey: 7% in 2003 to 10% in 2009 ('always')	Increase
NL	Burnout score	Netherlands Working Conditions Survey: average burnout score rising from 1.95 in 2007 to 2.06 in 2010 (on a scale from 1 to 5)	Highest level in 2010
UK	Rate of illness linked to stress**	HSE statistics: from 39% in 2007 to 42% in 2011	Increase, stable in 2010 and since then decrease
	Stress as main hazard***	TUC survey of safety representatives: from 61% in 2006 to 62% in 2010	Slight increase

Notes: Evolution of work stress based on indicators in the national contributions.

* Question: 'How often do you find your job stressful?' ('always', 'sometimes', 'hardly ever' or 'never').

** Percentage of workers reporting that their job is 'extremely' or 'very' stressful.

*** Percentage of health and safety representatives identifying 'stress (and overwork)' as a hazard among the main hazards of concern to workers at their workplace.

Source: *National contributions*

Work intensity and workload

The evolution of work intensity during the crisis is discussed in 13 national contributions, though the wide variety of indicators used limits comparisons. In addition, only current figures are reported in some cases and no information is provided on any change during the crisis.

A first indicator of work intensity is the pace of work (Table 9), reported by Denmark, Italy and Spain. In the first two countries, a decline is found based on the working conditions and health surveys by the National Research Centre for the Working Environment, NFA (Eurofound, 2013c) in Denmark and the ISFOL Quality of Work Surveys (QWS) in Italy. Data from Spain indicate an increase.

Table 9: *Evolution of pace of work during the crisis*

Country	Indicator	Survey	Trend
DK	Self-reported work pace*	NFA (study on working conditions and health) (on a scale of 0–100 points) 2005: 60.2 points; 2010: 54 points	Decrease
ES	Having to work very quickly	Seventh National Survey of Working Conditions (INSHT): from 44% in 2007 to 46% in 2011	Increase
IT	Pace of work	ISFOL QWS: from 36.1% in 2006 to 27.2% in 2010 for high pace of work; from 20.8% in 2006 to 19.6% in 2010 for discontinuous pace of work	Decrease

Note: * Question: 'How often is it necessary to work rapidly?'

Source: *National contributions*

Second, a change in workload gives information on work intensity, although the picture is not a coherent one (Table 10). In Austria, a decrease in the stress associated with working to tight deadlines was found between 2007 and 2011 based on data from the Work Climate Index (WCI). No comparison is made in the national contribution for Bulgaria, but in the NWCS 2010, 20% of the employees reported having to work at high speed all the time and 30% having to work to tight deadlines most of the time. Similarly, the Norwegian contribution only gives figures for 2009, which show that around 50% of employees stated they had ‘too much to do’ at work. In Denmark, different sources contradict each other. According to the NFA, self-reported workload remained stable between 2005 and 2010, while a study on stress and bullying by the Association of Danish Lawyers, Economists, Political and Social Scientists (Djøf, 2010) in 2010 found that 32% of employees experienced an increased workload. In the Netherlands, speed of work and workload were measured in the Netherlands Working Conditions Survey (2007 and 2010) and remained stable. Finally, in the UK, the workload fluctuated considerably between 2006 and 2011, showing no trend according to data from the quarterly Employee Outlook survey conducted by the Chartered Institute of Personnel and Development (CIPD, 2006–2011). However, a first look at some of the findings of the 2011 Work Employment Relations Study (WERS) showed that 29% of employees reported increases of workload ‘as a result of the most recent recession’ – this being one of the two most reported changes (the other being wage cuts). Increases in workload were most common among employees in public administration (48%), followed by transport and communication (36%) and financial services (33%), which are among the sectors that have fared the worst in the economic downturn. As is to be expected, employees were more likely to report changes where the manager indicated that the workplace had been adversely affected by the recession (van Wanrooy et al, 2013).

Table 10: *Evolution of workload during the crisis, national reports*

Country	Indicator	Survey			Trend
AT	Working to tight deadlines – ‘very or rather stressful’	WCI: 34% in 2007 and 27% in 2011			Decrease
	Working to tight deadlines – ‘not or little affected by it’	WCI: 41% in 2007 and 50% in 2011			Increase
BG	Work intensity	NWCS 2010: 20% work at high speed all the time and 30% work to tight deadlines most of the time			
DK	Self-reported workload*	NFA (study on working conditions and health) (on a scale of 0–100 points): 44 points in 2005 and 2010			Stable
	Experience increased workload	DJOEF 2010: 32%			
NL	Speed of work and workload	Netherlands Working Conditions Survey			More or less stable
		Year	High work speed **	High workload ***	
		2007	2.20	2.32	
		2008	2.17	2.31	
		2009	2.17	2.31	
		2010	2.19	2.32	
		2011	2.15	2.31	
NO	Too much to do	Unknown 2009: more or less 50%			
UK	Workload = too much	CIPD’s Employee Outlook survey Summer 2009: 27% Spring 2010: 33% Autumn 2010: 28% Spring 2011: 32%			Fluctuating
	Increase workload	WERS Increase due to the recession (29%)			Increase

Notes: * Questions: ‘Tasks are unevenly distributed and pile up in periods’, ‘It is not possible to solve all tasks in time’ and ‘It is necessary to work overtime’.

