

CONTINUITY AND CHANGE IN JOINT REGULATION IN EUROPE: STRUCTURAL REFORMS AND COLLECTIVE BARGAINING

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UNDER PRESSURE OF THE TROIKA - THE IMPACT
ON COLLECTIVE LABOUR RIGHTS IN SOUTHERN
EUROPE AND IRELAND

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The issues

- Transmission of the economic crisis to the labour market via the adoption of policies of 'internal devaluation' (Armingeon and Baccaro 2012)
- Austerity measures centred on employment protection legislation and national systems of collective bargaining (Deakin and Koukiadaki 2013)
- Process for the adoption of austerity measures: transfer of policy-making processes from national to international actors (Dahan 2012, Meardi 2012)
- Debate around the implications of the measures for the systems of collective bargaining emerging from the crisis but also the future of EU labour law and social policy (e.g. Marginson, 2014; Meardi 2012)

Research focus

- **7-country comparative study:** Greece, Ireland, Italy, Portugal, Romania, Slovenia and Spain
- What are the *implications* of the reforms for collective bargaining arrangements at different levels?
- What are the government and social partner *strategies and approaches* towards the austerity measures?
- How does management policy and practice and trade union approach change at sectoral and company level concerning the *process* and *character* (conflictual or consensual) of bargaining?
- What are the implications of the ,measures for the *content* and *outcome* of collective bargaining at sectoral and company level, especially on wages and working time?

Bargaining systems pre-crisis and the emergence of the crisis

- **Pre-crisis state:** IR systems **in crisis** (e.g. Italy, Greece, Portugal) vs systems in **growth/stability** (e.g. Ireland, Slovenia and Romania)
- Most multi-level bargaining systems but differences in the degree of **articulation/coordination** (cf. Italy and Slovenia with Greece, Spain and Portugal) and the degree of **voluntarism** (cf. Italy and Ireland with Greece and Spain)
- Crisis as having a **shock effect** (Ireland, Romania and Slovenia), **accelerating effect** (Italy, Greece, Spain, Portugal) and/or **revealing effect** (Italy, Greece, Spain, Portugal) (Gazier, 2012)
- **Absence of social dialogue** (e.g. Romania, Slovenia, Greece), **absence of due regard** to outcomes of social dialogue (e.g. Greece and Spain), substantial **involvement** (e.g. Portugal, Italy)

Labour market measures in 7 countries

Country/ topic	Wage- determination & national CB	Company- level derogations/ favourability	Changes in extension rules	Agreements' duration/ after-effect	Other representation channels	EPL
Greece	X	X	X	X	X	X
Ireland	X	X	X			X
Italy		X				X
Portugal	X	X	X	X	X	X
Romania	X		X	X	X	X
Slovenia		X				X
Spain	X	X		X	X	X

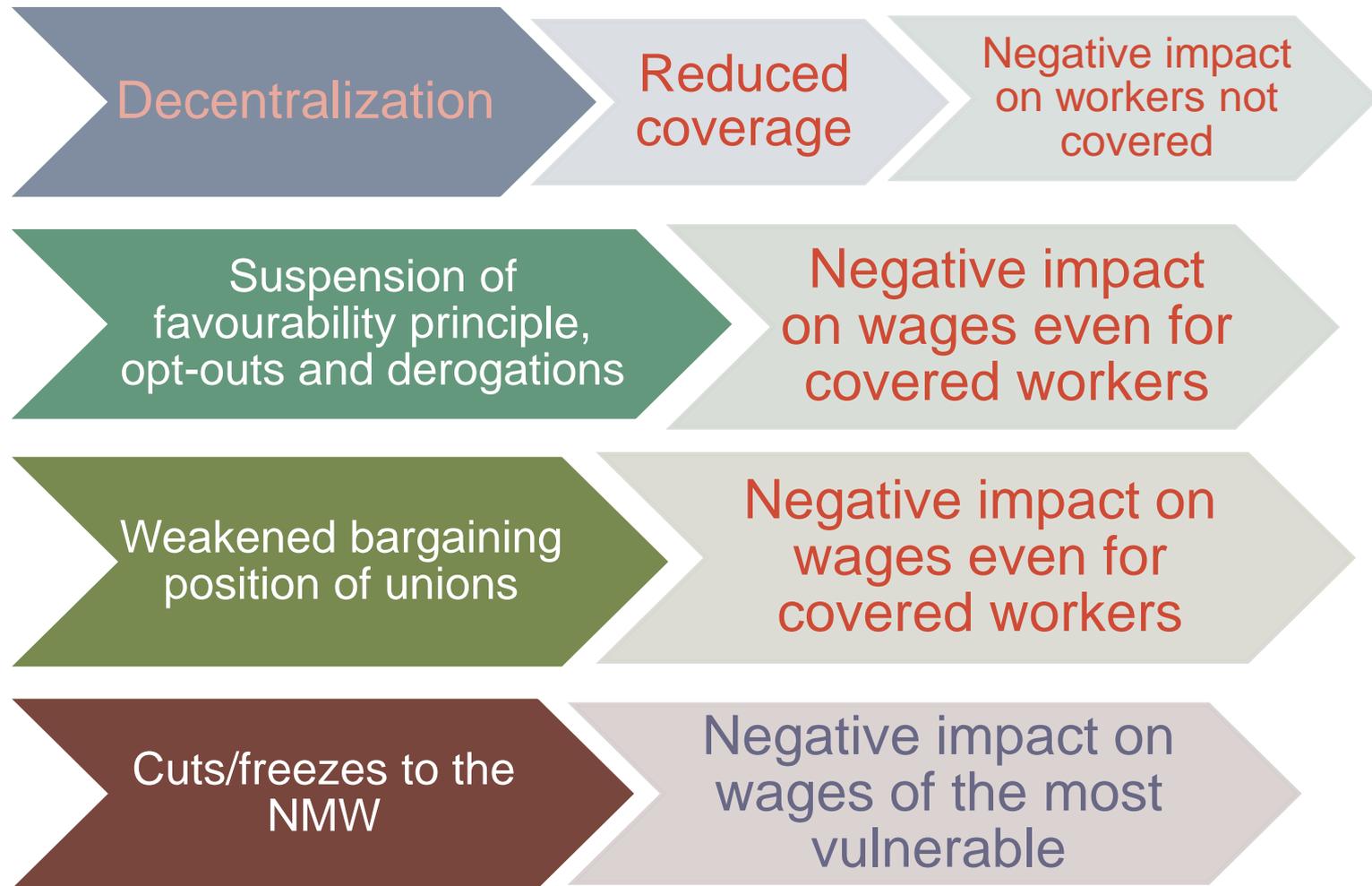
The impact of the austerity measures on bargaining structure (1)

