



Published by the European Trade Union Institute (ETUI), 2016
ISBN 978-2-87452-394-6
556 pages, 20 €

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www.etui.org/Publications

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The ETUI is financially supported by the European Union. The European Union is not responsible for any use made of the information contained in this publication.

Joint regulation and labour market policy in Europe during the crisis

Edited by Aristeia Koukiadaki, Isabel Távora and Miguel Martínez Lucio (University of Manchester)

A number of European Union (EU) member states have introduced far-reaching labour market reforms which, in line with so-called 'internal devaluation' policies, have particularly targeted the system of wage determination and collective bargaining in the private sector. The book seeks to provide, on the basis of developments in the manufacturing sector, a detailed survey of the changing landscape of collective bargaining in the EU member states most affected by the crisis. Specific questions asked include the following: What have been the effects of the measures for the structure, process, content and outcomes of collective bargaining? How do employers and trade unions respond to the new regulatory framework and what are the implications for the role of the state? The book discusses in-depth research findings from the project 'Social dialogue during the economic crisis: The impact of industrial relations reforms on collective bargaining in the manufacturing sector'. The research was funded by the European Commission and coordinated by academics at the University of Manchester with the collaboration of teams from several European universities.

Key findings

- The labour market reforms have been driven by and are consistent with the commitments undertaken by national governments in the context of economic adjustment programmes or other European-level coordination instruments.
- The limited (in some cases non-existent) influence of the industrial relations actors during the process for adoption of the reforms highlights the unilateral character of the policy decision-making process.
- Most EU member states examined in the study are experiencing a crisis of collective bargaining, most notably at inter-sectoral and sectoral levels, with negative implications for bargaining coverage and coordination. There is evidence of downward wage adjustments, albeit in some cases cushioned by developments in national minimum wages (e.g. Slovenia).
- The differences in bargaining trends between EU member states may be attributed to differences in the extent and nature of reforms, the scope for the involvement of the trade unions and employers' associations in the process for the adoption of the reforms, and the pre-existing strength of the bargaining systems.
- There are growing employer concerns about the ability of local management to cope with greater decentralisation and change, while trade unions have been increasingly constrained in their ability to regulate employment and monitor the enforcement of agreements and labour standards.
- The state's ability to respond is being tested by the impact of the measures on such areas as labour inspection, judicial processes and state mediation services. This appears to be leading to a re-politicisation of labour relations.
- It is necessary to reconsider at both European and national governance levels the role played by multi-employer collective bargaining as a mechanism for minimising the externalities of market and policy-driven adjustments and for achieving macroeconomic benefits and social cohesion.

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Key data

Table 1 The state of collective bargaining following labour market measures

Country	Inter-sectoral level	Sectoral level	Company level
Greece	<ul style="list-style-type: none"> – Limited cross-sectoral bargaining; withdrawal of SEV in 2013 – No minimum employment standards across sectors 	<ul style="list-style-type: none"> – Significantly reduced number of sectoral collective agreements (across different sectors) – Reduction of length of collective agreements – Arbitration mechanisms falling into disuse 	<ul style="list-style-type: none"> – Rapid increase of company-level bargaining (especially in the first period) – Increased use of 'associations of persons' – Increase in individual negotiations
Ireland	<ul style="list-style-type: none"> – Breakdown of negotiations at national level – Later conclusion of a voluntary protocol 'for the orderly conduct of industrial relations and local bargaining in the private sector' 	<ul style="list-style-type: none"> – No update of pay rates in majority of cases – Only three agreements have been revised since 2011 	<ul style="list-style-type: none"> – Clear decentralisation trends in manufacturing – More direct process (no use of third parties)
Italy	<ul style="list-style-type: none"> – Inter-sectoral agreements setting out the framework for bargaining, union representation criteria and limitations on derogations 	<ul style="list-style-type: none"> – Renewal of most sectoral agreements – No defection of employers from associations (with the exception of Fiat) 	<ul style="list-style-type: none"> – Decrease of company agreements – No increase in coverage – Conclusion of 'pirate' agreements by non-representative employee bodies
Portugal	<ul style="list-style-type: none"> – Tripartite agreements in 2011 and 2012 (with the exception of CGTP) 	<ul style="list-style-type: none"> – Blockages to bargaining and reduced number of new Company agreements instead – Reduced coverage of new agreements 	<ul style="list-style-type: none"> – No evidence that firm agreements are replacing sectoral agreements – No evidence of new agreements concluded by worker committees
Romania	<ul style="list-style-type: none"> – Termination of cross-sectoral bargaining following the abolition of inter-sectoral bargaining by the 2011 Social Dialogue Act 	<ul style="list-style-type: none"> – Employers opting out/threatening to opt out of associations – Only five (out of 13) employers' associations were representative in 2013 – Collapse of sectoral agreements – Increase in multi-employer agreements 	<ul style="list-style-type: none"> – 25% reduction of company agreements between 2008 and 2013 – Lack of expertise of elected representatives, where union is not present
Slovenia	<ul style="list-style-type: none"> – Attempts to conclude a new social pact but employers reacted strongly against social pact and agreement was not reached 	<ul style="list-style-type: none"> – Termination of collective agreements in the chemical and rubber industries on the employers' initiative – Reduction of scope of collective agreements – Intensification of bargaining rounds 	<ul style="list-style-type: none"> – Divergent views between different employers – Replacement of old rule-makers with new – Signs of cooperation between the two sides
Spain	<ul style="list-style-type: none"> – Inter-confederal agreements between the social partners but overtaken by legislation providing great scope for derogations 	<ul style="list-style-type: none"> – Steep decline in the use of sectoral agreements and bargaining coverage – Conclusion in some cases of sectoral agreements (for example, chemicals) reverting to the favourability principle 	<ul style="list-style-type: none"> – Adoption of more 'realistic positions' by the parties – Use of after-effect measures to rush the revision of agreements without much dialogue