** 1 = no, 3 = regularly, 2 items.

*** 1 = never, 4 = always, 4 items.

Source: *National contributions*

Some national contributions reported on work intensity in general but, like workload, no clear trend was found. In France, work intensification appears to have grown in the services sector while it decreased in all other sectors. In Germany, the Index Gute Arbeit 2010 produced by the German Confederation of Trade Unions (DGB, 2010) reports that 36% of employees work with ‘high’ or ‘very high’ time pressure, and 61% with a higher work intensity due to this time pressure. In Ireland, based on the analysis of two national surveys (2003 and 2009), Russell and McGinnity (2013) found a marked increase in work pressure for those still employed between the two years and a strong perception of increased pressure within jobs in the two years preceding the 2009 survey. Indeed, a much higher proportion of employees had experienced negative change in their jobs in the two years preceding the survey than was the case in 2003. They also found that insecurity strongly impacts work pressure. Staff cuts and reorganisation also increase work pressure, even after controlling for other personal and job characteristics. Big pay cuts and increases in responsibility, autonomy and monitoring increase work pressure. When they explored the role of various factors in accounting for the rise of work pressure in a pooled model, they found that while some of this was to do with a change in the sectoral and occupational composition of employment, changes to organisations and to jobs in the previous two years played a key role in accounting for the rise in work pressure between 2003 and 2009. They conclude that ‘this rapid and deep recession is clearly damaging for the individual well-being of employees’ (Russell and McGinnity, 2013). In Latvia, minor changes were found in work intensification; the relationship with the crisis is not clear. In Sweden, surveys by AV in 2008 and 2012 found a reduction in work intensity between 2007 and 2011, while in Finland the initial decrease in work intensity was followed by an increase according to data from the 2006, 2009 and 2011 waves of the Work and Health Survey.

Job control

Three national correspondents reported on changes in job control and autonomy during the crisis. In Denmark, a decrease in employee influence on the planning and method of solving tasks was found. Similarly, in France there was a decrease in job decision latitude. According to the available data, 20%–35% of Spanish workers do not have the option of choosing to modify the working method, the working rhythm, the order of tasks or their own ideas at work; notwithstanding this, these indicators have improved since 2007.

A recent study on the ESS (2010 and previous waves) by Gallie (2013) discusses job control and its relation to work stress. Previous research has often found that the impact of increasing work intensity on psychological well-being and physical health is less negative when job control is higher (in so-called ‘active jobs’). Job control is traditionally higher in Scandinavian Member States and lowest in southern and eastern European countries. The study by Gallie (2013) also found that job control during the crisis predominantly increased, certainly in the southern and eastern European Member States, confirming the findings of a Eurofound report (Eurofound, 2012g) on data from the EWCS (see Box 2) and the Spanish results.

The findings of the study by Gallie have two main explanations. First, it is suggested that the selective displacement of employees – with those leaving employment being low skilled and often having the least job control – led to an increase in the average level of job control. Secondly, the study finds evidence for the fact that employers tend to give more job control to employees when they have to restructure, with the aim of enhancing their commitment to the organisation. The study therefore reports an increase in both work intensity and job control during the crisis. In light of the job demand–control model (Box 2), this suggests that not all of the increase in work intensity during the crisis led to an increase in stress (with negative influences on both the physical and psychological health of employees).

Box 2: Work stress and work intensity from the perspective of Karasek's job demand–control model

When discussing work intensity and the impact of the crisis, Karasek's job demand–control (JDC) model (Karasek, 1979), and by extension the job demands–resources (JDR) model (Bakker and Demerouti, 2007), can be very useful when trying to get a view of the effects of the crisis.

In the JDC model, two dimensions of work are defined:

- a control dimension (high versus low autonomy and control);
- a demand dimension (amount of demands of job or work intensity).

Four types of jobs can be found within these dimensions. 'High strain jobs' are jobs with high demands and low autonomy. This situation is characterised by negative stress and has several negative impacts (health, job satisfaction and so on). However, when demands are high and autonomy is also high, Karasek talks about 'active jobs', which are linked with positive stress, resulting in growth, motivation, learning and so on. Karasek also defines 'low strain jobs' with low work intensity and high job control, and 'passive jobs' where both job control and work intensity are low. The JDC model shows that it is important not only to look at changes in and the level of work intensity when looking at work stress, but also to take changes in job control and autonomy into account.

A good example can be found in the Eurofound report *After restructuring: Labour markets, working conditions and life satisfaction* (Eurofound, 2012g), in which data from the EWCS 2010 on work intensity are analysed for employees of organisations that either did or did not restructure. Work intensity is measured in the EWCS 2010 with four questions that address several aspects of work intensity ('working to tight deadlines', 'working at high speed', '(not) enough time to get the job done' and 'working in free time to meet work demands'). When comparing employees of organisations that have restructured to those that have not, all aspects of work intensity were found to be significantly greater in restructured companies. Employees of restructured companies were more likely to report not having enough time to get the work done and more often to be working in their free time to meet work demands. They also reported significantly more often that they worked at very high speed and to tight deadlines (grouped together as high work intensity). The EWCS 2010 also contained questions on autonomy and the amount of job control an employee had. Employees of restructured organisations reported having control and autonomy in their job significantly more often. Thus, considering Karasek's JDC model, the higher levels of work intensity found in restructured companies should not necessarily be seen as negative, since they are accompanied by higher levels of autonomy. However, the rise in autonomy was less than the rise in work intensity and so some increase in negative stress will also be present.