- **Decentralisation** trends but differences between disorganised forms of decentralisation vs organised forms of decentralisation (Traxler 1995)
 - **Greece, Ireland and Romania:** disorganised decentralisation (suspension of extension mechanisms, collapse of inter-sectoral dialogue , non-union representation structures etc.)
 - **Portugal, Spain and Slovenia:** organised and disorganised decentralisation (some procedural safeguards, e.g. union authorisation for company agreements, e.g. Portugal, and joint decisions to revert to the favourability principle, e.g. Spain)
 - **Italy:** organised decentralisation (common understanding by local actors of the usefulness of company level derogations)
- **Character** of collective bargaining: change of direction of pressure from the unions to the employers; antagonistic at higher levels but cooperative at company level (with exceptions)

The impact of the austerity measures on bargaining structure (2)

- Three **types of bargaining systems** in light of the reforms (see also Marginson, 2014):
 1. **Systems on the brink of collapse:** Greece and Romania
 2. **Systems in a state of corrosion:** Ireland, Spain, Portugal, Slovenia
 3. **Systems in a state of continuity and reconfiguration:** Italy
- **Key factors** explaining the different state of the systems
 1. Pre-existing **strength** of the bargaining systems (i.e. in terms of articulation/coordination and social partners' influence in policy-making) (e.g. cf. Italy and Slovenia with Greece and Spain)
 2. Scope for **consultation** in the process for the adoption of the reforms or in coordinating attempts to contain unilaterally imposed reforms (e.g. Greece and Romania with Italy and Portugal)
 3. **Extent** of labour market measures (cf. Greece and Portugal with Slovenia and Italy)

The impact of the austerity measures on wage determination



Growing divisions in the workforce

- Pay differences between existing and new workers (Greece and Ireland)
- Age inequalities enabled by national policies, namely in Greece where NMW is much lower for younger workers
- Temporary agency workers not covered by CB in Slovenia, so they are paid below the sector standard
- Gender pay inequalities in Portugal due to a NMW freeze and blockages in bargaining in sectors with high female labour market participation
- Increasing numbers of workers not covered by collective bargaining and in non-standard arrangements

The approach of employers and unions

- **Employers:**
 - Fast in taking up the new options under the reforms to reduce labour standards and undermine the nature and form of the labour movement (e.g. Greece, Romania, Spain and Ireland); cf. evidence of some legacy of social dialogue in Portugal, Slovenia and Italy
 - Signs of an emerging demand for the preservation of sector level bargaining and its remit (e.g. Greece, Italy, Portugal and Spain) for reasons including burden on smaller firms and politisation of labour relations at company level
- **Trade unions:**
 - Difficult position balancing the defence of their core representatives and the structures of joint regulation on the one hand and the need to create some kind of bridgehead for the more excluded workforce outside of those structures
 - Adoption of a more realistic strategy within the trade union movements, especially those from a social democratic and centrist heritage: objective of maintaining agreements even if not applicable to all workers and including significant wage cuts
- **The state:**
 - Growing dysfunctional features: withdrawal of support by the state in certain areas (e.g. extension of collective agreements) but greater intervention in other areas (e.g. setting of minimum wage levels) with questionable results
 - Questions over resources in terms of labour inspection, judicial processes and mediation services
 - Greater fragmentation within regulatory processes and increasing reliance on external professionals (e.g. HR specialists and lawyers)

Concluding remarks

- Significant contraction of regulatory space for joint regulation between the industrial relations actors
- Re-emergence of the state as a key actor but questions over resources to enforce labour standards; move conditioned by the transfer of policy decision-making processes to supranational level
- Increase of managerial unilateralism but questions regarding the regulatory capabilities of the employers to respond to the growing decentralisation of bargaining and re-politicisation of employment relations at company level
- Durability of reforms depends on the extent to which new policies upset inherited coalitional patterns and stimulate the emergence of new vested interests and political alliances (Patashnik, 2008):
 - Will the rise of leftist parties in Southern Europe provide the basis for new alliances at domestic and European level?
 - Can a 'counter-movement from below' on the part of unions mobilise the discontented far beyond their traditional constituency (Hyman, 2015)?

Thank you for your attention!

- For further details see:

<https://research.mbs.ac.uk/european-employment/Ourresearch/Currentprojects/Socialdialogueduringtheeconomiccrisis.aspx>