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# **Working under pressure**

## **Employment, job quality and labour relations in Europe's public sector since the crisis**

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Edited by

**Maarten Keune, Nuria Elena Ramos Martín and  
Mikkel Mailand**

**etui.**



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# Overview: employment, job quality and labour relations in Europe's public sector since the crisis<sup>1</sup>

Maarten Keune

## 1. Introduction

For many years, in most European countries, the public sector has been under pressure to reduce expenditure and increase efficiency. Whereas until the 1970s, a growing public sector was seen as a sign of development, since the 1980s the dominant view has changed. Government debt increased and public expenditure came under scrutiny, leading to a situation of 'permanent austerity' (Pierson 1998). At the same time, the New Public Management ideology of a small government, privatisation and outsourcing of public services, the introduction of market mechanisms and efficiency drives in the public sector and decentralisation conquered Europe, albeit to a different extent and in different ways across European countries (Walsh 1995; Ridley 1996). In more recent years, and especially with the emergence of the financial crisis, austerity pressures on public expenditure have dramatically increased (Streeck 2014; Van Gyes and Schulten 2015), in particular in the Southern European countries dependent on external financial support (Pavolini *et al.* 2015). Long-term pressures on the public sector, and especially the recent austerity drives following from the crisis, have led to reforms and cuts in public budgets with serious negative effects on the European Social Model (Herrmann 2017), on the quality of public services and on social outcomes, including health (Karanikolos *et al.* 2013) and inequality (Heidenreich 2016). Indeed, increasingly it is feared that austerity and reforms are affecting the accessibility and quality of crucial public services like healthcare, education and public administration, activities that are crucial to both economic and social development and to the social quality and cohesion of European societies. These effects differ however between countries according to the depth of the crisis, the influence of external actors and differences in political choices. Also, with the crisis being over in most countries and a return to economic growth observable, we could expect a renewed interest of governments in strengthening the public sector.

Reforms and austerity obviously have had their effects on the number and quality of jobs in the public sector, as well as on public sector labour relations. The number and quality of jobs are directly linked to public budgets, while labour relations are different than in the private sector, with the state being both regulator, responsible for

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budgetary conditions, and employer. Studies conducted in the early 2010s have pointed to a number of developments including job losses where austerity has been strongest, wage freezes or wage declines, increased unilateralism and sidelining of trade unions, and a weakening of social dialogue (Glassner and Keune 2012; Bach and Bordogna 2013; Culpepper and Regan 2014). In this introductory chapter, we will provide an updated analysis of these issues and introduce a number of new ones. We provide an overview of a comparative study of nine EU countries presented in this book that analyses changes in employment and labour relations in the public sector, focusing on the developments since the start of the crisis in 2008. Individual country studies were carried out in Czechia, Denmark, France, Germany, Italy, the Netherlands, Slovakia, Spain and the United Kingdom. These studies focus on three major areas of the public sector which together cover a substantial part of the sector as a whole: hospitals, primary education and the municipalities. The studies focus on the one hand on the changes in public sector labour relations, including the characteristics of established and new actors, and their strategies and relationships, as well as the role and coverage of collective bargaining, social dialogue and other relevant processes. We also considered the reasons for these changes, including changing economic and financial conditions, power resources, the political orientations of governments and the demands and actions of public sector workers. On the other hand, the studies focus on the relationship between public sector reform, labour relations and the number and quality of public sector jobs and the availability and quality of public services. Here we consider the effects of public sector reforms on the number and quality of jobs; the effect of these changes to jobs on the availability and quality of public services; and the extent and ways in which unions, employers, social movements and other relevant actors have influenced the reforms and their outcomes.

This introduction provides a comparative overview of the main findings of the national studies, focussing on common trends and differences between countries. The structure is as follows. The next section will briefly summarise the main character of public sector reforms. In section 3 we discuss the effects of reforms and economic developments on the number and quality of jobs in the public sector. In section 4, public sector labour relations and the changes therein since the crisis are analysed. Section 5 concludes.

## **2. Public sector reform**

Profound changes have occurred in the public sector in the nine countries here under study. Two closely interrelated dimensions stand out: the extent to which the public sector has been subject to austerity measures and the type of reforms that have taken place. Although all nine countries have suffered from austerity policies that have placed public budgets under severe strain, their experiences have been very diverse as can be understood by comparing the cases of Germany and Spain, the two extreme examples in the sample.

Germany has, along with Czechia, been the country that has suffered least from the crisis (see Schulten and Seikel, chapter 4). On the one hand, this is because the crisis there has been the shortest and least profound of the nine countries, largely limited to

a one-year dip in 2009 and a return to economic growth after that. Public budgets have hardly been affected in Germany, in sharp contrast with most of the other countries. It is important though to realise that Germany had already experienced extensive austerity policies in the 1990s and 2000s, more than in the rest of Europe, among other reasons because of the constraints that unification imposed on public budgets. Public sector employment declined by over 30% between 1992 and 2008. Additionally, in those years were introduced many of the reforms we have seen since the start of the crisis in the other European countries. Indeed, in this sense we can consider Germany a ‘frontrunner’ in public sector reform (ibid.). In recent years, it has managed to increase public sector employment, contrary to most other European countries. The same can be said for Czechia, where the crisis has been limited as well and public sector employment increased since 2007 (Martišková, chapter 1).

In Spain, on the other hand, even though the country had a low public debt and a fiscal surplus before 2008, the crisis hit very hard, and between 2007 and 2013 real GDP per capita declined by 9% and only started to recover in 2014. Public debt and the fiscal deficit increased rapidly and unemployment rose to 20% in this period. After an initial attempt at Keynesian policies in 2008-2009, the government, also under pressure from the IMF, the ECB and the EU (the Troika), responded with a series of severe austerity measures in 2010-2014. As will be further discussed below, this had strong negative effects on employment and wages in the public sector in Spain.

The crisis hit Spain in a context of ongoing reform of the public sector in line with New Public Management ideas, characterised by two main developments (Molina and Godino, chapter 8). On the one hand, this concerns the process of regional decentralisation where Autonomous Communities (regions) have acquired increasing responsibilities in areas like health and education. As a result, the role of the central government is increasingly the co-ordination of public services and the setting of respective standards, instead of the delivery of these services. On the other hand, there has been a significant increase in the private provision of public services through privatisation and contracting out of public sector activities.

The other countries can be placed somewhere between these cases in terms of the depth of the crisis, the extent of austerity policies and the type and extent of public sector reform. In terms of the depth of the crisis, apart from Spain it has been most severe in Italy, while it has been more limited in Slovakia and intermediate in the Netherlands, Denmark, France and the UK. In general terms, the extent of austerity policies is linked to the depth of the crisis. However, in some cases there are significant differences in austerity policies between the three sectors. For example, in the UK, the budgets of primary education and hospitals have been ringfenced, limiting negative budgetary effects largely to inflation plus the increase in demand. However, the grants municipalities receive from central government have been cut by around 38% since 2010 and local authorities have been able to compensate for these cuts only to a limited extent, leading to an average decline in finances of 26% since 2009 (Hopkins and Simms in this volume). In the Netherlands, municipalities became responsible in recent years for a series of new tasks following the decentralisation of a number of welfare-related policies, including reintegration of jobseekers, sheltered work places, home care and

youth care. This decentralisation process however also included a very substantial cut in the respective budgets, putting strong pressure on municipal finances (Stiller and Boonstra, chapter 6). In Denmark, the budget in the hospital sector was increased in the period under study, however, due to growing demand it actually declined per user (Mailand and Larsen, chapter 2). Hence, the impact of the crisis has not always been homogeneous and some sectors have experienced a deep crisis while others have fared better.

As to the character of reforms, New Public Management (NPM) ideas seem to continue to provide most of the inspiration in all countries. Decentralisation, privatisation, contracting out and the introduction of market mechanisms can be observed across the country and sector cases. However, it would be too simplistic to categorise all reforms and policies as NPM-driven, as many other examples can be observed as well. Here also the political orientation of the government plays a role. For example, in France, under the conservative Sarkozy administration, reforms were of a clear NPM character; however, under the subsequent socialist Hollande administration this was much less the case (Ramos Martín, chapter 3). Also, in recent years, public services are increasingly running up against the limits of austerity and NPM-inspired policies. These limits have become visible through the dissatisfaction of the general public with the quality and accessibility of public services and a growing consensus that the public sector suffers from a lack of investment. They also manifest in terms of the insufficient number and quality of public sector jobs that make it more and more difficult to provide sufficient and good quality public services, as well as in the related rising level of public sector worker protest. These issues will be discussed below.

### **3. The number and quality of public sector jobs**

The public sector reforms of the past few decades, as well as the more recent ones related to the crisis, have had important consequences for the number and quality of jobs in the public sector across the nine cases and three sectors under study. The burden of budgetary pressures has frequently been put on the shoulders of public sector workers. Indeed, austerity policies have directly or indirectly been translated into reduced numbers of jobs and/or declining job quality, in particular in the form of stagnating or declining (real) wages but also through high and increasing workloads. Adjustments have been the strongest in the countries with the deepest crisis, whereas important differences between sectors can be observed. Also, in the last few years, with the crisis and related budgetary pressures being largely over, we can observe a certain degree of recovery in employment and/or job quality, in particular in healthcare and primary education.

#### **3.1 Job losses related to the crisis**

In terms of job losses, in Spain, public sector employment fell from 2 408 020 in 2009 to 2 253 268 in 2014, a decline of 6.4%, to then rebound to 2 372 880 in 2016, reducing the overall decline to 1.5% (Molina and Godino, chapter 8). In both health and education,

by 2016, employment was slightly higher than in 2009. At the same time, employment in the Spanish municipalities plummeted from 629 505 in 2009 to 555 720 in 2014 and 543 110 in 2016, presenting a continuous decline and resulting in a total reduction of municipal employment of no less than 13.7%.

In Italy, the other country with very severe budgetary problems, total public sector employment declined by some 220 000 jobs or 6.2% of public sector employment between 2007 and 2015 (Pedaci, Betti and Di Federico, chapter 5). Again, it was in the municipalities where the decline has been most severe, amounting to 15.3% in this period, compared to 4.6% in primary education and 4.5% in healthcare. Similarly, in the UK, it has been especially in local government where budgets have not been ringfenced, that employment has suffered. The main response of local authorities to the budget constraints imposed by the central government has been a reduction in the workforce by some 10% since 2008 (Hopkins and Simms, chapter 9).

In France, public sector employment was reduced substantially under the Sarkozy administration. Reducing the number of public service jobs became a key target to address budgetary pressures and decrease public expenditure. As Ramos Martín (chapter 3) shows:

‘A second reform adopted during Sarkozy’s government was a drastic reduction of the number of civil servants through reorganisations and a decrease of the replacement rate of retiring civil servants (by the non-replacement of one in two retiring civil servants). This reduction of public sector jobs was as follows: 75 000 jobs cut in 2008, 45 000 in 2009 (representing 5% of jobs in the public sector over those two years). This led to a fall in personnel costs as a share of the national budget from 43% in 2008 to 36.5% in 2010.’

However, with the Hollande administration coming into power in 2012, reducing the number of civil servants ceased to be a core objective and in the education sector some 60 000 new jobs were created. They did however not make up for the around 100 000 jobs in education eliminated under Sarkozy (ibid.).

Similarly, in the Netherlands, municipal employment declined most dramatically since the crisis, by 15% between 2008 and 2015, whereas in primary education employment fell by 8.2% (Stiller and Boonstra, chapter 6). In contrast, employment in general hospitals increased over this period by 6.4% and in academic hospitals by 9.1%.

In all these cases, job reductions were mainly achieved through the non-renewal of temporary contracts and the non-replacement of retiring employees or those otherwise leaving their jobs, instead of straightforward redundancies. Also, a decline in public sector employment does not always mean a decline in total employment related to public budgets. Through outsourcing and other methods of involving private sector companies in the delivery of public services the change in total employment may be mitigated. This phenomenon can be observed especially where municipalities are concerned.

In the remaining countries, employment developments have been much less dramatic or even positive. In Slovakia, job losses have been much less severe and adjustments centred more on wages than jobs as will be discussed below. In the case of Germany, public sector employment actually increased from 2007 by some 3%, due to the country's good economic situation but also because a consensus has been emerging that the public sector suffers from underinvestment, which affects the availability and quality of public services (Schulden and Seikel, chapter 4). Indeed, this increase comes after an enormous decline of public sector employment in Germany between 1992 and 2007, amounting to 32% or 2.1 million jobs. Also in Czechia, which was hardly hit by the crisis, public sector employment rose between 2007 and 2015, by 5.3% (Martišková, chapter 1).

