

December 13th 2012

EPSU 2012 Social Dialogue and
Collective Bargaining Conference

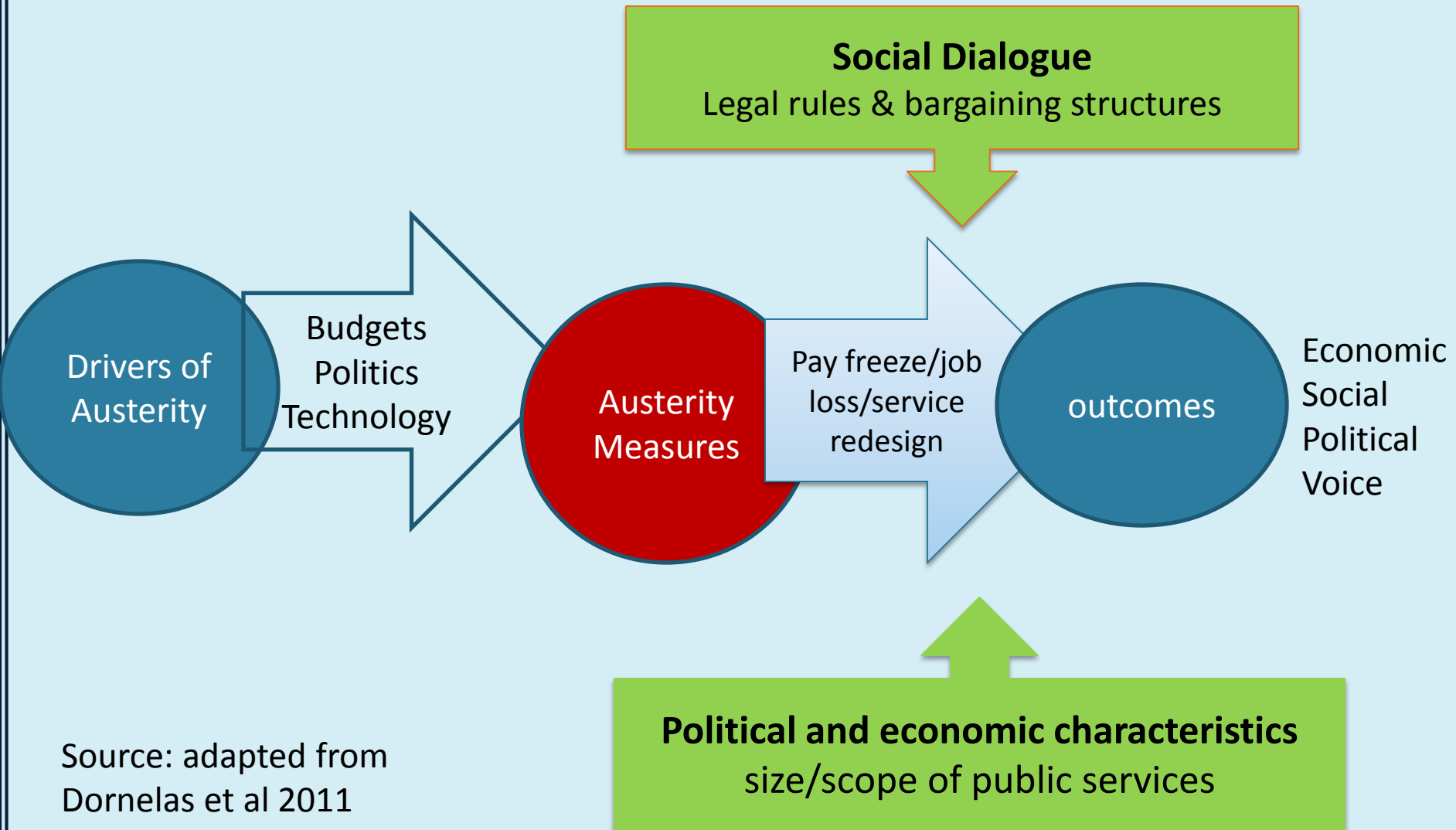
Stephen Bach

Department of Management

King's College, London

Stephen.bach@kcl.ac.uk

Framework to analyse austerity measures and the role of social dialogue



Choice of countries – differing traditions of social dialogue

- ▶ Czech Republic
- ▶ Denmark
- ▶ France
- ▶ Netherlands
- ▶ Italy
- ▶ UK

- Propositions:
 - A) stronger institutions = more acceptable IR change
e.g. Denmark/Netherlands V. Czech Republic

