**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.

Further information

The report Impact of the crisis on industrial relations and working conditions in Europe is available at http://www.eurofound.europa.eu/publications/htmfiles/ef1398.htm

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