However, not all developments in employment are primarily linked to economic circumstances or austerity policies; sometimes they are spurred by demographic developments. For example, between 2010 and 2015, the number of teachers employed in Danish schools decreased by 4.7%, largely in line with the decline in students of 4.4% in the same period (Mailand and Larsen, chapter 2). Meanwhile, employment in Danish eldercare decreased by 2% between 2010 and 2015, while the number of elderly (over 80 years of age) increased by 6%. Also, while between 2007 and 2017 expenditure on Danish eldercare increased, when we account for the growing number of users, inflation and wage development, expenditure per elderly person was actually reduced by 25% (*ibid.*).

## 3.2 The quality of employment

Apart from the number of jobs, several issues related to the quality of jobs have also been at the centre of debates and reforms in the public sector across Europe. From our study two elements of job quality emerge as key concerns. One is wages, which in many cases have been used as a means to limit public expenditure, resulting in years of slowly growing, stagnating or even declining wage levels. The other is an increased workload as it is experienced by the majority of public sector workers across all our case studies.

### 3.2.1 Wages

Wages, like employment, have been used in most of the studied countries as a way to deal with budgetary difficulties. Freezing or reducing the funds available for wage payments has been a widely-used government strategy aimed at limiting public expenditure. Indeed, also in terms of their earnings, public sector workers have carried an important part of the crisis adjustment burden. In the countries with the deepest crisis, wages have been most important in this respect. In Italy, between 2009 and 2014, public sector wages declined slightly in nominal terms, by 0.5%; however, in real terms they lost substantial purchasing power (Pedaci *et al.*, chapter 5). Also, there have been significant differences between sectors, with primary education being one of the main losers, suffering a nominal decline of 4.8% in this 5-year period (*ibid.*).

In Spain, wage decline was even more severe. In the period 2008-2014, public sector employees experienced an accumulated decline in the average nominal wage of between 15-20%, often achieved to an important extent through the elimination of the thirteenth and fourteenth month of pay (Molina and Godino, chapter 8). In real terms, the decline of wages was even more severe. Indeed, although employment suffered in this period, wages have been an even more influential austerity instrument. Only in 2015, when the economy had returned to growth did the government agree to negotiate (limited) real wage increases again, including the reversal of some of the cuts imposed in the previous years (e.g. the fourteen month) (ibid.). In 2017 however, wages remained clearly below their pre-crisis level and continued to be a tense issue in government-trade union relations.

In the UK, the government tried to limit public expenditure by limiting wage growth through, among other instruments, the capping of wage rises to 1% nominally since 2010, with inflation running at around 2% (Hopkins and Simms, chapter 9). In 2017, this cap was still in place for most of the public sector, leading to a significant accumulated real wage decline over the 2010-2017 period. In a similar fashion, in Slovakia, wages were chosen by the government as the main adjustment instrument, whereas employment cuts remained limited (Kahancová and Sedláková, chapter 7). Wages were largely frozen for the period 2010-2012 in education and pre-education, while in the hospital sector wages increased minimally in the corporatised hospitals and more substantially in the non-corporatised hospitals. Since 2013, however, very significant wage increases have been achieved in the Slovak public sector, largely as the combined result of the crisis subsiding, widespread discontent of public sector workers with low wage levels, and extensive industrial action (see below) (ibid.).

Similarly, in Czechia low public sector wages have been considered a serious problem for many years. This was used as an argument during the crisis not to reduce wages across the board (Martišková, chapter 1). In fact, primary education was excluded from wage freezes or wage cuts (except for a small dip in 2010 caused by declining bonuses), and wage increases have reached quite significant levels since 2014. The hospital sector also remained largely exempt from wage cuts or freezes, although to a lesser extent than education. Post-crisis wage increases in hospitals have also been more limited than in education. In both sectors, extensive protests helped to prevent more drastic measures. Serious wage adjustments were however made in central and local government, amounting up to 10% of nominal wages in 2010 (ibid.).

In the Netherlands since 2010, the various governments have implemented austerity policies that severely affected wage developments in the public sector either by not increasing or by reducing the funds available for wages (Stiller and Boonstra, chapter 6). Limiting wage growth in the public sector was explicitly put forward as one of the solutions for the crisis-induced budgetary pressures and the governments active in the crisis period had explicit policies of wage restraints or wage freezes. As a result, in the Dutch hospital sector, wage increases were limited to between 1 and 2% annually in the period 2009-2016, barely making up for inflation. The situation has been somewhat worse in the municipalities where it also included two years with small nominal wage declines (2011 and 2013), overall resulting in real wage decline. Also, in



education wage increases have been below inflation since 2010, again resulting in real wage decline (ibid.).

In Denmark, there were no reductions of nominal wages and no formal wage freezes in the period 2008-2014, but wage increases did not always make up for inflation, leading in some cases to real wage decline (Mailand and Larsen, chapter 2). Whereas the government abstained from active interventions, the so-called 'Regulation Mechanism' (which ties wage development in the public sector to the wage development in the private sector) has functioned as a hidden austerity measure insofar as it led to an automatic downward adjustment of wages in the public sector (ibid.). In 2015, wage bargaining resulted again in real wage increases although it also included a tightening of the Regulation Mechanism to prevent public sector wages from increasing more than private sector wages (ibid.).

In France, the Sarkozy government not only reduced employment substantially, it also targeted wages as a means to reduce budgetary pressures. Among other measures, it stopped indexing public sector wages to the development of retail prices. As a result, in the period 2008-2011, real wages in the sector on average declined by 1.6% (Ramos Martín, chapter 3). And also in subsequent years wage freezes occurred regularly. One of the most affected sectors has been the hospital sector, where employees experienced '...an 8% loss of their purchasing power since 2010 due to the stagnation of wages. This downward trend has been only partially counteracted by a general wage raise of 1.2% agreed in 2016 (ibid.).'

The situation in Germany differs from the other countries. German public sector wages have been growing steadily, without any noticeable highs or lows, since 2007 (Schulten and Seikel, chapter 4). In the period 2007-2017, public sector wage growth amounted to 23.5%, or some 2% per year. This, combined with the fact that public sector employment increased in the same period by 3% clearly shows that Germany was not subject to the crisis-related austerity trap and the potential negative effects thereof on employment and wages.

### **3.2.2 Workload**

A striking similarity across the country and sector cases is that large sections of public sector workers report a high and often increasing workload or an intensification of work. Also, public sector trade unions invariably point to high workloads as one of their main concerns. High and increasing workloads are reported to negatively affect both the physical and mental well-being of workers as well as their ability to do their work properly and deliver the public services the citizens expect from them. To illustrate the seriousness of this issue, Hopkins and Simms (chapter 9) report on a survey in the UK that showed that no less than 90% of teachers had considered giving up their profession in the previous two years, largely due to the excessive workload, including 60-hour working weeks during term time. This high workload is also reported to lead to high staff turnover.

The causes of the high and increasing workload are multiple and may differ across countries and sectors and over time. In very general terms they are related to (i) the intensification work, i.e. increasing workloads per worker; and (ii) the extensification of work through reduced dead time or rest time and extended working time or increased overtime. Both these processes can be observed extensively in the countries and sectors under study here.

In a long-term and abstract perspective, increasing workloads to a significant extent originate in NPM-inspired approaches that aim to progressively increase the efficiency and productivity of the public sector and see public sector workers as the main (and almost unlimited) source of such increases. Hence, increasing effective working time as well as the number of tasks performed by public sector workers has become a core management strategy, often imposed by governments through adding new tasks, reducing resources and/or raising performance targets. In addition, increasing workloads can in many instances also be related directly to the crisis and the resulting austerity policies. As shown in section 3.1, in many countries and sectors public employment was reduced during the crisis. However, the work to be done often remained the same or increased, resulting in the growing use of overtime and more pressure to work harder and perform more tasks for the workers that remained. In this way, there is a clear link between the quantity and the quality of work. NPM- and crisis-related causes for high and increasing workloads cannot be fully separated from each other since they originate in the same attempt to make more intense use of labour. Of course, in theory workers can avoid increasing workloads by simply not performing all the tasks which land on their plate. In practice this is often very difficult as workers have substantial professional and occupational pride and motivation and often report that above all they want to avoid their patients getting less or lower quality care, or their students seeing their learning opportunities decline.

Here is not the place to discuss the workload issue in much detail, extensive detail is provided in the country chapters. However, a few examples will be given to illustrate the general points. As Ramos Martín (chapter 3) shows, in the French public sector, there has been an increase in stress and burnouts during the crisis period. She states that:

‘One main conclusion to draw is that work intensity has clearly increased in the hospital sector during this period. Employees in the sector report that work pressures and work intensity increased dramatically over the last decade and linked that development to administrative reforms and organisational changes. ... Nurses in particular report a clear intensification of work and having to treat almost twice as many patients in comparison to a decade ago. This increase in work pace and switching tasks indicates a growing trend to intensification of work.’

Whereas the increasing workload is a general phenomenon, it seems most pronounced in the hospital sector. In this sector, care has become more complex in recent years due to the ageing of the population and the fact that in most countries patients spend less sick time in the hospital (and more sick time at home), but need more intensive treatment in the days they do spend in the hospital. However, the number of workers

is rarely sufficiently adjusted to these increased needs, leading to rapidly increasing productivity requirements for workers, as illustrated by this quote on the Danish hospital sector (Mailand and Larsen, chapter 2):

‘In a large-scale independent survey of all Danish employees including questions on work environment issues, members of the trade union for nurses (DSR) score their work environment on all dimensions as clearly more problematic than the average Danish employee, including psychological burdens, time pressures and work load. Also, with regard to ‘increasing demand for documentation in recent years’, the difference is substantial: 90% of DSR members agree with this statement compared to 63% of all employees (Caraker *et al.* 2015). According to DSR, the most important explanation is that although the number of employees at public hospitals (and the number of nurses) has increased rather than decreased over the last 15 years, the workload has increased substantially. The reasons for this increase include shorter patient hospitalisation periods than previously, meaning they are in worse shape and their stay is more care intensive. Moreover, each health employee has to perform more tasks now than previously. Against this background, DSR finds the cuts have now reached the bone.’

This quote is illustrative for most of the hospital cases. They combine more complex and intensive treatment of patients, more demands in terms of time registration, performance indicators and administration, and no corresponding staff increases. Again, to some extent this is a general long-term strategy of governments to reduce the rapidly growing costs of care across Europe, further intensified because of the crisis. As part of increased workloads, in particular the increased requirements concerning time registration, performance indicators and administration are reported to have negative effects on the satisfaction of hospital workers.

Another example comes from the Dutch primary education sector (Stiller and Boonstra, chapter 6). A new system for the education of children with special needs in regular schools was introduced in 2014. It imposes on all schools the ‘duty to care’ for all children, including those with special needs. All schools have to reserve teaching hours for this complex task regardless of the number of children with special needs. However, both the workers and the employers in the sector stress that this process is insufficiently facilitated by the government, that not enough funds are made available to hire additional staff and that the measure therefore has resulted in a strong intensification of work in the schools.

High and increasing workloads also affect the municipalities in most countries, in particular where job losses during the crisis have been extensive. This is illustrated by the Italian chapter in this volume, which shows that one of the most important changes in the working conditions of municipality employees has been the increase of work intensity and workloads. They outline a number of causes for this process. One is widespread understaffing linked to budget cuts and the related difficulties of hiring workers and reorganising and innovating work organisation and service delivery. Second, the crisis has led to a growing demand for municipal services from the population, resulting in an increase in the amount of work to be done, but with a

declining number of employees. Third, there are insufficient and rapidly diminishing resources for training, even though there is a strong need for upskilling to respond to the demands of the population and to use the possibilities offered by new technologies. And fourth, these three developments have a strong negative effect on the satisfaction and motivation of municipal workers (ibid.).

It remains to be seen to what extent the fact that the crisis is over will lead to improvements in wages and workloads in the public sector in the coming years. In terms of improving public finances there might be space for such improvements. At the same time, this may also require a more ideological turn in the way governments and international organisations approach the public sector, away from NPM-type views and towards more attention to the key role the public sector plays in social and economic development and the respective investments the sector as well as its workers require. What is very clear though, is that austerity and reforms have strongly affected public sector workers and have resulted in turbulence and changes in terms of labour relations. That is the subject of the next section.

## **4. Changing labour relations**

Obviously, public sector labour relations have not remained untouched by the public sector reforms of the past decades, the more recent ones related to the crisis, as well as by their impact on the number and quality of public sector jobs. In particular since the start of the crisis, public sector labour relations have been in turmoil as governments turned to austerity while public sector workers started to feel the effects thereof on public sector employment and job quality. With the countries having quite different labour relations regimes, during the crisis years they also followed distinct trajectories. At the same time, we can discern several broad trends that are then shaped according to national and sectoral circumstances. They involve (i) a turn to more unilateralism on the side of governments in the initial crisis years; (ii) the emergence of new labour relations actors; and (iii) the rising level of protest by public sector workers.