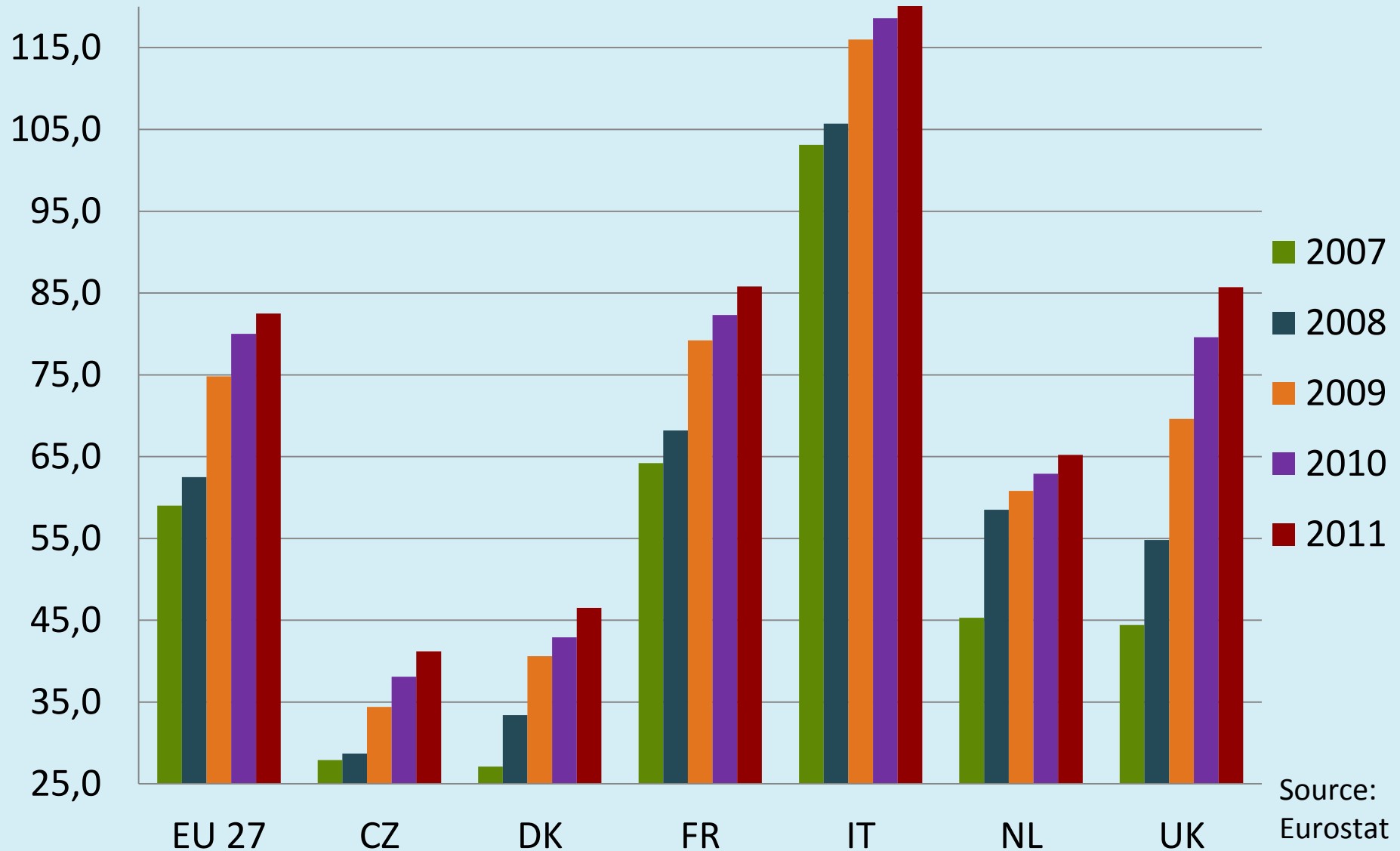
 - B) austerity overwhelms scope for consensual change:
 - crisis is *too* severe

Austerity

- Different forms:
 - quantitative v. qualitative
- Austerity as a driver of change:
 - time-lags and extended timelines
- Large variations between countries:
 - legacy of earlier reforms
 - political ideology
- Other drivers:
 - demography
 - technology
- Severity of debt /deficit?