Conflict, bullying and violence

Expressions of a deteriorating psychosocial environment at the workplace are often linked to issues such as bullying, violence and threats of violence, and (sexual) harassment. The national contributions report the following.

Conflict: In the Czech Republic, a study by the Public Opinion Research Centre (CVVM) (Public Opinion Research Centre, 2006–2011) found a steady increase in cold, impersonal relationships with colleagues between 2006, 2008 and 2011. Similarly, employees were more likely to report an atmosphere of conflict at work in 2011 than in 2006 and 2008. Thus, the crisis seems to have negatively affected the working climate in the Czech Republic. However, according to data from the Netherlands Working Conditions Survey, there was a decrease in conflicts and problems at work between 2007 and 2011 in the Netherlands.

Bullying: An increase in bullying at the workplace during the crisis in Denmark has been documented by the NFA. In the UK, the TUC also found an increase between 2008 and 2010. In Norway, bullying and teasing by colleagues seems not to have been affected by the crisis, with levels remaining stable over the past 10 years according to a report from the National Institute of Occupational Health (2011).

Physical violence: Physical violence in the workplace also seems to have increased in Denmark, as have threats of violence, according to the NFA. In Poland, an increase in physical violence by male employees was found between 2009 and 2012 by the Public Opinion Research Centre (CBOS, 2012; Eurofound, 2013c). In Portugal, physical violence also increased between 2008 and 2009 according to reports from the Authority for Working Conditions (ACT, 2010). However, there was no clear trend in violence at work in the UK between 2006 and 2007 or between 2010 and 2011, according to a HSE report based on the British Crime Survey. In Romania, a study carried out by the National Trade Union Bloc (BNS) into working conditions, satisfaction and performance at the workplace reported a decrease in both physical and mental violence between 2010 and 2011 (Eurofound, 2013c).

Sexual harassment: An increase in harassment at work was reported in Italy, Portugal and the UK, while a decrease was found in Romania. In Slovenia, sexual harassment in the workplace remains an area of concern according to the national correspondent.

Finally, this chapter looks at what could be called the ‘outcome’ indicators of working conditions in the crisis, when information on absenteeism, accidents at work, occupational diseases and job satisfaction is compared.

Absenteeism and presenteeism

Developments in absenteeism are documented in 19 national contributions, based on a variety of indicators including average number of days of absence, claims for sickness benefits and absenteeism rate. The most widespread trend is a decrease in absenteeism during the crisis years, reported in at least 11 countries. However, four countries (Belgium, Germany, Luxembourg and Norway) reported an increase. Three countries (Cyprus, Latvia and Poland) saw an increase during the first years of the crisis, with a decrease afterwards. In the Netherlands, the opposite trend was found.

Some national contributions present suggestions to explain the mainly downward crisis-related trend. In Malta, for example, the decrease in absenteeism is suggested to be a direct result of lower employment levels in the public sector, where absenteeism was traditionally higher. Existing academic research sheds more light on the possible explanations for the reported decrease in absenteeism.

A first group of general determinants of absenteeism are the demographic characteristics of the employee. According to a pan-European study on sickness absence from the Munich Personal RePEc Archive (MPRA, 2010), absenteeism is generally higher among women, blue-collar workers, workers with a low level of educational attainment and single people; in addition, absenteeism increases with age. Based on the crisis trends in employment, one can predict contradictory trends in absenteeism. Employment of men and young people fell during the crisis, which should lead to an average increase in absenteeism. Blue-collar, low-skilled jobs are also cut more in periods of economic crisis, which according to the hypothesis would lead to an average decrease in absenteeism. The report has already highlighted the considerable increase in job insecurity since the crisis. Past research has clearly established that job insecurity decreases absenteeism (and increases presenteeism) because employees fear job loss or loss of future employment opportunities when they are absent (Heponiemi et al, 2010; Prater and Smith, 2011). Moreover, when unemployment rates are higher, such as during an economic crisis, job insecurity will increase presenteeism even more (Hansen and Andersen, 2008).

Institutional factors also influence the likelihood of absenteeism. When sickness benefits are generous and employment protection is high, as noted in the aforementioned MPRA report, absenteeism will be higher. However, low or no sickness benefits, often in combination with low wages or a poor personal financial situation, prompt employees to be present at work even though they are ill (Institute for Women’s Policy Research, 2010; Aronsson and Gustafsson, 2005; Dew et al, 2005). The introduction of more stringent rules for sickness benefits since the crisis in Estonia, Italy, Lithuania, Norway and Portugal is reported to have had the effect of reducing rates of sickness leave.

Since the occurrence of absenteeism cannot be seen apart from presenteeism – the ‘phenomenon that employees go to work despite feeling so ill that they should have stayed home’ (Heponiemi et al, 2010) – this crisis also implies an increase in presenteeism. The national contributions that report on presenteeism confirm it was on the rise during the crisis. In Bulgaria, for example, it is suggested that increasing presenteeism is related to attempts to avoid a loss of income and a fear of being dismissed when taking sickness leave. Also in the UK, there seems to be a link between a rise in the number of employees coming to work when they are ill and planned redundancies. So, however limited, the results on presenteeism described in this report seem to be in line with what other researchers suggest happens during economic recessions.

Occupational accidents

From the combination of the information from the national contributions and the standardised incidence rate of occupational accidents from Eurostat, a general downward trend emerges in the occurrence of occupational accidents in almost all countries, except for Ireland and Poland, during the crisis (Table 11).