### 4.1 Years of unilateralism

The crisis and the pressures it caused on public budgets spurred many governments to reduce or suspend previous practices of social dialogue and collective bargaining and, in some cases, to redesign the regulatory framework for public sector labour relations. On the one hand, in many cases the financial pressures were considered to be inescapable, making more unilateral decisions over budgets, employment, wages and working conditions in the public sector unavoidable, at least in the short term. On the other hand, the crisis was in some cases also taken as an opportunity to redraw the rules of the labour relations game. This unilateralism does not necessarily equate to a dominance of employers over workers and their unions. Indeed, the (central) government in many cases does not directly act as the employer. The employer is often the municipality, the hospital or the school board. As we have seen in the above sections, the government does however generally determine the available budgets, may

set wages and working conditions, and may to some extent determine the way work is organised. Collective bargaining and social dialogue in the public sector have always to a significant extent been conditioned by this role of the state. However, with the crisis, the available space for bargaining and dialogue was strongly reduced in a number of countries.

In Italy, the Brunetta Reform of 2009 reduced the role of collective bargaining in the public sector, ‘...embedding it within stricter legal rules and constraints and re-juridifying employment relations to some extent, and re-establishing significant differences between the public and private sectors’ (Pedaci *et al.*, chapter 5). The issues that were open to bargaining were strongly reduced, especially at the decentralised level, stricter performance assessments were introduced conditioning wage increases and career advancement, stricter controls and penalisation in case of sick leave were instituted, time off for union activities was reduced, etc. (*ibid.*). In 2010, national level bargaining was simply stopped by a government decree and would not resume until 2017 (*ibid.*). In the meantime, the government unilaterally decided on terms and conditions of employment. Also, national-level social dialogue was severely weakened or entirely suspended, again at the initiative of the government. In this period, the successive Italian governments actively undermined the position of public sector unions, arguing that they were obstacles to innovation, adverse to change and defended the interest of privileged groups of workers. Dialogue with these unions was then argued to be unnecessary and ineffective (*ibid.*). Again, it was only in late 2016 that the then new government was open to re-establishing dialogue. At the decentralised level there were better conditions for the continuation of social dialogue in the crisis period but within a much more problematic context.

In Spain, after a temporary continuation of traditional social dialogue and collective bargaining in the first years of the crisis, ‘...the crisis and austerity policies have triggered an interruption of social dialogue and collective bargaining in the public sector as austerity measures have been decided and implemented unilaterally’ (Molina and Godino, chapter 8). Prioritising austerity objectives over social dialogue, the government largely ignored the trade unions and pushed through its own plans. Social dialogue was not entirely blocked but its role was severely limited. It was not until 2015 that, with the strengthening of the economy, the situation returned almost to pre-crisis normality with a new momentum for social dialogue and collective bargaining, including an agreement to again raise real wages (2015) and an agreement to improve the quality of public sector employment and to return to replacing all employees that retire (2017) (*ibid.*). This does not mean however that everything is back to routine; the unions argue that it will take a lot of time and effort to make up for the losses suffered during the crisis, both in terms of wages and working conditions, and in terms of co-operation and dialogue between the government and the workers and their representatives.

In the UK, austerity led the government to challenge the authority of the pay review bodies (Hopkins and Simms, chapter 9). These bodies are comprised of independent experts who, based on information they get from unions, employers and economists, recommend national pay settlements for certain sectors (e.g. teachers, the National

Health Service, etc.). The pay review bodies represent a form of collective regulation of employment and constitute an alternative to collective bargaining (ibid.). Their recommendations used to be accepted by the respective ministries without much ado. However, since the start of the crisis these recommendations are more and more often rejected or only adopted in part (ibid.). According to Hopkins and Simms (ibid.):

‘...This is a dramatic shift of approach to public sector pay management, and industrial relations in general. Pay review bodies are widely regarded to be a mechanism through which to provide an independent assessment of what is a necessary and affordable pay rise within a specific sector or occupational group. In this regard, it is seen as a mechanism to “depoliticise” the pay-setting process by placing the responsibility for making recommendations into the hands of an independent panel that takes evidence from stakeholders. By rejecting the recommendations of pay review bodies, Ministers risk “re-politicising” public sector pay as well as undermining the role of the bodies.’

In the Netherlands, during the crisis period, unilateralism also increased as evidenced by the earlier-mentioned wage restraint or wage freezes imposed by the various governments that were active during this period (Stiller and Boonstra, chapter 6). Collective bargaining did continue but became more difficult, especially in the municipalities. Likewise, labour relations in the public sector continued to be relatively consensual, however, in recent years they have become more conflictual as will be discussed below. In Denmark, no wage freezes have been imposed and collective bargaining has continued to give unions and employers strong influence on the developments in all three subsectors (Mailand and Larsen, chapter 2). However, austerity policies did condition bargaining in an important way by limiting the available budgets, and unions and employers did not have much influence on these policies (ibid.).

In France, again an increased unilateralism can be observed since the start of the crisis (Ramos Martín, chapter 3). This includes wages freezes, employment cuts and other measures. And while social dialogue in France seemingly continued, in practice it was sometimes less multilateral and consensual than it seemed. For example, in the education sector, according to union representatives, ‘...the teachers were confronted with a ‘pseudo social dialogue’ intended to give the appearance that the measures were jointly adopted, when in fact they were unilaterally imposed (ibid.)’. In Germany, the issue of increased unilateralism because of the crisis is simply less relevant because of the much better economic conditions compared to the other countries.

In Slovakia, the situation has been somewhat different. On the one hand, collective bargaining structures have remained stable in the past decades, with the municipal sector being engaged mainly in decentralised single-employer bargaining, while in education and healthcare both sectoral and decentralised bargaining takes place (Kahancová and Sedláková, chapter 7). On the other hand, however, the role of collective bargaining is being undermined, both by the social partners themselves and by the government. Kahancová and Sedláková show that there is a trend to increasingly regulate working conditions, and especially wages, via legislative solutions and that

the Slovak social partners have successfully lobbied for this, as such regulation now applies to healthcare and education. Also, increasingly, the government and the public sector unions sign memoranda: agreements in which, for example, the unions agree not to engage in industrial action aimed at additional wage increases for a specific period, in exchange for an agreed wage rise. These memoranda endanger collective bargaining in the public sector and undermine the capacity of unions to strike and to react to developments in the economy (*ibid.*). The result is a very central role for the government in wage setting, not entirely unilaterally but with a clear dominance.

In Czechia, collective bargaining in the public sector, if it takes place, happens almost entirely at the establishment level. Like in Slovakia, wage setting is done mainly by the government at the central level and is therefore not a core element of collective bargaining (Martišková, chapter 1). The social partners therefore address the government directly on the wage issue, be it through social dialogue or through various types of protests. Low wages are the core issue in public sector labour relations. However, this has been a longer-term problem that only the municipal sector suffered additionally from the (relatively mild) crisis. As Martišková shows in chapter 1, it depends largely on the political orientation of the government how much influence social partners, and in particular the unions, have on wage setting and related policies. Centre-right governments have taken a clear unilateral approach, resulting in limited social dialogue and weak inclusion of unions in the policy making process. This was compensated for by the more intensive use of various types of protest. Under social-democratic governments social dialogue and union influence have been much stronger, reflected in the strong reduction of protest (*ibid.*).

## 4.2 Trade unions and the emergence of new actors and alliances

Years of austerity and reforms, crisis-related or not, have resulted in strong dissatisfaction on two fronts: workers and consumers. In most countries and sectors, public sector workers are dissatisfied with (certain aspects of) their employment conditions. In some cases low wages are seen as the main problem, in others workload and in others uncertainty stemming from flexible contracts. And in some all apply. Public sector workers also often voice feelings of unfairness, as they feel they are treated as disposable when budget pressures mount. And they express serious concerns about the effects austerity and reforms have on their ability to deliver good quality public services. They increasingly look for (old and new) representatives to voice their concerns and to try and remedy the problems they face.

Dissatisfaction has also emerged among the general public, the consumers of public services. Increasingly, they worry about the quality and availability of public services. Concerns may range from the size of school classes, to the quality of home care, waiting lists in hospitals, patient care, the affordability of childcare, etc. Also, the public is more and more aware of the conditions in which public sector workers work and their importance for the quality and availability of the public services they require. The dissatisfaction on these two fronts has resulted in a series of developments in labour relations, including the emergence of new actors and alliances that defend the

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interests of public sector workers, of consumers, or of both, but in some cases also a strengthening of the traditional unions.

In the area of workers' representation, in many cases the traditional trade unions and trade union confederations dominating workers' representation in the public sector before the crisis have not been able to obtain the results their members or supporters expected during or after the crisis. Often they have been blamed for being too accommodating of austerity politics. At the same time, the differences between groups within sectors have been getting more pronounced, for example between doctors and nurses, while in some cases bargaining has been decentralised over time, for example differentiating between subsectors like primary and secondary education, or increasing the role of establishment-level bargaining. As a result of these developments, the emergence of new actors of representation can be observed in most countries (this is least the case in UK, Germany and Czechia), representing occupational groups or subsectors. They cause a fragmentation of the union landscape. Another type of new actor instead represents an alternative to trade unions as such and takes the form of social movements. They further fragment the representation landscape, although new alliances emerge between unions and social movements. In some cases, we also observe fragmentation on the side of the employers. Fragmentation does however not happen everywhere and in several cases workers' dissatisfaction instead results in increased membership of traditional unions.

Let's look at a number of illustrative examples. In Slovakia, in the context of a series of teachers' strikes, a new trade union has emerged – the New Education Trade Union (NŠO), while there is also another influential new actor that is not a trade union, i.e. the Initiative of Slovak Teachers (ISU) (Kahancová and Sedláková, chapter 7). They are not official partners to employers for collective bargaining but they are very vocal and do organise industrial action. The two collaborate frequently but do not co-operate with the large traditional union, the Union of Workers in Education and Science of Slovakia (OZPŠaV), among other reasons because they see them as a puppet of the government led by the social-democratic party SMER-SD (*ibid.*).

In the Slovak hospital sector, the traditional union is the Slovak Trade Union Federation of Healthcare and Social Work (SOZZaSS). As early as 1996, the doctors in the sector established their own union, the Medical Doctors' Trade Union Federation (LOZ) to defend the specific interests of doctors and improve their working conditions and remuneration (*ibid.*). More recently, in 2012, the Trade Union Federation of Nurses and Midwives (OZSaPA) was established as this occupational group was also dissatisfied with the way SOZZaSS defended their interests. LOZ and OZSaPA often co-operate with each other but tend not to work with SOZZaSS. Also, they pursue more militant strategies while the latter uses the established bargaining channels and national social dialogue (*ibid.*).

In Italy, in education, two trends are combined. Trade union membership and density increased in the period 2007-2015, among other reasons because of workers' increased perception of uncertainty and need for protection (Pedaci *et al.*, chapter 5). At the same time, fragmentation of the union front took place because of the growing presence of



professional/occupational organisations not affiliated to the large confederations and that radically represent the interests of specific groups (ibid.). The trade unions have also established alliances with parents' associations to jointly oppose government reforms of the sector. In the hospital sector, representation was already extremely fragmented before the crisis and has remained so, with at least 700 different organisations active in public hospitals and healthcare structures. These include the organisations affiliated to the major Italian confederations, organising the majority of members, as well as a plethora of small occupational unions, representing professions such as medical managers, nurses, and technical professions (ibid.). Union density has been quite stable over time, around 52-53% during 2007-2015, however, the smaller unions have increased their share while the large confederation-affiliated unions have lost membership. The municipal sector seems to counter the general tendency, considering that union density in 2007-2015 actually declined from 48.3% to 42.9% and fragmentation of the union landscape did not increase. However, the decline in density in particular can be explained by the very large employment losses in the sector, the related changing composition of the workforce and the difficulties of organising young workers on flexible contracts (ibid.).

In France, an emergence of new actors can also be observed. One has been the establishment by law, in 2010, of an occupational association for nurses. However, the nurses were not necessarily happy with this imposition and criticisms have been voiced concerning the fact that nurses are obliged to pay fees to this association as well as calling into question the representativeness of this newly created organisation (Ramos Martín, chapter 3). Another type of new actor concerns associations of parents in education and in childcare, and associations of patients and care services users in healthcare (ibid.). These new actors are on the one hand increasingly included in social dialogue processes and participate in ministerial consultative bodies like the Conseil Supérieur de l'Éducation and various technical committees in the education sector, and in the National Health Conference, a body established in 2006, which is consulted by the government on public health objectives and improvements to the healthcare system, and which is composed of social partner representatives as well as associations of patients and users (ibid.). On the other hand, these new actors also team up with the trade unions in (temporary) protest alliances against government austerity and reform programmes.