Table 2 Significance and implications of measures implemented for the state, employers and trade unions

Country	State	Employers' associations	Individual employers	Trade unions
Ireland	<ul style="list-style-type: none"> Withdrew support for central collective bargaining Intervention by reducing the national minimum wage 	<ul style="list-style-type: none"> Reduced role due to the collapse of national bargaining 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in work organisation and pay setting. 	<ul style="list-style-type: none"> Reduced influence but emerging coordinated 'adaptive bargaining' strategy
Greece	<ul style="list-style-type: none"> Increased state unilateralism and intervention in employment regulation and wage setting Withdrew support for sectoral and national bargaining 	<ul style="list-style-type: none"> Some loss of influence due to state unilateralism and the undermining of national and sectoral bargaining 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in work organisation, contractual arrangements and pay setting 	<ul style="list-style-type: none"> Reduced role and influence
Spain	<ul style="list-style-type: none"> Increased state unilateralism and intervention in employment regulation and wage setting Questioning systematic support for sectoral and national bargaining 	<ul style="list-style-type: none"> Continued role but greater internal differences in employer interests 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in work organisation and pay setting 	<ul style="list-style-type: none"> Reduced influence and challenges to regulatory influence
Italy	<ul style="list-style-type: none"> Increased state unilateralism and intervention in employment regulation counteracted by social partners 	<ul style="list-style-type: none"> Continued relevant role 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in working time but not so much in pay setting 	<ul style="list-style-type: none"> Some loss of influence but role in manufacturing was mostly maintained. Union involvement in unemployment benefit applications leading to membership increases
Portugal	<ul style="list-style-type: none"> Increased intervention by reducing support for sectoral bargaining, greater regulation and freezing the national minimum wage 	<ul style="list-style-type: none"> Continued relevant role despite pressures related to non-extension of sectoral agreements 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in working time but not so much in pay setting except overtime pay 	<ul style="list-style-type: none"> Loss of influence but maintained bargaining role at sectoral level
Romania	<ul style="list-style-type: none"> Increased state unilateralism and intervention in employment regulation and wage setting Withdrawing support for sectoral and dismantling of national bargaining 	<ul style="list-style-type: none"> Reduced influence and non-extension of sectoral agreements leading to disaffiliation and fragmentation 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in work organisation, contractual arrangements and working time 	<ul style="list-style-type: none"> Loss of influence and increased fragmentation
Slovenia	<ul style="list-style-type: none"> Increased state unilateralism and intervention in employment regulation to some extent counteracted by trade unions 	<ul style="list-style-type: none"> Continued relevant role 	<ul style="list-style-type: none"> Increased role Greater managerial prerogative in working time but not so much in pay setting 	<ul style="list-style-type: none"> Some loss of influence at firm and sectoral level but maintained capacity to protect workers at national level

Further information

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