Several indicators are used in the national contributions to measure occupational accidents. In general, a decline in occupational accidents is found, especially during the first part of the crisis (up until 2010). The number of days lost due to occupational accidents, when reported, also declined during the crisis. The drop in accidents seems to be more prevalent in those sectors where workers are traditionally more at risk, such as construction and manufacturing.

Some national correspondents have suggested explanations for these developments. In Spain, two factors may have contributed to the decline of occupational accidents: public awareness campaigns and regulations on occupational safety and health (OSH); and the reduction of workload in some industries (though not in all). During the first period of the crisis, this last factor could account for the substantial reduction in the accident rate in the construction and industry sectors, where the loss of employment can also further explain the situation. Spanish survey figures show that workers now feel less exposed to accident risks.

Similar explanations are suggested by the Finnish correspondent, who argues that occupational accidents may have declined because companies gave employees more time for training (thus reducing the risk of injuries) rather than laying them off, and because time and work pressure declined during the crisis, enabling employees to work more safely and more carefully.

In Estonia, also, the decline is partly attributed to less intensive work during the crisis. In Bulgaria, considerable attention went into improving OSH during the crisis, with new laws and a new regulatory framework introduced. Thus, the number of companies meeting the basic OSH requirements rose, as did those having a risk assessment procedure and a programme to eliminate those risks. These changes and OSH initiatives could also explain the reduction in the number of accidents. However, the German national correspondent links the increase in occupational accidents in 2010 to economic growth and a rise in employment (BMAS and BauA, 2012). Although no data are given regarding occupational accidents in Norway, the national contribution discusses the negative influence of the crisis for employees in the construction sector concerning health and safety. The crisis caused workplace safety to deteriorate and increased the risk of accidents. In 2009, the Labour Inspectorate found an increased number of violations of safety regulations during their national campaign in the construction sector.

The EU LFS data allow comparisons across countries and time in Table 11; since the data for 2007 are limited, comparison is made between 2008 and 2010. No data were provided for Greece. In general, a decrease is found between 2008 and 2010, with the exception of Ireland and Poland. However, these data need careful interpretation. While the standardised incidence rate of occupational accidents between 2008 and 2010 shows an increase only in Ireland and Poland, a different pattern emerges when looking at the change year by year. Between 2008 and 2009, occupational accidents decreased in almost all countries. However, 14 Member States show an increase in the standardised occupational accidents rate between 2009 and 2010 – although this increase is smaller than the decrease the year before. This trend of a decrease followed by an increase is also reported in two national contributions (Estonia and Germany).

Table 11: *Trends in occupational accidents during the crisis*

	Trend reported by national correspondent	Eurostat standardised incidence rate			
		2007	2009	2010	Change 2008–2010
EU27	nd	2,322.92	1,857.53	1,742.01	-580.91
AT	Increase/decrease	2,266.06	2,252.78	2,247.23	-18.83
BE	Decrease	3,025.13	2,038.61	2,065.01	-960.12
BG	Decrease	97.60	86.11	73.11	-24.49
CY	Increase/decrease	1,072.12	765.52	750.62	-321.50
CZ	nd	1,934.08	1,467.93	1,285.75	-648.33
DE	Decrease/increase	3,024.00	2,087.78	2,212.84	-811.16
DK	Decrease	2,667.17	2,134.83	2,336.87	-330.30
EE	Decrease/increase	1,333.23	1,044.14	1,218.46	-114.77
EL	Decrease	nd	nd	nd	nd
ES	Decrease	4,792.28	3,865.98	3,541.20	-1,251.08
FI	Drop in 2009 and increase	2,672.40	2,074.78	2,138.82	-533.58
FR	Decrease	3,788.95	2,849.68	1,729.38	-2,059.57
HU	nd	702.27	505.65	540.17	-162.10
IE	Decrease	819.19	582.31	946.20	127.01
IT	Decrease	2,362.22	2,329.77	2,199.98	-162.24
LT	nd	256.15	210.15	207.62	-48.53
LU	Decrease	2,890.73	2,312.79	2,367.84	-522.89
LV	Decrease	188.49	126.96	137.51	-50.98
MT	Decrease	2,465.82	2,172.10	2,075.01	-390.81
NL	Decrease	3,315.95	2,192.83	2,356.79	-959.16
PL	Increase/decrease	680.69	1,040.79	688.52	7.83
PT	Decrease	nd	3,536.36	3,371.13	
RO	Decrease	74.73	47.95	67.36	-7.37
SE	Decrease	901.16	8,260.71	883.63	-17.53
SI	Decrease	2,377.94	1,805.69	1,975.66	-402.28
SK	Decrease	581.33	446.59	510.53	-70.80
UK	Decrease	1,038.42	1,066.19	1,019.63	-18.79
NO	Decrease	nd	nd	1,453.04	

Notes: Eurostat standardised incidence rate is the number of people involved in accidents at work with more than three days' absence per 100,000 people in employment.

nd = no data available.

Source: Eurostat, national correspondents

Research findings on occupational accidents are in line with the findings from the national correspondents and Eurostat in also reporting a positive relationship between the business cycle and occupational accidents. In times of economic growth, the probability and incidence of occupational accidents increases. They then decrease when an economic downturn occurs (Asfaw et al, 2011). Explanations for this relationship can be grouped into the following categories, which the national correspondents also suggest.