In Denmark, the public sector labour relations system has been quite stable for the past 15 years. It comprises strong actors and a near 100% bargaining coverage, and no significant new actors have emerged. In the hospital sector, no major changes have taken place in the union landscape but it is quite complex, fragmented and yet centralising more in recent years. As Mailand and Larsen (chapter 2) explain:

‘The Health Care Cartel (Sundhedskartellet) includes 11 trade unions, none of which are trade unions for doctors. The trade union for nurses (DSR) is by far the largest. Until recently the Health Care Cartel negotiated general working conditions and some more occupation specific conditions, whereas other occupation specific conditions are negotiated by individual trade unions. However, in mid-2014 the Health Care Cartel became part of a new broader cartel, The Danish Association of

Local Government Employees' Organisations (Forhandlingsfællesskabet), along with the former bargaining cartel for employees in municipalities and regions.'

In the Danish education sector, the situation is stable and much simpler with three major unions representing, respectively, teachers, early childhood and youth educators, and school principals. In the municipally organised elderly care there is only one major union, while collective bargaining is conducted by the same broad cartel the healthcare unions are part of (Forhandlingsfællesskabet). Membership in all three sectors is very high and has decreased only slightly over time.

In the Netherlands, the traditional unions, mostly belonging to the large union confederations Federatie Nederlandse Vakbeweging (FNV) and Christelijk Nationaal Vakverbond (CNV), maintained their leading position during most of the crisis and post-crisis period. However, in February 2017, in primary education, a protest movement emerged under the name Primary Education in Action (Stiller and Boonstra, chapter 6). The movement was started by two teachers on Facebook and within no time they got over 40 000 teachers to sign up to the movement. Also, in 2017 they managed to organise a one hour and a one-day strike with around 90% participation, showing their mobilisation power. Primary Education in Action presents itself as an alternative to the traditional unions whom they argue do not represent teachers' interests sufficiently in collective bargaining and with the government. However, it is not hostile to the traditional unions and advocates co-operation with them as well as with the employers in the sector, to present a common front towards the government. They identify low wages and high work pressure as the main problems in the sector and demand a substantial expansion of the government's education budget. Recently, the movement has been transforming itself into a new trade union and wants to have a say at the collective bargaining table as well.

The example of Primary Education in Action has inspired workers in secondary education and universities, as well as the healthcare sector, to start similar initiatives. Hence, the dominance of the traditional unions is being challenged here as well. It remains to be seen to what extent these initiatives will lead to success similar to that in the primary education sector.

In Spain, as Molina and Godino (chapter 8) argue:

'One of the most interesting developments in relation to public sector actors is the emergence, in the context of the crisis, of the so-called *mareas* (waves). These movements, bringing together a diversity of civil society actors (including trade unions), were born with the objective of defending public services. These movements served to create synergies between social movements and trade union activists to the extent that they jointly organised public assemblies, demonstrations or symbolic occupations of public buildings, among other actions.'

They discuss the *Marea Verde* (Green Tide) corresponding to the education sector, and the *Marea Blanca* (White Tide) in the healthcare sector. The *Marea Verde* emerged in 2011-2012, out of a series of mobilisations against the non-renewal of teachers with

temporary contracts, but also made larger demands against austerity and reforms in the sector. It became the focal point of protest against austerity politics and in favour of better wages and working conditions for teachers as well as good quality education (ibid.). The *Marea Verde* consisted of student organisations, parents' associations, groups of teachers and other civil society organisations, hence uniting students, workers, unions and consumers into a broad coalition. They co-operated with the trade unions and mutually supported each other. It remained active over the entire crisis period and subsequently created a platform (Plataforma Estatal por la Escuela Pública) to continue to influence the development of the education sector in Spain, having trade unions as well as civil society organisations under its umbrella.

The *Marea Blanca* in the healthcare sector also emerged from a series of protests, initially in the Madrid region and then all over the country (ibid.). However, in the *Marea Blanca*, trade unions organising nurses and doctors occupied a much more central place than in the *Marea Verde*, as shown by the two general strikes they organised in 2012 and 2013 in Madrid. But they also built a broader social coalition with other civil society organisations to create a stronger front, gain visibility and garner more social support. Again similar to the *Marea Verde*, the *Marea Blanca* created a series of regional platforms to give continuity to their efforts, including most importantly the Platform in Defence of Public Health in Madrid (MEDSAP), composed of neighbourhood associations, user groups, social movements, trade unions, civil society platforms, health professionals and popular assemblies of the 'indignados' movement (ibid.).

But changes also took place in the union landscape (ibid.). Even though the three confederations that traditionally have played a dominant role in the public sector maintained their leading position, at the same time, a growing fragmentation of the trade union camp can be observed, in particular in education and healthcare. This fragmentation has occurred mainly at the regional level and is caused by the growing significance of occupational and professional unions, defending first of all the interests of particular groups. This has resulted in more tensions within the trade union camp and sometimes a lack of co-operation between unions, which has weakened their position in collective bargaining (ibid.).

### 4.3 Increased protest

Closely related to what was discussed in the previous paragraphs, which in terms of labour relations possibly has been the most noticeable development, has been the increased protest from public sector workers and their (old or new) representatives. The growing dissatisfaction of public sector workers has resulted in increased tensions and conflict between public sector workers and their employers, but especially with the respective governments. Indeed, sometimes workers have acted in coalition with employers, jointly addressing the state for more funds or different regulations. In a number of cases, as discussed above, protest has also been in conjunction with organisations of citizens or customers, i.e. patient organizations, parent groups and others. Protest has taken a variety of forms ranging from information campaigns to

demonstrations to strikes. They have been directed against the deterioration of wages, working conditions and workloads, as well as the underlying mechanisms like austerity politics, privatisation processes or the lack of voice. Also, much more than in previous periods, a strong connection is consistently made between workers' conditions and the quality of public services. Indeed, it has often been this argument rather than the conditions of public sector workers as such that have resonated with the broader public and in politics. Underlining the importance of good workers' conditions for good public services, it emphasises the responsibility of governments to facilitate public workers in providing good services. Increased protest in most countries also constitutes a response to the increased unilateralism of governments in setting budgets, wages and working conditions for the public sector and the increasing difficulty for public sector workers to achieve results at the collective bargaining table. By increasing protest and firmly including the quality of public services argument, public sector workers have moved their struggle (partially) from the bargaining table into the arena of public debate, hoping to achieve their objectives in this way. As we will see below, they have not been without success.

A good example is the Slovak case. Kahancová and Sedláková (chapter 7) show that across the three sectors under study workers' mobilisation increased and so did the use of protest action, strikes and demonstrations, in particular by the new labour relations actors discussed above. They displaced peaceful collective bargaining over wage claims following the dissatisfaction of public sector workers with the many years of wage moderation or limited wage increases, also in the post-crisis years. Possibly the clearest example is the Slovak education sector (*ibid.*):

'The first significant teachers' strike was organised by OZPŠaV in 2003 as a response to changes in the system of financing, and resulted in a 7% increase of wages in the public sector. Following the successful campaign by medical doctors in 2012, teachers embarked on one of the biggest strikes which resulted in a 5% wage increase. Similarly, in January 2016 ISU, with the support of the Slovak Chamber of Teachers, organised one of the largest teachers' strikes, which enjoyed broad public support. The strike not only called for higher wages, but aimed at opening up a broader debate about the quality of education in Slovakia. The 2016 strike was not supported by OZPŠaV whose representatives collectively agreed on a wage increase with social partners at the end of 2015 and thus felt that taking strike action in early 2016 would undermine the established institution of collective bargaining.'

In the Slovak hospital sector, the doctors' union LOZ, from the late 2000s onwards became more militant, criticising the reforms in the sector, speaking out against corruption and engaging in public protest (*ibid.*). In 2011, LOZ organised a doctors' resignation campaign '...in which about 2 400 of the 6 000 hospital doctors committed themselves to resigning from their jobs if union demands were not met by the centre-right government' (*ibid.*). This campaign put the basic provision of healthcare in danger, finally resulting in the government agreeing to legislate a wage increase for this occupational group and to refrain from further corporatisation of hospitals. The Slovak nurses attempted a similar resignation campaign but with less success in 2015-2016.

In Czechia, in 2011, after the government announced tough austerity measures, the trade unions organised a mass demonstration under the motto ‘Democracy Looks Different’, which attracted some 100 000 people and sent a serious message to politicians (Martišková, chapter 1). Czech doctors organised a resignation campaign in 2010–2011 similar to the Slovak doctors and managed to achieve an important wage increase, although only for themselves and not for example for the nurses, underlining the fragmentation of the sector. Most protest took place in the education sector, in the years of the centre-right governments (2007–2012) (ibid.). In these years, characterised by budget cuts and the absence of social dialogue, the teachers’ union organised a series of strikes, strike alerts, demonstrations and other protest events, often symbolic happenings but sending a clear message that the already low wages should not be cut further. In this sense they were successful, as budget cuts focused on reducing non-wage expenditures and investment in the sector. With the entry of a provisional government in 2013 and then a social-democratic government in 2014, protest was reduced while social dialogue was re-established. Protest mainly revolved around the campaign ‘End of Cheap Teachers’, which demanded yearly wage increases of 10, 10 and 15% from 2015 to 2017, and a strike alert in 2017 addressed the same demand. They were reasonably successful considering that in this period wages were increased by 6% for teachers and 4% for non-teachers in 2015, 8% for teachers and 6% for non-teachers in 2016 and 15% in 2017, all in all a very substantial cumulative increase (ibid.).

Likewise, in Italy the level of conflict and protest increased across the public sector from 2010 (Pedaci *et al.*, chapter 5). With the governments in this period downplaying social dialogue and collective bargaining as obstacles and unnecessary activities, the unions resorted to other instruments to defend the interests of public sector workers and to protest against reforms that they considered detrimental to the functioning of public services. In education, the unions organised a series of national-level mobilisations but with limited participation and weak inter-union co-operation, and therefore with limited effects. One exception was the strike in May 2015, which enjoyed the participation of 65% of the sector’s workforce. The unions also launched a number of campaigns, making use of a variety of instruments. For example, the FLC-CGIL campaign ‘Fai la scuola giusta’ (Make School Fair), launched in September 2014 used a website, a blog, an online game, an online survey of union proposals, a YouTube video explaining the reform and union positions, together with flash mobs, demonstrations and information points at a local level. Still, the unions had only very limited influence over the government’s reform policies. Pedaci *et al.* (chapter 5) argue that possibly the most effective types of protests have been organised by unions at the local level, targeting specific schools, often in co-operation with parents’ associations and sometimes accompanied by community assemblies (ibid.). In this way, unions effectively campaigned against schools implementing the reduction of school hours that the national government promoted.

Similarly, in the Italian hospital sector, trade unions have engaged in a variety of initiatives to protest against and try to redirect national reforms, but with limited success. They achieved more at the regional level, where regional governments play an important role in the organisation and financing of the healthcare system (ibid.). Also in the municipalities, the trade unions achieved limited results in influencing the

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reforms designed by the national government, but were more effective in influencing the implementation of reforms at the local level (ibid.).

In Spain, with the unilateral introduction of the first austerity package by the government in 2010, collective bargaining and social dialogue in the public sector broke down. In the subsequent years, Spanish trade unions have vacillated between reliance on traditional strategies and the use of new forms of contestation and protest repertoires (Molina and Godino, chapter 8). They have continued to use the channel of dialogue but also engaged in all kinds of protests like public awareness campaigns, demonstrations, and others. An important part of the increased protests has been a series of public sector strikes from 2010 onwards.

These strikes were framed in two ways (ibid.). One was that they were meant to defend the jobs, wages and working conditions of public sector workers. The other was that they were organised in defence of the welfare state and to safeguard the quality and coverage of public services, and hence against budget cuts and further privatisation. In this way, they raised the concerns of the public about the erosion of public services as well as the number and quality of public service jobs.

The aforementioned *mareas* also used this type of framing to express their concerns about the education and healthcare sectors. Through such framing and through the participation of many civil society organisations and movements, they managed to broaden the base for protest against austerity policies and privatisation. They engaged a wide variety of methods, including participation in or supporting of the above-mentioned strikes but also all kinds of demonstrations, flash mobs, rallies, events, human chains, etc. (ibid.).