General Government Consolidated Gross Debt

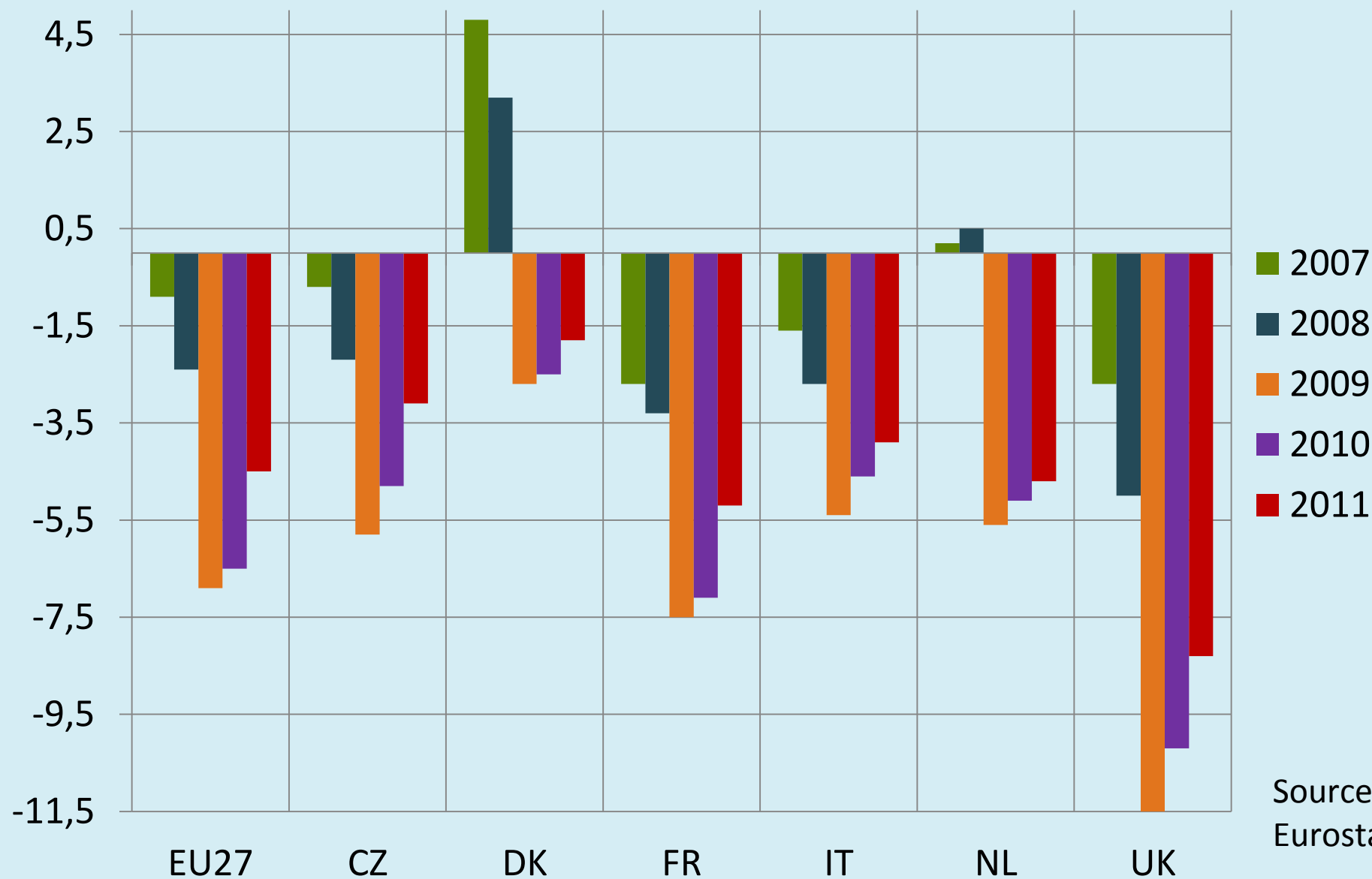
% GDP



Source:
Eurostat

General Government Deficit/ Surplus

% GDP



Source:
Eurostat

Austerity measures: Paybill EU27

- ▶ Nominal pay cuts: @14/27
 - targeted at higher earners
- ▶ Pay freezes: pay scales frozen
- ▶ Elimination and reductions in allowances and bonuses
- ▶ Pensions: contributions, threshold age
- ▶ Employment cuts:
 - non-replacement ratios (France/Italy)
- ▶ Sectoral variation *within* countries:
 - health often relatively protected