Changing composition of labour force: A recession causes changes in the composition of the labour force. Fewer new employees, who are more prone to accidents, enter the organisation, and when downsizing occurs, the most experienced employees often remain. Thus the labour force is more experienced, which diminishes the probability of occupational

accidents. In addition, the crisis in many countries has had a major impact on industry and construction, sectors that are traditionally more prone to occupational accidents.

Lower work intensity: Recession often has an impact on working conditions and work organisation. It is suggested that in activities where workload and pace of work tend to decline, as was the case at the beginning of the crisis in some economic sectors, it creates more time for training workers (for example, boosting their experience of working with machines) and for maintenance (HSE, 2005; Davies et al, 2009; Asfaw et al, 2011). Correspondents from Estonia, Finland and Spain also point to this explanation. However, as noted in the previous section, this decrease in work pressure does not always happen. The element of control also needs to be taken into account. In other words, the impact of this factor has to be interpreted with caution for each country separately.

Under-reporting of accidents: During times of higher unemployment and greater job insecurity, employees are less likely to report (minor) accidents because they fear it might be used against them. This fear is confirmed in a study by Boone et al (2011), who found that ‘workers who report an accident in a particular period of time are more likely to be fired later on’. Thus, when looking at a trend in occupational accidents, it is important to keep in mind that this can be due either to an actual change or to a change in reporting behaviour.

‘Less a priority’ as counter-factor: The Norwegian national contribution highlights a counter-factor; companies and sectors hit hard by the crisis (like construction in Norway) have more difficulty maintaining and prioritising (new) health and safety measures.

Occupational diseases

Thirteen Member States reported on trends in occupational diseases, of which five (Bulgaria, Estonia, France, Germany and Spain) showed an increase over the period of the crisis and five (Austria, Poland, Portugal, Romania and Slovenia) showed a decrease. Three countries reported no significant change between the beginning and end of the crisis, but with some fluctuations in between. In the Netherlands, an increase was followed by a decrease, while Denmark and Luxembourg showed the opposite trend. No explanations for the observed trends were suggested in the national contributions.

The following general health tendency figures from Greece, perhaps the country most struck by the economic crisis, are illuminating. The Depression Helpline of the University Mental Health Research Institute (EPIPSI) (Eurofound, 2013c) has registered a surge in symptoms of anxiety and depression that are mainly due to a lack of prospects for employment and unemployment. Six out of 10 people who called the helpline for support said they were unemployed; the reason given by 17.7% of those who could not find a job was the overall level of unemployment in Greece.

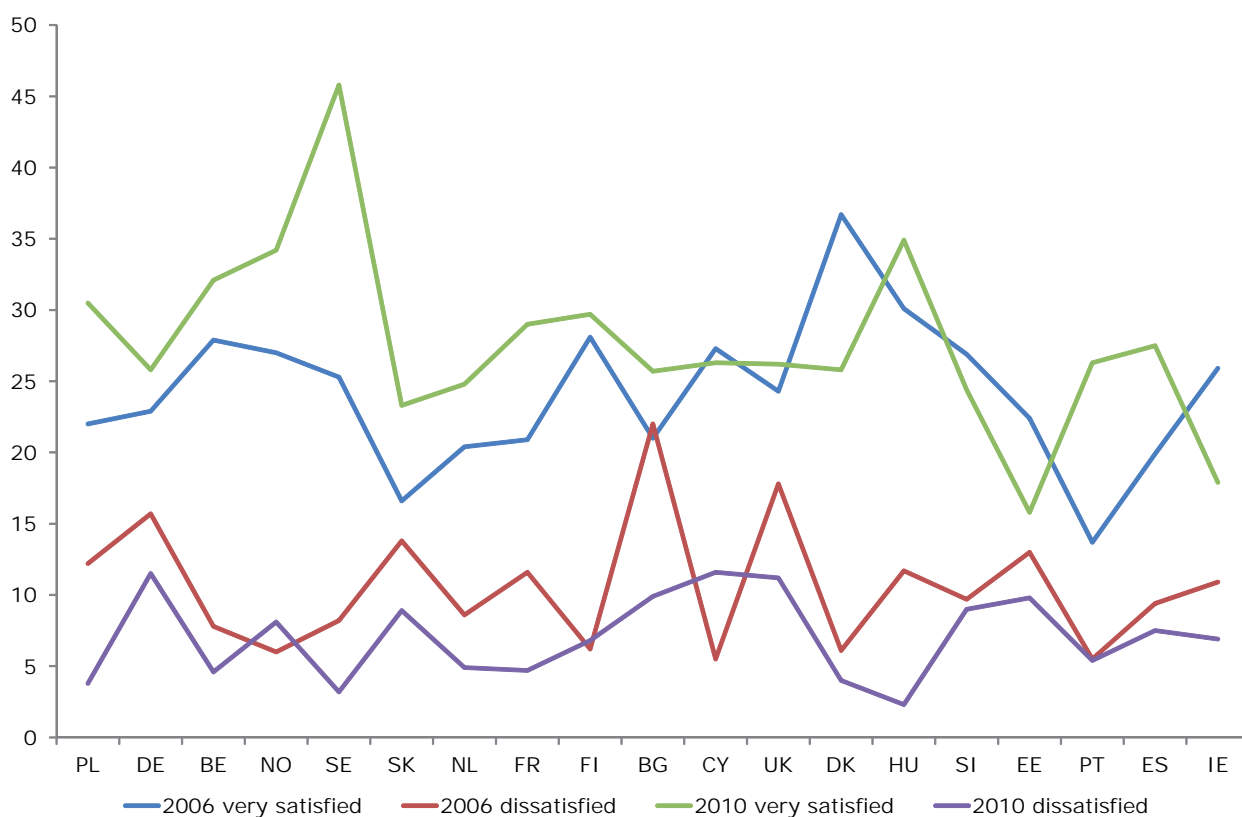
However, Member States that have not been so badly affected by the crisis also report an increase in mental health problems. According to Srinivasa et al (2012), mental health has deteriorated in English men following the start of the 2008 recession – both for those in employment as well as those who are (or have become) unemployed. In the Eurofound report, *Health and well-being at work* (Eurofound, 2012f), a combined analysis of the 2007 EQLS and the 2010 EWCS shows that the negative effect on well-being of a risk of becoming unemployed increased severely from 2007 to 2010, which means that the relationship between job insecurity and poor mental well-being became stronger during the crisis than it was in 2007.