These protests were not able to stop austerity policies in the 2010-2015 period in Spain. However, Molina and Godino (chapter 8) claim that they have been able to avoid even more radical budget cuts and privatisation policies. Also, they have been able to raise awareness among the general public of the dangers for the quality and accessibility of public services, making them a core political issue. And finally, they have helped to construct broad coalitions between unions, civil society actors and the public.

In France, social dialogue and collective bargaining were fairly stable during and after the crisis, showing a strong element of continuity. However, for trade unions it did become more difficult to achieve their objectives through these processes (Ramos Martín, chapter 3). As a result, extensive protests against public sector austerity and reform also took place in the past decade, even though unions have faced difficulties with mobilising civil servants (ibid.). Still, a series of strikes was organised, including cross-sectoral strikes against general government policies and sector-specific strikes addressing sectoral problems (ibid.). For example,

‘...in January 2008, widespread strikes and demonstrations took place in the public sector. In a joint action, public sector federations (CGT - FO - FSU - CFDT - CFTC - UNSA - Solidaires) organised nationwide strikes and demonstrations expressing their dissatisfaction over wages and conditions in the public sector. The

actions continued in May 2008, when the main unions joined in demonstrations and strikes against the government's proposals to reform public services (ibid.).'

Also, in May 2014, the main trade union confederations organised a strike demanding better pay for public workers and an end to austerity. Tens of thousands of public sector workers joined the strike, which affected schools, hospitals, airports, city transport, police stations and government buildings across the country. Still, the government refused to grant wage increases until the economy had returned to growth.

In education, several strikes against reforms were organised. For example, in November 2009, the teachers went on strike to protest against Sarkozy's reforms, and again in September 2011 public and private education unions organised a nationwide strike against the budget cuts in the sector, with the support of parents' associations (ibid.). Also in the healthcare sector, several national strikes were organised to protest against the impact of austerity policies on the working conditions of healthcare workers, against the plans to reorganise public hospitals as if they were enterprises, against the reforms to the pension system, etc. Similarly, in day care strikes emerged. For example,

'to protest against the increase of their duties, the deterioration of their working conditions, and the stagnation of their career prospects, the ATSEM (local specialists for nursery schools) association and several unions representing workers in the sector organised a strike in December 2016. The ATSEM collective, supported by the CGT, the CFDT and FO, launched the strike demanding a reduction of their duties, a decrease in work pressure, and an improvement of their wages (ibid.).'

Germany is the country least affected by the crisis. This however has not meant that there has been less protest. Indeed, a revival of protest can be observed over the past decade or so (Schulten and Seikel, chapter 4). It has not so much addressed current austerity policies like in many of the other countries, but rather the outcomes of the earlier reforms and austerity in the 1992-2007 period and the related needs of the sector to function well in the future. As Schulten and Seikel (ibid.) argue:

'...in all three sectors trade unions have run relatively successful campaigns for the improvement of pay and working conditions or – in the case of hospitals – for more staff. These campaigns have explicitly articulated the link between working conditions and service quality. As a result, the unions have received large-scale support from the broader public and have been able to create new strategic alliances with users of public services, such as parents or patients. Moreover, in all sectors, the campaigns have generally gone hand-in-hand with a proactive demand for care and educational work as a public service and, in the case of hospitals, with a fundamental critique of commercialisation.'

In day care, in 2007, the trade unions started a campaign ('Promote chances – demand esteem!') in which they argued that better day care requires better paid care workers with better working conditions. This was followed in 2009 by the first nationwide strike of care workers after their wage demands and demands concerning improved

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health and safety conditions were rejected in the collective bargaining round (ibid.). Such offensive tactics were possible since the public sector in Germany was not really experiencing a budget crisis. And the strike was successful in that care workers got wage increases of between €100-400. Again in 2015 the unions demanded a substantial wage increase of some 10%, and again they went on strike when their demands were rejected. For most workers the 10% increase was not achieved however, as ‘...a final agreement was reached which led to wage increase of about 3% for childcare assistants, 4.4% for skilled day care workers and up to 11% for heads of day care centres,’ (ibid.).

The unions put a lot of effort into arguing that their interests, related to better pay and working conditions as well as a professionalisation of day care work, coincided with those of the parents who wanted better quality day care, and were quite successful in getting public support. This support has strengthened the position and confidence of care workers and may well lead to more industrial action in the future.

In the primary education sector in Germany, three-quarters of workers have civil servant status, which means they cannot engage in collective bargaining and strikes and that their wages and working conditions are largely set by law at the level of the *Länder*, the main regulatory level for primary education. Hence, their options for industrial action are limited (ibid.). This is not the case for the employee-status teachers who increasingly engaged in industrial action over the past decade. They did so mainly to address their two-fold disadvantage, that is, the fact that they are paid substantially less than secondary school teachers, and primary education teachers with civil servant status. These strikes were accompanied by a number of campaigns demanding higher wages and more recognition (ibid.). As a result, a number of *Länder* have already upgraded the status and wages of this group of teachers.

Likewise, in the German hospital sector protest has been important and has not only addressed wages and working conditions or the quality of services, but the logic of commercialisation that has been key to the reform of the sector as well:

‘Considering the influence of industrial relations, the development of the German hospital sector is an example of how disputes and struggles for good working conditions have a major impact not only on the quality of services, but also on the more fundamental driving forces of the sector. Commercialisation has been the main driving force in the German hospital sector for more than 20 years, but it has produced neither adequate services nor acceptable working conditions. Therefore, the struggles within hospitals have always been linked directly to a more fundamental critique of the logic of commercialisation (Décieux 2017). The various union campaigns for more staff and better working conditions have made a major contribution to reversing the trend and bringing more resources into the hospital system. Thus, industrial relations have become an important driver of the necessary modernisation of hospital services. As collective bargaining in the sector is fairly fragmented and divided among different groups of hospital providers it could only set good examples and practices, which then have to be universalised through new regulation by the state (ibid.).’



In the UK, reforms in the public sector since the crisis have resulted in some remarkable conflicts between public sector workers and the government as well as in important changes in public sector industrial relations (Hopkins and Simms, chapter 9). In general, the highly unionised public sector has become more conflictual in recent years. This was demonstrated for example by the 30<sup>th</sup> November 2011 public sector strike, involving members of 29 different trade unions, over proposed changes to the pensions of public sector workers to the detriment of the workers. As Hopkins and Simms (*ibid.*) note, ‘... The dispute formed part of wider discontent amongst public sector workers about the effects of the austerity agenda on pensions, pay increases, workforce size and job quality.’ Indeed, in the UK austerity led to discontent which then resulted in increased protest. Still, the protests have had little effect as pensions were indeed reformed in most of the public sector, employment was reduced, and workloads increased (*ibid.*).

At the sectoral level, in the education sector, labour relations have been tense in the past decade, resulting in, among other actions, a series of local strikes in 2016–2017 by teaching assistants who were in danger of suffering pay cuts of up to 25%. Possibly the most significant sectoral case was the junior doctors’ dispute in England in 2015 and 2016, ‘... one of the most notable examples of a breakdown of collective regulation in the NHS, and hospitals in particular, for many decades’ (*ibid.*). The dispute emerged because of the government’s attempts to reform the contract for junior doctors, as part of a broader attempt to create a ‘seven-day NHS’. This resulted in the junior doctors taking strike action for the first time in 40 years, altering labour relations in the sector profoundly (*ibid.*):

‘The dispute escalated towards the end of 2015, with junior doctors demanding ‘concrete assurances’ that the new contract would not be imposed. Following a series of protests, the BMA balloted for collective action. In a notable show of dissatisfaction, there was a turnout of over 70% for the strike ballot and 98% of those voting supported strike action. Strikes were planned for three days in December 2015, although they were called off when the government agreed to suspend its threat to unilaterally impose the new contract without collective agreement from the union. Both sides agreed to continue negotiations, but further talks in January broke down and the first doctors’ strike in forty years occurred on January 12th 2016.’

‘Over 40 000 operations and procedures were cancelled during the 24-hour strike. A new offer was received from the government and further strike plans were suspended by the union, but talks again broke down towards the end of the month. A series of further 24-hour and 48-hour strikes took place throughout the early months of 2016 leading to an agreement to involve the conciliation and arbitration service, Acas, in an effort to reach a negotiated outcome. A new contract was agreed and put to members for approval. 68% of affected BMA members voted in a referendum on whether to accept the proposal, with 42% accepting. The Health Secretary then announced that the new contract would be unilaterally phased in over twelve months, starting in October 2016. The BMA announced further strikes in response, but these were suspended. Despite support

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for the action, the new contract was imposed. In practice, this means that the new terms and conditions have been integrated into junior doctors' contracts without the negotiated agreement of the relevant professional association. This is a major shift in approach to public sector industrial relations and is a direct challenge to the power of the BMA. Unsurprisingly, it has considerably changed the "tone" of industrial relations in the sector.'

These examples show how reforms have spurred protest and strikes among actors who do usually not engage in such activities. It also shows how difficult it is for those protesting and going on strike to achieve results, in the UK but as we have seen, also in other countries.

The case with the least changes in labour relations, and with only few significant signs of protest caused by the crisis and/or austerity and reform policies, is Denmark. As mentioned above, the Danish labour relations system in the public sector is a strong one with strong actors and near 100% bargaining coverage, and traditional forms of bargaining and interaction seem to be sufficient for most actors involved. Mailand and Larsen (chapter 2) argue that the strengthening of the management prerogative is possibly the most important change during the crisis period. Employers have successfully pushed for a stronger management prerogative, for example where working hours are concerned, pushed also by the Ministry of Finance to increase control. At the same time, '...fundamentally IR institutions are the same and the social partner organisations show a high level of stability over the 15 year period. Likewise, although employment has been reduced in recent years, the job level in 2017 is the same as it was in 2008 and the public sector in terms of resources and employment is still among the largest in Europe when compared to the private sector.'

## 5. Conclusions

Important changes have been taking place over the past few decades in the organisation and finances of the public sector across Europe. On the one hand these changes have been inspired by longer-term trends in the realm of ideas, in particular (i) the discourse of permanent austerity, demanding a reduction of public deficits; (ii) the New Public Management ideology, arguing for small government, privatisation and outsourcing of public services, the introduction of market mechanisms and efficiency drives in the public sector and decentralisation; and (iii) the construction of capitalism in the former state socialist countries. On the other hand, in the shorter term, these changes originate in the 2008 crisis. Initially, this crisis arose in the financial sector but it rapidly spilled over to the public sector and created strong austerity pressures on public budgets. This pressure was especially intense in the countries depending on financial assistance from the Troika, which demanded profound austerity and institutional reforms in exchange for such support.

These two developments have had profound effects on the number and quality of jobs in the public sector in particular since 2008. In most countries included in this study, in the past decade, public sector employment declined. This has been the case across

the public sector and declines have been especially severe in the municipal sector as, following decentralisation processes, local governments have been accumulating additional responsibilities but often without sufficient financial means to maintain employment levels. In addition, the quality of jobs suffered, exemplified by the stagnation or decline of real wages and by the increase of workloads. Thus, public sector workers have shouldered a significant part of the impact of the crisis, reflected in fewer and lower quality jobs. Each country has followed its own trajectory however, depending on historical developments, political choices and economic circumstances. Most noticeably, in Germany public sector employment actually increased after 2008 and job quality was maintained or improved, mainly because the German public sector had already been through deep restructuring in the 15 years previous to the crisis, involving significant job losses and the deterioration of working conditions, and because the crisis had relatively little impact on the country. Employment levels were also maintained in Czechia, where the crisis was also relatively mild, and in Slovakia, where adjustments were concentrated on the issue of job quality rather than on employment. And in Danish elderly care, financial funding and employment actually increased, but slower than the growth of the elderly segment of the population, resulting in a decrease of budgets and workers per elderly person. Most countries and sectors suffered negative developments in both the number and quality of jobs however, with the most dramatic effects occurring in the Troika countries. In most recent years, again depending on economic developments and political choices, as well as protest from workers and citizens, certain improvements can be observed in employment levels and wages in most countries, but not workloads.

Clearly, these turbulent developments have had their effects on, and were affected by, public sector labour relations. In spite of the fact that there are long traditions of social dialogue and collective bargaining in the public sector across Europe, in almost all countries governments have resorted to unilateral decision making on budgets, employment and wages to deal with budgetary pressures. They either ignored or gave much less weight to traditional social dialogue and collective bargaining in this process, considering that the austerity pressures had to be prioritised over social and employment objectives, and that the subsequent effects on jobs and job quality were perhaps unfortunate but unavoidable. Where in the past social dialogue and collective bargaining with public sector trade unions and employers were often viewed as a resource, during the crisis they came to be seen as a burden. And in cases like the Netherlands or Denmark, where social dialogue and collective bargaining did continue to an important extent, the trade unions and employers had little influence on government policy.