Social dialogue

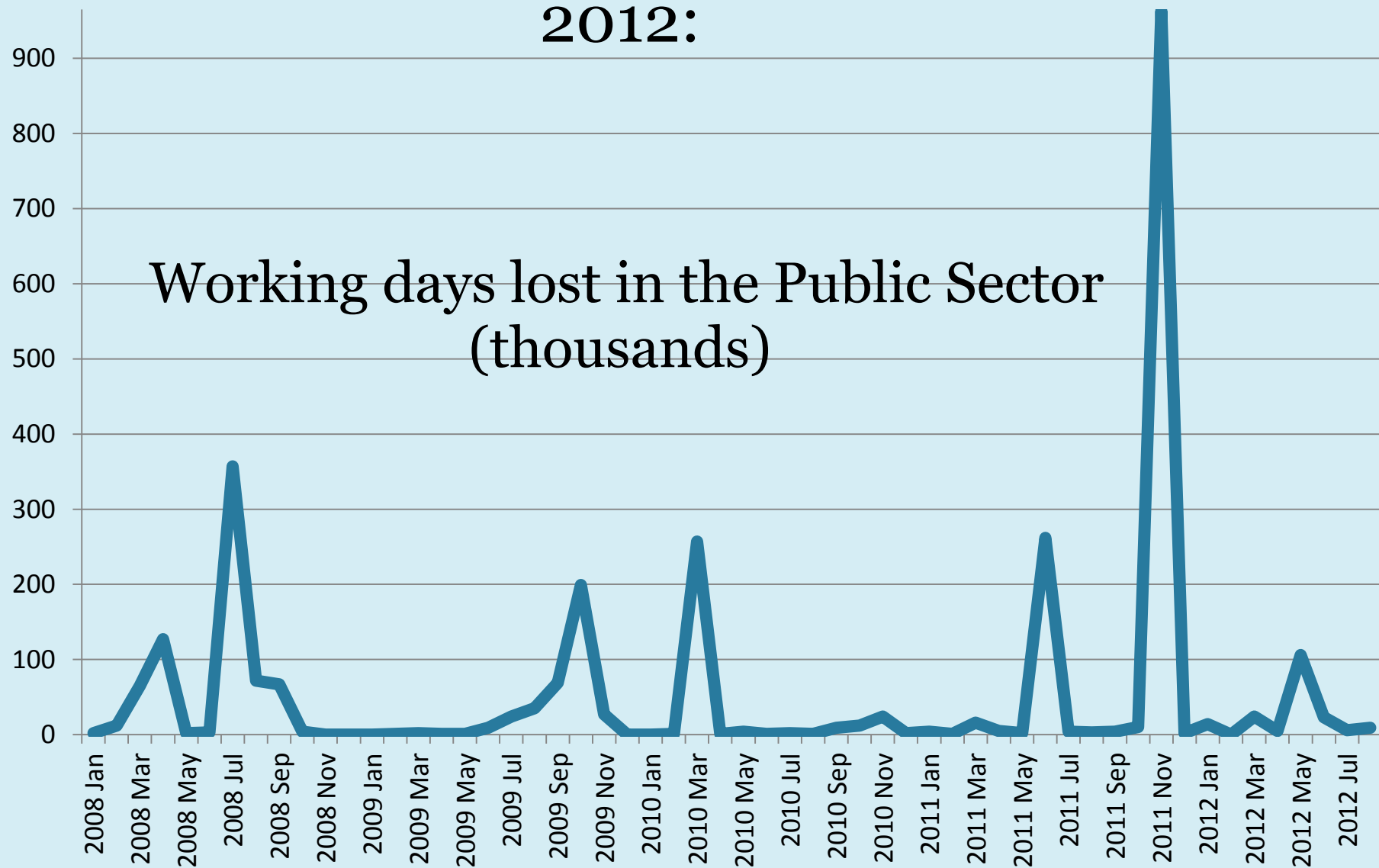
- ▶ ‘All types of negotiation, consultation or simply exchange of information between or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy’ ILO
- ▶ **Form:** tripartite; bipartite
- ▶ **Level:** cross-industry; sectoral; employer
- ▶ **Outcomes:** texts, agreements
- ▶ Starting point: distinctiveness public sector social dialogue