Job satisfaction and motivation

Job satisfaction and job motivation/engagement are seen as essential components of well-being at work. However, although closely related, these general aspects of well-being are not the same. Job satisfaction refers to the satisfaction that a person receives from performing their job. Motivation is about being engaged or having the drive to complete a job. Job satisfaction is about the attitudinal evaluation of doing the job; motivation is about why somebody is doing a job.

Comparative survey data from the EQLS and ESS highlight a general trend of increased job satisfaction. The EQLS has data for 2007 and 2011, and the ESS for 2006 and 2010. Figure 9 shows comparative data from the ESS 2006 and 2010. The EQLS finds that between 2007 and 2011 the EU average rating for job satisfaction in the EU increased from 7.1 to 7.4, the increase being consistent for all age, gender and income groups (Eurofound, 2012e). Comparison of findings from the fourth and fifth waves of the EWCS in 2005 and 2010) shows an increase of around 2% in the proportion of workers reporting that they are satisfied.

Figure 9: *Change in job satisfaction during the crisis*



Notes: Percentage of employees very satisfied (8–10 on 0–10 scale); percentage of people dissatisfied (0–4 on same scale). Only the countries that participated in both the ESS 2006 and 2010 are included.
Source: ESS 2006, 2010

Some of the national contributions, based on specific national sources, add nuances to these general figures.

National data from the Czech Republic, Ireland, the Netherlands, Poland and Spain confirm the (slight) increase in job satisfaction, while the Austrian WCI data do not. In 2011, however, the Czech and Dutch figures also slightly decreased. Italian and Latvian data remained stable.

Data from Ireland, Italy and Spain (countries badly hit by the crisis) mostly confirm the increase, but also show that pay satisfaction decreased or remained stable.

Survey information from the Czech Republic and Poland illustrates diverging trends within these countries. In Poland the proportion of those reporting satisfaction with their job increased, as did the proportion reporting dissatisfaction. In the Czech Republic those reporting being ‘very satisfied’ decreased, but so did the proportion who were (very) dissatisfied. The group who were undecided about their job satisfaction grew in the crisis period.

Employees thus appear more likely to be satisfied with the type of work they do when confronted with a negative business cycle. This is in contrast to the negative relationship of job insecurity with job satisfaction reported earlier. A series of recent studies explains these contrasting results. During economic expansion, working in sectors with high unemployment tends to be associated with greater job insecurity and thus lower job satisfaction. However, during a crisis, a countervailing effect from social comparisons emerges. This relationship is confirmed through logistic regression analysis of the EWCS, where workers who are not satisfied are less likely to feel secure in their job than satisfied workers. The negative effect of having worse employment prospects is compensated for by the positive effect from their relative standing in relation to those who are unemployed (Clark et al, 2010; Luechinger et al, 2010).

The measures used to assess workers’ motivation differ considerably. Three national contributions reported on the impact on job motivation during the crisis. In Finland, an improvement in meaningfulness of work was found during the crisis, but this decreased again in 2011. In Ireland, the recession had a positive effect on commitment and motivation, especially in relation to the organisation overall. In France, 47% of employees stated in a survey on employment beyond the crisis by TNS Sofres for the Employment Stewardship Council (Conseil d’orientation pour l’emploi, 2012) that they thought the crisis had impacted negatively on the motivation of their co-workers.

Steiber (2013) analysed data from the 2010 ESS and previous waves of the survey to see if there was a relationship between commitment to employment (as a measure of work motivation) and elements of the crisis (job insecurity and unemployment). Employment commitment was found to be greater in Scandinavian and western European Member States (70% being committed to their job), while workers in southern and eastern European countries tended to have lower levels of commitment. The study found no support for the hypothesis that a work ethic is negatively influenced by the unemployment rate (since 2000). However, job insecurity was found to have a negative impact on employment commitment, especially in Member States in southern and eastern Europe. Motivation thus seems to be mostly affected by the crisis through the increase in job insecurity.

This part of the overview report has investigated the impact of the current economic crisis on working conditions in Europe based on reporting from national experts and supported by available international data and other comparative studies. The focus has been on assembling national trends and findings from the 27 EU Member States and Norway. From a chronological perspective, the period of crisis is covered mainly until the first months of 2012. Throughout this report, the following changes in working conditions, which can be related to the crisis in countries, sectors or companies, were identified.