As a reaction to these developments, here we have discussed two main changes in the panorama of workers' representation. One is the increasing fragmentation of the union landscape, with more occupational unions emerging to defend the interests of particular groups (doctors, nurses, primary school teachers, etc.). These occupational unions gain members and influence because the various groups that they represent feel that their specific interests are not defended well enough by the broader, more encompassing sectoral and national unions. The latter often seemed to have lost their capacity to influence government policy and to effectively mobilise against these

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policies. Considering the negative developments in employment, wages and working conditions, turning to occupational unions is an understandable reaction. However, the corollary of this development is that the solidarity between groups of workers declines, as may their overall strength.

The other change in representation has been the emergence of a range of social movement type actors and of organisations of public service users (parents, patients, etc.). These groups first and foremost targeted (and still target) the availability and quality of public services in education, healthcare and other areas, which suffered from the austerity measures following the crisis as well as from the longer-term reforms that had been implemented in the public sector. However, in doing so, they also addressed issues related to work and its role in guaranteeing sufficient and good quality public services. They argued that good public services require sufficient public sector workers with decent training, wages and working conditions. In this way, these social movements and user organisations took up the cause of the public sector workers. Obviously, this resonates very well with the struggle of trade unions against job losses and deteriorating wages and working conditions, and increasingly social movements, user organisations and trade unions started to perceive that they have a common cause. This has resulted in the frequent creation of alliances between these three groups to jointly defend their interests, based on a common discourse underlining the need for more and better public sector jobs.

Following from the deteriorating conditions and from the emergence of new actors and alliances, with the possible exception of Denmark, there has been a very significant increase in protest by public sector workers, user organisations and social movements against government policy. Most noticeably, there has been a surge in the incidence of public sector strikes across the countries and even groups that are traditionally very unlikely to go on strike (e.g. doctors) have joined this trend. But there have also been many campaigns aimed at improving working conditions, demonstrations, and other types of protest. Unions, movements and user organisations often co-operated in these activities or declared their support for each other's protests. For trade unions, these alliances have been an important source of renewed strength as well as a way to boost their image with the general public. To this effect, they have been very careful to continuously link their struggle for more and better jobs to the quality and availability of public services.

The success of protests is mixed. They have achieved little direct success when governments considered that the financial pressures were high and austerity unavoidable, as expressed by the increased unilateralism in the most difficult years of the crisis. However, they are likely to have avoided even deeper austerity and reforms. They have also managed to raise strong concerns among the general public and have firmly put the issue of maintaining public services and public employment on the political agenda across Europe. Also, as successful protests in Czechia, Slovakia and Germany show, in more economically advantageous circumstances much can be achieved. Similarly in the other countries, we see that when the crisis was becoming less intense, protests did have more effect, especially when they were based on broad alliances and on arguments not only about the number and quality of jobs but also

about the quality and availability of public services. Indeed, the end of the crisis has not meant the end of protest, as is evidenced by regular strikes and other forms of dissent, especially in education and healthcare across the continent.

The present situation of public sector workers and the concerns about public services as such show that NPM and austerity politics have run up against their own limits. The permanent austerity and marketisation projected on the public sector for decades, which were then strongly intensified by the crisis, have resulted in poorer availability and quality of services and the increased dissatisfaction of both public sector workers and citizens. A slight recovery can be noticed in recent years but, as demonstrated by the German experience, it will take a lot of time, resources and protest for the public sector and public sector workers to recover fully. This points to the need to revalue the importance of good quality public services in our societies, as well as the role of public sector workers in delivering these services. Good public services are crucial for the quality of life of citizens, for social cohesion and equality, as well as for an innovative and dynamic economy; and good public services require sufficient, well-trained workers with decent wages and working conditions.

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# **Chapter 1**

## **Czech public sector industrial relations in the aftermath of the crisis: keeping the status quo as a successful strategy to protect working conditions**

Monika Martišková

### **1. Introduction**

The Czech public sector underwent a major transformation in the 1990s and at the beginning of the 2000s as a part of the reform processes related to building democratic institutions and depoliticisation. Therefore, the major reforms related to decentralisation and privatisation were introduced as part of the consolidation processes associated with the economic transformation from socialism to capitalism long before the 2008 economic crisis.

The Czech economy was not stricken by the economic crisis as deeply as many other EU member states, despite the fact that its economy is open and export-oriented. As a consequence, the public sector remained relatively sheltered from austerity measures and only mild budget cuts, wage freezes and very limited changes in employment levels were introduced. The post-crisis development in the Czech public sector thus represents a case study which is quite different from many other EU member states because of the absence of international constraints on public sector consolidation; however, internal pressures regarding public sector restructuring arose.

Industrial relations in the Czech public sector are marked by fragmentation and the absence of collective bargaining across the majority of the public sector and thus wage setting mechanisms and working conditions are often subject to unilateral decisions of the government. Social dialogue thus possesses only a consultative and informative role, which might suggest that social partners are almost completely marginalized in public sector employment relations - but the opposite is true. Social partners still influence working conditions and employment levels in the majority of the public sector domains through tripartite consultations and employees' mobilisation strategies.

In this chapter, we investigate the impact of industrial relations and social dialogue on working conditions and the quality of employment, and subsequently, on the quality of services provided in the public sector in Czechia. The chapter focuses on the three subsectors of the public sector, namely healthcare, with a focus on hospitals, education, with a focus on primary schools, and municipalities, with a focus on pre-primary school education. We have devoted special attention to the crisis measures which, despite having a limited impact on employment, have contributed to social partners' mobilisation. Czechia, similarly to Slovakia, has avoided deep reform in the public sector in the aftermath of the economic crisis, and many of the reforms impacting on the quality and quantity of employment had been introduced earlier in the transformation and pre-accession periods. This chapter thus also considers the

pre-crisis reforms and analyses social partners' impact on the working conditions and on the quality of services provided over this longer time-span.

The selection of the three subsectors enables us to see greater variation in the social partners' influence on the reforms and austerity measures introduced since 2000. While in healthcare and education social partners are vocal in protecting workers' conditions, the pre-primary education sector presents a different picture. Despite being part of the public education system, operating under the same regulations as primary education, the working conditions of kindergarten teachers are far less discussed among social partners. Our motive for studying this subsector is to understand why social partners devote much less attention to it despite the sector being exposed to the same regulations and similar problems as the primary education sector.

In our analysis, a multidisciplinary and multi-level governance perspective is applied using the available data, documents and semi-structured interviews to support the evidence. For this project, 6 unique interviews within the BARSOP project were conducted. Since the authors' earlier research extensively focused on industrial relations in public services, we also draw on the analysis and findings of our earlier projects. For the list of interviews, see part 4: list of conducted interviews.

In the following section we introduce public sector employment relations, the main reforms and system of industrial relations in the public sector. Then the reforms, their impacts and social partners' responses in the primary education, pre-primary education and hospital subsectors are presented in the three subsequent sections. The final sections offer comparisons and conclusions from the three sectors studied.

## **2. The public sector – an overview**

The public sector in Czechia has been undergoing continuous changes for the last 25 years, since the fall of socialism in 1989. The first reforms, during the 1990s, were aimed mostly at democratising the public sector and adapting state institutions to democratic and market economy principles (Staroňová and Láštík 2011). In this period, a major part of the decentralisation processes was also introduced, which meant a massive transfer of responsibilities and financial resources to 6 244 municipalities and 14 newly-created regional self-governed units (*samosprávní kraje*). The responsibilities of the newly created administrative units were transferred gradually throughout the 1990s and the 2000s. The process of transferring responsibilities has not completed yet and regions and municipalities both perform tasks under their sovereign responsibility as well as tasks chosen and financed by the central government. The complexity of these responsibilities has an impact on management and financial flows as well as on working conditions. It also hinders modernisation of the public sector in the regions (MVCR 2011). Despite these drawbacks, no complex public sector reform has been proposed yet.

Reforms in the public sector introduced in the 1990s and 2000s are not perceived as radical, but rather as gradual and unfinished (especially in education and healthcare

which we refer to later in this chapter). In 2004 Czechia joined the European Union under the conditions of adopting several measures and reforms to increase the transparency and effectiveness of public sector governance. After the accession in 2004, the reform effort slowed down and the post-accession crisis occurred, characterised by a return to politicisation of the public sector (Nemec 2010). One example is the professionalisation of the civil service in the public sector which was supposed to introduce special status for central government employees through the Act on Service of Public Servants (in Administrative Authorities) which had been approved in 2002 but never came into force. Only in 2014 was a new Civil Service Act (no. 234/2017 Coll.) approved and implemented, after pressure from the European Union. The act defines who at the ministries is a political nominee and which workplaces are sheltered from politically motivated changes. The act also permits collective bargaining for central government employees, which is the first and only sectoral collective agreement concluded in the public sector in Czechia.

Despite territorial reforms and the transfer of responsibilities to the regions and municipalities and deconstructing state offices in the territory, changes in line with New Public Management (NPM) principles have been implemented only partially, such as in education through per capita financing or through the corporatisation of hospitals in healthcare (Kahancová and Martišková 2016).

During the crisis and post-crisis period instead of experiencing an economic downturn, Czechia was struggling with economic stagnation (Myant 2013) which was later succeeded by an economic boom in recent years. Overall, the Czech economy was not hit deeply by the crisis and therefore the public sector remained largely sheltered from the reforms, and only ad hoc austerity measures were introduced. The centre-right government of Mr. Petr Nečas introduced budget cuts in 2010 as a response to decreasing state revenues. The government suggested wage cuts of 10% for public sector employees. However, this proposal to cut the already low wages of public sector employees raised sparked a wave of resistance from various stakeholders especially in healthcare and education, which contributed to moderating the impact of austerity measures in the public sector. We discuss the impact of stakeholder action in greater detail in the relevant sections below. In the following table we summarise the crisis measures and their consequences for areas of the public sector (table 1).



Table 1 Crisis measures and their consequences

	Measures	Consequences
<b>Central government</b>	<p>2010 – 2013: Direct wage cuts for selected occupational groups in civil and public service, gradual compensation through wage growth since 2014</p> <p>2010-2012: Internal restructuring across state institutions to cut public spending</p>	<p>Nominal wage cuts for selected occupational groups of 10%, (2010), adjusted fixed wages for others; public sector real wages decreased by 7% (2008-2013), compared to a 2% average decrease in GDP; wage growth resumed after 2014</p> <p>A decrease in employment by 22 500 (2010-2012), (around 7% of central gov. workforce)</p>
<b>Local government</b>	<p>2010 – 2013: Direct wage cuts for selected occupational groups in civil and public service, gradual compensation through wage growth since 2014</p> <p>2013: Reform of financing rules for municipalities</p>	<p>Nominal wage cuts of 10% for selected occupations (2010) and adjusted fixed wages for others</p> <p>A decrease in employment, concentrated among larger municipalities</p> <p>Smaller municipalities improved their budgets, employees sheltered from direct wage cuts</p>
<b>Healthcare</b>	<p>2010 – 2013: Direct wage cuts for selected occupational groups (including healthcare), gradual compensation through wage growth since 2014</p> <p>2014: Reform to stabilise hospital finance, direct state transfers to hospitals to compensate for income decline after recall of patients' administrative fees; discussions around increased stakeholder participation in healthcare financing (including the state)</p>	<p>Wage cuts and wage freezes; wage growth resumed as part of public sector wage growth after 2014</p> <p>Recall of administrative fees affected hospital income, effects on employment conditions to be evaluated</p>
<b>Education</b>	<p>2010: Teachers excluded from adjustments in fixed wages</p> <p>2013 – 2015: Restored wage growth; reformed financial rules of regional education (preschool, primary and secondary schools)</p> <p>2016: inclusion reform</p>	<p>Teachers' wages mostly unaffected by broader public sector austerity measures</p> <p>Expected increase in quality of public service; effects on employment to be evaluated later</p> <p>Increased financial resources from inclusion reform, but not in teachers' wages, increased workload</p>

Source: Adapted from Kahancová, Martišková (2016).

## 2.1 Employment in the public sector

The public sector in Czechia constitutes almost 20% of overall employment. In order to outline the scope of the public sector in terms of expenditures and employment statistics, we used data from Eurostat, and compared it with the statistics produced by the Czech Statistical Office (CSO). Regarding the sectors covered in this study, we focused on education, hospitals and pre-primary education. The last 15 years have been remarkably stable in terms of employment in the Czech public sector. Employment in the public sector did not surpass 20% of the total employment in the country, and according to the Eurostat database, the largest number of 347 600 employees work in the healthcare and social work sector, followed by education with 326 300 employees, and public administration with 324 200 (see table 2).