Social Dialogue

National Level

- Little input from employers/unions formulating austerity
 - legitimacy: direct public appeals/fiscal rules
- Hollowing out of *national* industrial relations institutions:
 - legislative/budgetary instruments dominate
 - wage freezes/cuts severely limit scope for dialogue
 - decentralised level responses
- Responses:
 - mobilisation because voice blocked
 - limited *traditional* mobilisation in our six countries

Labour Disputes in the UK 2008 – 2012:



Source: ONS

Exception: Ireland Croke Park agreement 2010-14

- Exchanged no additional pay cuts for phased employment reductions and modernisation
- Shift from quantitative to more qualitative approach –achievement of savings targets
- Planned change not short-termism – stability
- Institution building: Reform and Delivery Office
- Sustainability

Centralised unilateralism

Implications for Social dialogue

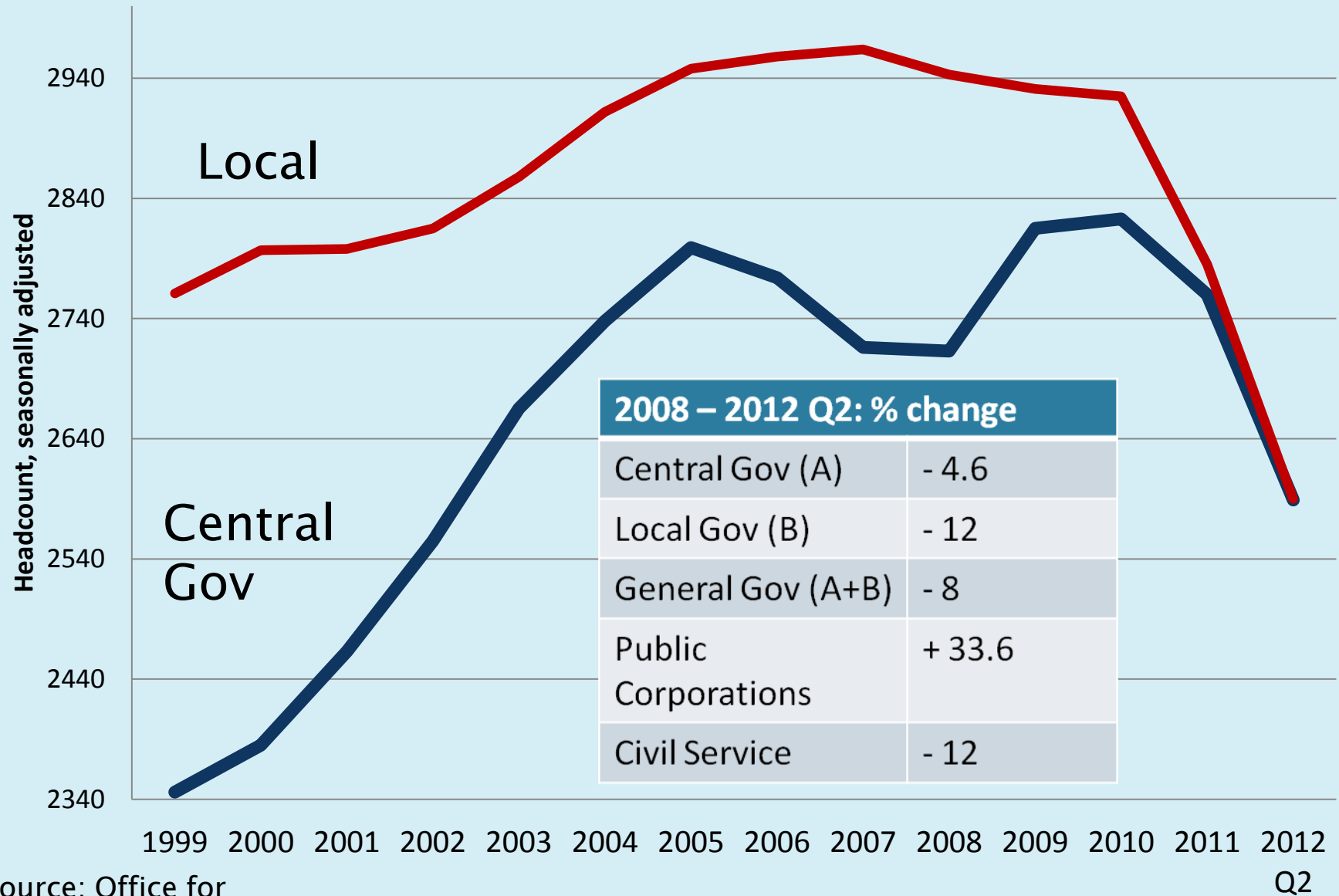
- Institutions can change radically in small steps (Thelen and Streeck):
- *Drift* – undermined by neglect:
 - suspension of sectoral bargaining
 - response of actors?
- *Layering* – new rules added to institutions
 - broadening of social dialogue to emphasise citizen involvement; direct staff involvement
- *Conversion* – institutions redirected to new goals:
 - performance management; move away from seniority as a key criteria in pay progression