Less work, less training and changes in working time

First, the crisis means less work, with jobs being cut. The first phase of the crisis was also characterised by an overall reduction in working time and an increase in part-time work because there was less economic activity. In the second phase, there were contrasting developments in average working hours related to the extent of the impact of the crisis in the country.

If composition effects are not considered, the share of workers participating in training has only slightly dropped throughout the crisis and the profile of training has changed. Training is now more focused on technical requirements of the job and business, and less on transversal competencies not related to the job.

Most Member States also reported a decline in overtime, especially in paid overtime. Working at unsocial hours has not expanded during the crisis. In addition, and more so in situations where the crisis has had a greater impact, there was an increase in involuntary part-time work and an increase in unpaid overtime. The policies of short-time work schemes and working time accounts (expanded or installed in a range of EU Member States in the first years of the crisis) had an additional impact on the reduction in the average working hours and reduced the unemployment shock. Minor changes can be detected in the average adoption of unsocial hours. These are mainly related to changes in the national economic structure as a result of the crisis. Work–life balance seems to have come strongly under pressure only in countries hit hard by the crisis, such as Ireland and Spain.

Temporary employment, job insecurity and consequences for workers' well-being

Different patterns emerge with regard to the evolution of temporary employment. Spain registered a drop in this type of contract as a result of the crisis, whereas in most Member States the overall rate has not diminished. A number of Member States – the Czech Republic, Estonia, Lithuania and Romania – with a traditionally low level of temporary employment have introduced reforms to facilitate the use of temporary contracts; since these reforms, temporary employment has been on the rise.

The economic crisis has caused an increase in job insecurity across Europe. The economic downturn and higher unemployment rates have played a role, together with specific changes in labour regulation. Concerns have risen about having or keeping a job and about maintaining incomes. The negative consequences of this insecurity on well-being and health are recognised: generally, it leads to increased levels of stress, adverse social behaviour and other psychosocial disorders.

Well-being at work: stress, work intensity, workload, bullying and violence

Scattered national data confirm the analyses of international survey data (EWCS and ESS) that higher levels of work intensity (workload, work pressure and job demands) are found in workplaces that have restructured for economic reasons, but that these greater job demands are accompanied by higher levels of autonomy and job control. However, the increase in job resources is less than the increase in work intensity, resulting in small average increases of stress at work. Reports from the Czech Republic, Denmark, Italy, Portugal and the UK suggest that conflict, bullying and violence are also on the increase.

Less choice, less mobility and a more informal economy

A further important effect of the current crisis is that it diminishes workers' choices. Some national contributions mention that workers have had to remain in their current job because no alternative is available, while others, in contrast, have been obliged to look for a new job. Workers involuntarily choose atypical forms of employment (part-time or temporary work) because there is no other employment, a phenomenon that has risen significantly since the crisis period began. This situation of reduced choice can also be detected in other job elements. Overtime has dropped, but unpaid overtime has not. Presenteeism (going to work when ill) has grown.

Career mobility is negatively influenced by a crisis situation. Based on an analysis of micro data and to a lesser extent on country averages, training possibilities are seen to be somewhat fewer and more directly job related. Job-to-job mobility is much less: people remain in (or have to remain in) their current job.

Extreme forms of this 'reduced choice' situation are that people in some Member States are again being pushed into the informal economy or having to look abroad to find a (decent) job and living. A growth in the informal economy is reported in Bulgaria, Cyprus and Latvia.

'Not all in it together'

Throughout the report it emerges that the economic crisis has not had the same effect on all groups of workers. Sector differences play a role, especially in countries where industry and/or construction were hit harder by the crisis than other sectors. The impact of the crisis on the public sector (Eurofound, 2013h) should also not be forgotten. (In this report, the focus is on general trends in the private sector.)

The crisis situation is also characterised by gender differences in trends in working conditions in many Member States. Sectors like manufacturing and construction have been harder hit by the economic crisis; these are also sectors with more men. In many of the trends in working conditions identified in this report, there has been a bigger change in the situation of men than women. However, evidence is lacking in how this change in the burden of work between men and women in a household may lead to a change in the responsibilities of combining work and family life.

The crisis changed the migration patterns of a range of Member States. Driven by people looking for a better job and standard of living abroad, emigration from a number of eastern European Member States (for example, Latvia and Lithuania) has picked up again, while it remained stable in others (for example, Estonia, Poland and Romania). The western EU Member States that were hit hard by the crisis saw a notable change in their migration pattern; immigration has dropped sharply, migrants are leaving the country and more nationals are looking for work abroad. For instance, Member States like Greece, Ireland and Spain have turned from being net immigration countries into emigration countries.

More positive findings on other indicators

National trend averages provide more positive conclusions about health and well-being at work than other indicators previously addressed. Most countries saw a drop in absenteeism. The standardised incident rate of accidents at work went down between 2008 and 2009, but rose again in about half of the countries between 2009 and 2010. Different, even contrasting, explanations are given for these trends. Future research should not only examine which of these arguments is the most plausible, but should also look for sectoral differences, as the effect of the crisis in a series of countries is

linked to specific sectors such as industry and construction. Although national particularities can be detected in the trend data, longitudinal comparative data from the EQLS and ESS suggest that job satisfaction has risen in Europe since the crisis, but probably not for those experiencing job insecurity. The negative effect of rising job insecurity is compensated for by the happiness in (still) having a job. Motivation, though, seems to be hampered by increased job insecurity.