Table 2 Public sector employment

	Employment in Czechia (in thousands)						
	Public administration and defence; compulsory social security	Education	Health and social work	Total public Eurostat (OPQ)	Total public CSO	Employment total	Share of total employment (in %)
2000	304.8	289.4	280.9	875.1		4 617.3	19.0
2001	306.0	296.5	291.1	893.6		4 626.0	19.3
2002	295.2	304.4	287.5	887.1		4 677.3	19.0
2003	304.7	283.5	290.8	879.0		4 649.3	18.9
2004	304.6	273.7	308.3	886.6	911.1	4 629.4	19.2
2005	329.7	289.6	323.3	942.6	943.6	4 710.0	20.0
2006	321.8	279.0	323.7	924.5	928.9	4 769.4	19.4
2007	322.9	282.7	330.7	936.3	940.6	4 855.9	19.3
2008	312.3	276.0	315.7	904.0	922.1	4 933.5	18.3
2009	316.7	286.3	320.8	923.8	943.2	4 857.2	19.0
2010	325.3	287.1	333.5	945.9	964.8	4 809.6	19.7
2011	311.5	288.7	317.3	917.5	935.1	4 796.4	19.1
2012	302.8	310.2	326.2	939.2	957.8	4 810.3	19.5
2013	311.7	314.1	329.6	955.4	977.8	4 845.9	19.7
2014	314.3	315.4	344.4	974.1	999.1	4 883.5	19.9
2015	311.1	311.4	341.5	964.0	990.6	4 934.3	19.5
2016	324.2	326.3	347.6	998.1		5 015.9	19.9

Source: Eurostat, Czech Statistical Office (CSO), in thousands of employees, age range 15-64.

Working conditions in the public sector are regulated by the Labour Code and by additional acts that regulate the working conditions of civil service and public service employees. In the case of state employees and the employees of municipalities and regions, supplementary acts regulate their employment conditions. The Act on Civil Servants of Self-Governing Local Authorities (No. 312/2002 Coll.) stipulates the recruitment procedure, the employees' duties, and their life-long learning principles. The Civil Service Act no. 234/2014 Coll. assigns the status of civil servant to the employees of state administration, defines their duties and responsibilities, and is supposed to guarantee their job stability irrespective of the ruling government.

Working conditions in the public sector are not greatly affected by flexibilisation; however, the number of temporary jobs is increasing. Part of this number might be attributed to the replacement of workers on parental leave, which can last until the child is up to three years old, or to workplaces created through projects funded by European structural funds which are of a definite duration (LOC2 2015).

The system of remuneration for public sector employees is governed mostly by the governmental decree no. 564/2006 Coll. which regulates wages for all levels based on qualifications and seniority of the employees of state organisations, municipalities and regions, social services, workers in education and medical staff in state hospitals. Wages increases are a matter of debate between social partners and the government

through tripartite consultations. As Myant (2010) points out, not all public sector workers enjoy wage increases each year, and in most cases, increases are a response to the pressure of some groups of public employees. This is mostly common for teachers and healthcare workers, but also for police or firefighters. Wages defined in the government decree are fixed wages and serve as a minimum wage for the given position, education level and years of experience. Actual wages in the public sector are higher than fixed wages which is explained by labour market competition forcing the public sector to meet the wage levels of the private sector (Bouchal and Janský 2014; Glassner 2010).

## 2.2 Industrial relations in the public sector

To understand industrial relations in the public sector we use the social dialogue intensity classification from Ishikawa (2003) who identifies ‘information exchange’ as the lowest intensity of social partners’ interaction, ‘consultations’ as the middle one and ‘negotiations’ as the most intensive level of social partners’ participation. While information exchange and consultations result in non-binding or no outcomes, negotiations are supposed to result in binding agreements. Thus, we need to pinpoint the level at which the interaction among social partners takes place because at different levels we find different intensities of social partner involvement and outcome strengths. At the establishment level, negotiations (in the form of collective bargaining) take place between trade unions and employers, i.e. at the establishment level it is the trade union organisation and a representative of the establishment (in the case of a primary school it is a school principal, in the case of hospitals it would be a hospital director) who may sign a collective agreement. This collective agreement would typically not regulate wage levels as those are set centrally by governmental decree. The sectoral level in the public subsector domain is not recognised as a level where bargaining occurs, in contrast with Slovakia’s well-established collective bargaining in the public sector domain. At the national level, social dialogue takes the form of information and consultations only through the national tripartite body and results only in non-binding agreements with the government that, however, would typically regulate wages and working conditions eventually decided unilaterally by the government or approved as legal acts in parliament. In brief, despite the fact that collective agreement at the establishment level is binding, it possesses less importance for setting working conditions than the tripartite consultations at the national level, while sector level bargaining is omitted. The reason is that the national level consultations allow the discussion of legislation and budget setting for wages, while negotiations at the establishment level have a lower impact on employees’ remuneration and working conditions.

Sector level interaction thus exists only in the form of information exchange and consultations with ministry representatives, but collective bargaining at the sector level is non-existent because of the poor representation of employers in any of the public sector domains. The only exception is the central government subsector where the first collective agreement was signed in 2016 based on the Civil Service

Act no. 234/2014 Coll. which explicitly defined who a state civil servant<sup>1</sup> is, and who represents the state on the employers' side. The only sector level collective agreement covers only employees of the central government institutions (ministries and related) who are in state civil service and does not stipulate their wages which are still subject to the unilateral decision-making of the government.

Trade unions in the public sector are organised according to the subsectors they represent. Detailed information on trade unions membership rates and their affiliation with a trade union confederation is shown in the table below (table 3). Trade unions in the public sector, as well as in the private sector, struggle with declining membership rates. Reorganisation and privatisation throughout the public sector, and the generally decreasing role and importance of collective bargaining and social dialogue has reduced trade union membership significantly. The current level of 12.7% trade union density is the result of constantly falling numbers from 64% at the beginning of the 1990s (ICTWSS 2016).

Table 3 Trade unions in the public sector

Sector	Name of the TU sector organisation	Number of members	Affiliation with TU confederation
Education	Czech Moravian Trade Union of Employees in Education (Českomoravský odborový svaz pracovníků školství – ČMOS PŠ)	23 500**	ČMKOS
Healthcare	Trade Union of Health and Social Services (Odborový svaz zdravotnictví a sociální péče – OS ZSP)	35 000*	ČMKOS
	Trade Union Doctors' Club (Lékařský odborový klub – Svaz českých lékařů – LOK-SČL)	5 000	ASO
Public administration	Trade Union of State Bodies and Organisations (Odborový svaz státních orgánů a organizací – OS SOO)	26 000*	ČMKOS
Interior	Trade Union of Firefighters (Odborový svaz hasičů – OSH)	N/A	None
	Independent Trade Union of Police of the Czech Republic (Nezávislý odborový svaz Policie České republiky – NOS PČR)	N/A	None
Research	Trade Union of University Education (Vysokoškolský odborový svaz – VOS)	5 900*	ČMKOS
	Trade Union of Workers in R&D (Odborový svaz pracovníků vědy a výzkumu – OS PVV)	1 700*	ČMKOS

Source: Author's compilation based on \* Myant (2010), data from 2009 and \*\* ČMOS PŠ (2015).

1. State civil servants are employees of state administration bodies who have passed an examination and have been accepted for their positions. Their duties and rights are regulated by the Civil Service Act. The act aims to prevent politicisation in state administration bodies through defining political and apolitical positions.

Despite the low trade union membership in the public sector, trade unions in the last 15 years have embarked on mobilising employees through a number of demonstrations, strikes and campaign activities, attempting to mitigate the proposed crisis austerity measures announced by the government in 2010 (Eurofound 2011; Kahancová and Martišková 2016). In 2011, trade unions managed to gather 100 000 people to a demonstration under the slogan ‘Democracy looks different’ aimed against austerity measures in the public sector. Another example of unrest in the public sector occurred in healthcare in 2010 and 2011, when medical doctors launched a mass resignation campaign that demanded higher wages and better working conditions (Sedláková and Martišková 2017). In 2016, trade unions in education launched the campaign ‘The end of cheap teachers’. The campaign sought wage increases for teachers, but also overall improvements in their working conditions and the creation of a system of qualification recognition. In the following sections, we analyse social partners’ activities in healthcare, primary education and in local government subsectors in greater detail.

### 3. Primary education

The primary education sector includes primary schools that educate students from 6 to 15 years of age; it has 9 grades that are divided into two stages. The first stage is comprised of 5 grades (from 6- to 11-year-old children) and the second stage is comprised of 4 grades (from 11 to 15 years old). Both stages are institutionally covered by primary school, only the educational mode and related qualification requirements for teachers differ.<sup>2</sup> When talking about employees in primary education we distinguish between pedagogical and non-pedagogical positions. Non-pedagogical refers to service-related tasks such as administration, cooking or cleaning that in the majority of primary schools are still internalised and not outsourced.

In the following section, we investigate how social partners have influenced reforms and policy changes, what impact changes have had on employment in the primary education sector and how reforms have influenced educational outcomes, what role the social partners played, and what the role of other actors in the sector was.

#### 3.1 Wages and employment structure

The biggest reorganisation in primary education was experienced during the 1990s when schools obtained a large degree of autonomy in contrast to the largely centralised organisation under the previous regime. The extent of the autonomy attained in the 1990s was characterised by Grygar (2000) as ‘unusually wide’. Moreover, in the second phase of the transformation, in 2001, responsibilities in kindergarten management, primary and secondary schools were transferred to municipalities and regions by the Act no. 132/2000 Coll. on Public Administration. In 2001, municipalities and

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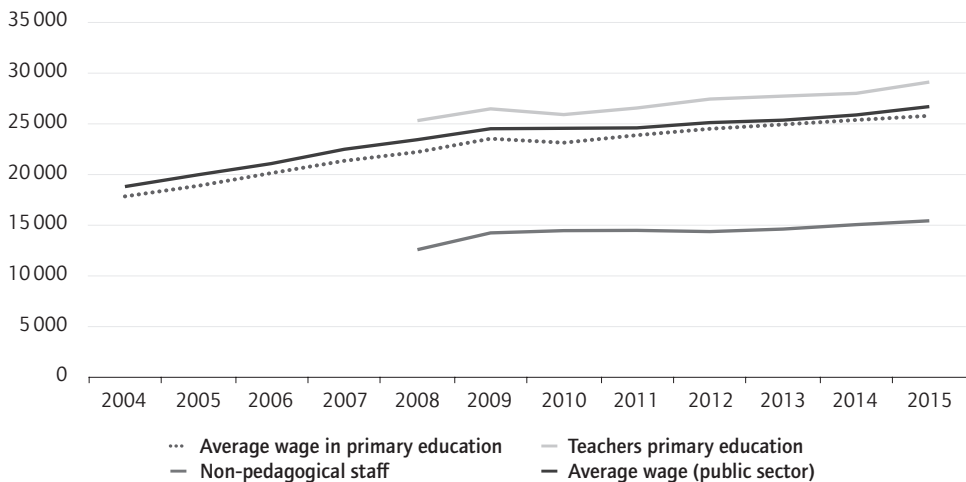
2. While at the first stage the majority of subjects are taught by one teacher, at the second stage teachers specialise in one or two subjects and teach them to various grades.

regions obtained tasks previously controlled by the state regional school offices. Consequently, the Czech education system has become one of the most decentralised in Europe (McKensy 2010). During the transformation period, teachers' wages stagnated compared to the growth experienced in the private sector and as a result of this combined with decentralisation, teachers were given less incentives to strive towards high quality work which contributed to the deterioration of their educational performance.

The low wages thus decreased the attractiveness of the teaching profession and up to the present many young people do not consider teaching as a prospective career. The education sector suffers from an aging teacher workforce. More than 19.5% of teachers in primary education were older than 56 in 2016 compared to 2012 when their share was 13.9%. In the sector almost 86% of teachers are women. Despite the share of men being only 14.1%, in school management their share is much higher, at 34% in 2016 (MŠMT 2016a).

In 2016, 73 405 teachers worked in primary schools and their average wage was slightly above the average wage for the whole economy in both private and public sectors (see figure 1). However, this is below the average wage of employees with a university degree, which is why all actors consider the wage level insufficient and call for wage increases of up to 130% of the national average wage. Non-pedagogical workers earn the lowest wages in the sector.

Figure 1 Wages in primary education (in CZK)



Source: Data on teachers' and non-teachers' wages -Ministry of Education. Data on average wages in the public and private sector - ISPV.

Wages in the education sector are regulated through the governmental decree which defined fixed wages based on education attained and years of seniority. Regulated wages are not necessarily updated each year, however the budget increases annually (except for budget cuts between 2007 and 2010). The fixed wage part constitutes 86%

of teachers' wages, while the remainder are flexible components dependent on the decision of the employer (school principal). The factor that most differentiates wages in education is seniority (CZSO 2006), while teachers' participation in life-long learning might not be reflected in their remuneration at all.