Social Dialogue

Local Government

- Variations in size and degree of dependence on central government finance
- Municipalities less protected:
 - delegation of cuts by central government
 - scope for employer choice
- UK local government context:
 - 27% cut in funding over 5 years
 - single table bargaining
 - national agreement with considerable local flexibility
 - incremental pay progression
 - 3 year pay freeze
 - massive job losses (>300,000)
 -shift ER activity towards single employer level

UK Public Sector Employment – Central & Local Government



Source: Office for
National Statistics

Two cities: differing role for social dialogue

	Coastal City	Southern Town
Background	Unitary Council; Conservative: 2008- 2012, Labour: since 3 May 2012	District Council 2004-2010: NOC Labour 2010 – present
Population	236,900 (2011 Census)	151,900 (2011 Census)
Workforce Size (Headcount)	6,550 (4,940 FTE) as of 2012 Q2	1,206 (1,140 FTE) as of 2012 Q2
Social Dialogue	Limited	Extensive
Union exclusion	High	Low
Employment Reduction	Many	Few
Pay Reductions	Yes, unilaterally imposed	Yes, removed increment; introduced partnership payment
Changes to terms & conditions	Yes, unilaterally imposed	Yes, by local collective agreement
Industrial action	Yes	No

Coastal 2010-2012

- Social dialogue: process of *drift* after 2010
- Conservative led council proposed:
 - pay cuts on a sliding scale
>21,000 Euros = 2%; >80,500 Euros = 5.5%
 - aim: 400 fewer job losses
- Issues:
 - trust in employer – job losses
 - lack of meaningful dialogue
 - unilateral change in terms and conditions
 - role of the law – ‘dismissed and re-engaged’
- Local elections in 2012: Labour control
 - wage cuts partly reversed after Autumn 2012
 - dispute ended – *despite current* job losses (temporary staff)

Themes

- Externalisation led to no in-house HR expertise:
 - reinforced low trust ER climate
 - procedural errors enabled union legal action
- wage cuts – reluctance to compromise
 - lack of ER expertise
- Trade union strategy:
 - recognised dispute of national significance
 - turned weakness into strength
 - selective ‘smart’ strikes
 - legal action (built on employer errors)
 - political campaign in local election

Mid-Town

Conversion and Layering

- Social dialogue: Intensive
 - conversion: from joint consultation to partnership forum
- Model employer approach:
 - in-house service
 - provision/living wage
- Partnership payment agreed 2011–2013:
 - temporary (?) removal of increments
 - Bonus: 2011 / 12 – 516 Euros linked to council budget outturn
 - employee eligibility: attendance and appraisal

Mid-Town Implications

- Scope for social dialogue:
 - limited institutional requirements for dialogue
 - greater role for management choice
- Layering and conversion:
 - sophisticated HR strategy
 - influence of lack of national pay award
 - built workforce acceptance for change
- Widening definition of social dialogue:
 - citizen engagement

Austerity and social dialogue

- Austerity: a key factor
 - differing forms; accelerating *and* limiting change
- Social dialogue: centralised unilateralism
 - prominence of fiscal targets/frameworks
 - different from ‘traditional’ state unilateralism
- Single employer level:
 - scope to *deepen* social dialogue
 - agendas: flexibility, careers, service quality, retention
- implications for trade union practice:
 - extent of engagement – over what issues?
 - status as partners
- longer term:
 - ‘Temporary’ changes creates scope for fundamental change
 - mechanisms: drift, layering, conversion