A crisis for working conditions?

Not all Member States covered by this report have been hit to the same degree by the economic crisis. In terms of GDP growth and the change in employment levels, it is possible to distinguish groups of countries by the size of the economic crisis experienced for the period 2008 to 2011. This ranking and grouping has been used analytically in the report.

Tables 12 and 13 summarise the most contrasting results in average trends in working conditions between the countries affected most (lower rows, country code in red) and affected least by the crisis (upper rows, country code in green). Member States are ranked based on the extent of the economic impact of the crisis (average economic growth and change in unemployment rate). Reported changes in the relevant working conditions indicators between (mainly) 2007 and 2011 are presented. Colour is used to indicate a (strong) increase or decrease, with green considered a positive change and red a negative change. This mapping visualises contrasting trends between Member States with regard to the impact of the crisis. Only the indicators for which this contrast was clear are included in the table. The degree of contrast can be read as additional proof that the crisis has a stronger effect on a particular working conditions indicator.

Table 12: *Synthesis map of changes in working conditions since the crisis (employment-related indicators)*

	Job insecurity	Involuntary temporary	Involuntary part time	Net migration
PL	4.2	-11.5	1.2	0.4
DE	-2.4	-1.9	-5.6	2.9
MT	5.4	0.7	-1.0	-4.5
AT	1.2	-9.6	-2.1	0.3
BE	-0.4	-4.1	-4.4	-4.1
NO	3.0	-0.4	1.5	1.0
SE	-1.4	-0.7	1.7	-1.1
IT	7.0	5.6	15.0	-4.4
LT	3.1	-4.1	10.0	-11.0
EE	5.4		6.2	-0.1
PT	11.4	4.0	6.9	-4.1
ES	10.9	7.0	23.0	-16.5
IE	12.5	27.9	26.6	-17.8
LV	12.4	11.2	17.7	-10.9
EL	22.4	3.6	15.3	-4.9

Notes: The indicators comprise employment-related aspects: job insecurity, involuntary temporary work, involuntary part-time work, and net migration.

Countries are the 15 Member States most and least affected by crisis, percentage point change country average, 2007–2011.

Indicators:

Job insecurity = change in proportion between 2007 and 2012 of working people who think it is 'very likely' or 'quite likely' they will lose their job within the next six months (source: EQLS).

Change in the proportion of temporary/part-time employed (2007–2011) who give as reason for temporary/part-time employment that they 'could not find permanent/full employment' (source: EU LFS).

Change in net migration rate = percentage change between 2007 and 2011; net migration rate = immigration minus emigration (source: OECD).

Colour coding: dark green = relatively strong positive change; light green = relatively positive change; light red = relatively negative change; dark red = relatively strong negative change on average.

Table 13: *Synthesis map of changes in working conditions since the crisis (health and well-being indicators)*

	Work-life balance	Work intensity	Absenteeism	Work accidents	Job satisfaction
PL	1		0	1	8.5
DE	-1		1	-1	2.9
MT			-1	-1	
AT	-1	-1		0	
BE	1		1	-1	4.2
NO			1		7.2
SE	-1	-1	-1	-1	20.5
IT		-1	-1	-1	
LT			-1		
EE			-1	-1	-6.6
PT			-1	-1	12.6
ES		1		-1	7.6
IE	1	1		-1	-8
LV	1	0	0	-1	
EL				-1	

Notes: The indicators comprise topics related to health and well-being: work-life balance, work intensity, absenteeism, work accidents, and job satisfaction.

Countries are the 15 Member States most and least affected by crisis, percentage point change country average, 2007–2011.

Indicators:

Work-life balance, work intensity, absenteeism, work accidents: dummy coding based on reported national figures; 1 = increase; 0 = stable; -1 = decrease (between 2007 and 2011).

Job satisfaction: percentage of employees 'very satisfied' (8–10 on 0–10 scale) (source: ESS, 2006, 2010).

Colour coding: dark green = relatively strong positive change; light green = relatively positive change; light red = relatively negative change; dark red = relatively strong negative change on average.

Overall, the country averages show the strong effect of the extent of the crisis on job insecurity and the involuntary choice of temporary or part-time work. There is also a greater chance that the net migration rate turns negative in Member States where the size of the economic crisis is bigger. Employees in countries hit hardest by the crisis seem to be confronted by a greater impact on work intensity (proof comes from Ireland and Spain). The increase in job satisfaction is also less high in this group of Member States and even negative (exceptions being Portugal and Spain). More positive averages are noted in relation to health-related factors such as absenteeism and accidents at work for the Member States where the crisis was bigger.

Interesting outliers can also be detected in these country linkages of average trends in working conditions indicators and the extent of the impact of the economic crisis. Most interesting are the sometimes specific results of Germany (managing quite well in the crisis) and Spain (affected more strongly by the crisis). Compared with other countries that did not do so badly in the crisis, in Germany a more limited decrease in involuntary temporary work can be seen; in addition, job insecurity decreased on average and job satisfaction increased considerably. Spain saw a decrease in temporary and part-time work and an increase in low-wage work.¹⁰ The percentage of people very satisfied with their job also increased more considerably in Spain.

¹⁰ This is in contrast to the average trends in countries such as Greece, Ireland and Latvia. In these three Member States, temporary and part-time work increased and low-paid work decreased.

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