### 3.2 Reforms and working conditions

Since the fall of socialism, the primary education sector has undergone several reforms but most of them lacked a conceptual plan and long-term vision (Gregar 2011). In the first years of transformation, attention was focused on depoliticisation and decentralisation, while reforms in later periods aimed at changes in financial flows, the curriculum, and educational outcomes. In many cases, the reforms led to a decrease in the quality of employment through reduced financial resources and/or through increased workload. Below we describe how reforms have affected wages, workload, social dialogue and educational standards.

The transfer of responsibilities from central to local government was not reflected in its financing system. The central government allocates financial resources for teachers' wages based on the one defining criteria – the number of students enrolled in the school, so-called per capita financing. This system was implemented in 1992 and was supposed to enhance competition among schools in line with NPM principles. This measure was expected to provide incentives for schools to maintain standards and to include parents and other stakeholders in influencing the quality of education. Despite the intention, the system provided mostly negative incentives because the only way a school could obtain higher resources for employees' wages was through increasing the number of pupils, which in many cases decreased the quality of education.

With per capita financing, the new curriculum reform was approved and applied to pre-schools, primary and secondary schools. This change was supposed to complement per capita financing by allowing schools to compete with their educational curricula. In effect, the new curriculum consists of two programs: the Framework Curriculum Programme, defined by the state, that specifies the main subjects schools are supposed to teach, and the School Curriculum Programme created by the school itself, that includes the educational priorities of the particular school. Schools can therefore specialise in natural sciences, foreign languages, or physical activities by introducing special subjects that enhance the competences of pupils in the given area.

This change further enhanced the autonomy of primary schools in their curricular programmes and was supposed to encourage competition among schools in line with the NPM based on the quality of education and specialisation. However, the first prerogative for such a change, teachers' qualifications and ability to propose and implement their own educational programme, has not been reflected in the preparation or implementation phase. School managements and teachers faced the highly demanding task of changing school education programmes with very little supporting documentation or training provided by the ministry (EDU2 2017). According to Straková's survey (2007), teachers were not prepared for such a significant curriculum

overhaul and undertook it grudgingly. Moreover, the preparation phase increased teachers' workload which was in many cases not even compensated as overtime. As mentioned by one of our respondents, the problem with teachers' overtime work is that it is often invisible since teachers 'take the work home' and therefore this work becomes unpaid (EDU1 2016), which is different from the healthcare sector, where employees' overtime mostly takes place in the workplace.

As a reaction to criticism of the per capita financing system, the Ministry of Education developed the reform on financing of pre-schools, primary and secondary schools in 2016, which should be implemented in 2019. According to this proposal, per capita financing should be replaced by financing based on the maximum defined hours taught for the given programme, partially by the number of pupils in each class and the number of pupils with special needs. This reform should ensure better remuneration for teachers based on their teaching standards, and would allow smaller classes in order to enhance their quality. The reform is not primarily aimed at increasing teachers' wages but is aimed at a better distribution of resources and creating incentives that would lead to a higher quality of education (MSMT 2016b).

In 2016, inclusion reform was introduced. It was aimed at students with special needs, such as students with physical or mental disabilities. These students are entitled to an assistant or other special compensation to enable them to complete a regular education process in primary schools. Even before the implementation of this reform, three-quarters of primary schools were providing inclusion for disadvantaged students, but on a voluntary basis only and with limited financial resources. With the reform, financial resources for students with special needs are now available to schools but this does not transfer to teachers' wages. As suggested by the TU representative the measures have increased teachers' workloads in a significant way and this is also the reason why teachers are demanding a revision of the inclusion reform (EDU 1 2016).

### 3.3 The quality of service in the primary education sector

Reforms were reflected in the quality of service, however not as dramatically as it would be expected. Surprisingly, parents are satisfied with the educational outcomes at primary schools which further discourages schools from introducing changes to educational programmes (Greger 2012). 81% of the parents and 71% of teachers consider education outcomes to be satisfactory in Czechia (SCIO 2010) which is further supported by the ranking of Czech students in PISA testing, in which Czechia ranks around the average of OECD countries despite much lower expenditures on education.

As pointed out by a newspaper article summarising the PISA results from 2015, Czech students had such a satisfactory outcome in the latest measurement that the result must be attributed to Czech teachers who remain enthusiastic about their jobs despite their low wages and lack of institutional support (Novinky.cz 2017a). Nevertheless, an OECD survey regarding teacher satisfaction with their profession reveals that only 30% of teachers are happy doing their job, which is the lowest among the surveyed OECD countries (TIMSS 2015). Czechia spends around 4% of GDP on education, while

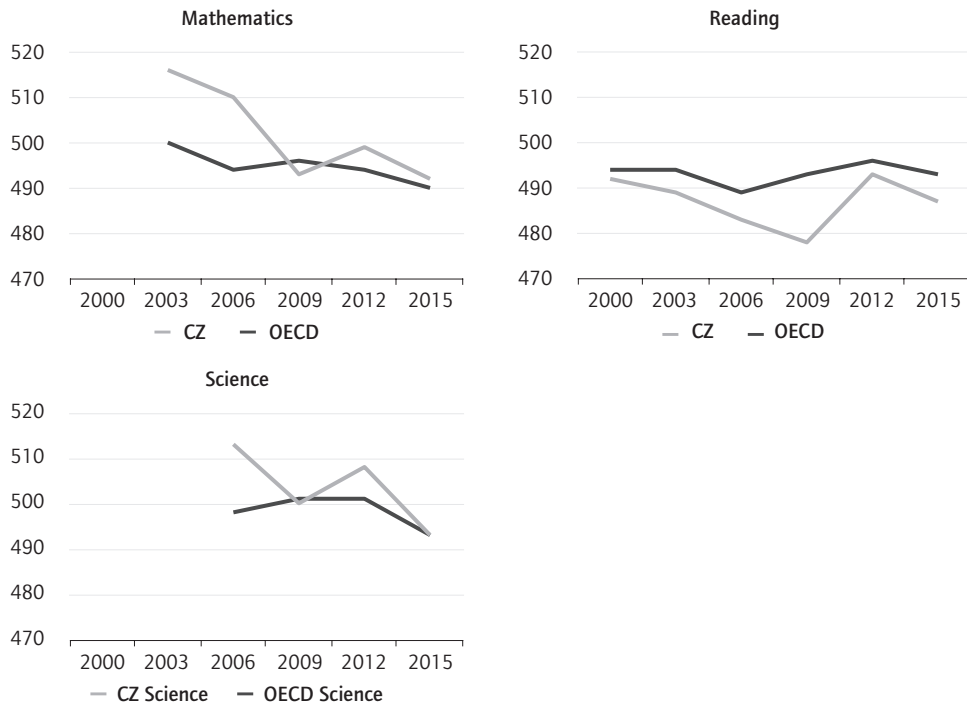


countries performing similarly in the PISA measurement invest significantly higher amounts. In the graphs below, we can see that in all three monitored areas of PISA measurement, Czech education performs around the OECD average; although its performance has decreased remarkably since 2000 (see figure 2).

The impact of the recent inclusion reform is not reflected in these statistics and as actors warn, it may have a negative impact on educational outcomes in the near future. The inclusion reform has generated an increased workload for teachers who need to work with students with both mental and physical disabilities and co-operate with pedagogical assistants on top of their usual duties. Since neither class sizes nor their structure has changed, it would seem to be a difficult task for the teachers to provide high quality teaching to their heterogeneous groups of students.

What Gregar (2011) considers symptomatic is the fact that international surveys such as PISA by the OECD or TIMSS by the IEA association are the only sources of quality comparison in Czechia. The Ministry of Education recognised this problem and in 2016 introduced a common examination scheme for students in their last year of primary education which must be considered in secondary schools' acceptance schemes for a 4-year programme. It is also a reaction to heterogeneous educational outcomes among primary schools and an effort to synchronise their performance given their autonomy in educational content and in staff management (MŠMT 2015).

Figure 2 PISA results development in Czechia and OECD average



Source: OECD PISA results <http://www.oecd.org/pisa/data>

Despite statistically acceptable results in educational outcomes, there are other aspects of evaluating performance. For instance, 40% of students at the age of 11 are not happy in school, which is the highest proportion among OECD countries (TIMSS 2015).

### 3.4 Industrial relations in the primary education sector

To understand the social dialogue and actors in primary education, we should firstly briefly outline the system of employment relations. These are characterised by decentralisation and even atomisation in the organisation of primary education. Each school principal formally makes decisions about their staff policy, recruitment and management of their teachers. The principal of each school acts as an employer and therefore a collective agreement can only be signed at the school level.

Financial resources are allocated at the national level, so even though the principal is appointed by the municipality, financial resources and wages are decided centrally. Only part of a principal's wage, in the form of a bonus, is dependent on the municipality representatives' decisions. Nevertheless, the municipalities' role in influencing educational outcomes is negligible since the maximum class sizes and teachers' wages, as well as most of the curriculum, are decided by the central government.

This situation has consequences for the strategies of social partners and other actors in the sector. Social dialogue in the form of collective bargaining is formally held only at the school level, if the trade union organisation is present and active. Collective bargaining at the sector level is not possible to establish as there is no employers' organisation large enough that would be entitled to collective bargaining, nor does the Ministry of Education act as an employer. Municipalities and regions that are responsible for providing education in their area do not act as a social partner. At the national level, social dialogue is held through the tripartite consultations, although this level is approached by various organisations representing different occupations and actors who are involved in providing primary education in Czechia or have an interest in influencing its functioning. We will now explore in greater detail the organisations that have the strongest impact on working conditions in the sector, namely trade unions, employers' organisations, local public authorities and the Ministry of Education.

#### 3.4.1 Trade unions

There is only one trade union organisation in the education sector, the Czech Moravian Trade Union of Employees in Education (Českomoravský odborový svaz pracovníků školství - ČMOS PŠ) that represents employees at all stages of education, from pre-primary to university level. In 2013, ČMOS PŠ merged with the University Trade Union (Vysokoškolský odborový svaz – VOŠ) and the Association of Trade Unions in the Education Sector (Odborová asociace školství). In 2014, ČMOS PŠ had more than 23 000 members. Basic trade union organisations are rather small, having only 14 members on average (table 4), which further eliminates social dialogue efforts at the establishment level and directs trade unions' attention to the central government and

tripartite consultations. An approximate union density in primary education might be 10% or lower, since not all basic trade union organisations sign collective agreements.

Table 4 Trade unions in education – membership levels

	Trade union members	Number of establishment level organisations	Average size of basic organisation (number of members)
2001	78 388*	n.a.	n.a.
2007	43 785	2 502	18
2009	37 481*	n.a.	n.a.
2010	33 656	2 165	16
2011	31 897	2 153	15
2012	27 756	1 878	15
2013	25 418	1 813	14
2014	23 491	1 729	14

Source: Author's own compilation based on reports of trade union activities in the education sector. \* Myant (2010).

### 3.4.2 Employers

On the side of the employers' organisation in the education sector, we find several associations, all of them affiliated to the CZESHA union. Member organisations are associations of different types of educational institutions in Czechia, including the Association of Primary School Principals (Asociace Ředitelů Základních Škol - AŘZŠ). AŘZŠ was established in 1999 as an interest organisation of primary school principals to deal with the issue of management professionalisation in primary schools. Although this organisation is not entitled to collective bargaining at the sector level, it is involved in discussion and consultations at the national level. AŘZŠ has around 160 members among primary schools (out of 4 140), which means they represent only 3% of primary school principals (EDU2 2017).

Municipalities are represented by the Union of Town and Municipalities of the Czech Republic (Svaz měst a obcí ČR – SMO ČR) which encompasses around 2 500 municipalities representing 70% of the population. The municipalities themselves have a very limited impact on the quality of schools and working conditions. In this situation, working conditions are regulated by the central government and SMO ČR is part of the tripartite consultations, similar to the trade union. To some extent, they act as employers' representatives but also lobby for wage increases in the primary education sector.

Regions are also important actors when it comes to the distribution of finances, because they have the responsibility to establish the formula according to which financial transfers to the schools are provided. This system creates some unevenness in wages among regions, despite centrally defined wages. At the regional level, trade unions and other associations participate in discussions around school financing, but this does not take the form of social dialogue negotiations.

Finally, an important actor in the sector is the state, represented by the Ministry of Education, Youth and Sports (Ministerstvo školství, mládeže a tělovýchovy – MŠMT) which is responsible for financial transfers of wages in the education sector. Therefore, a lot of actors' efforts in education is concentrated on bargaining over the wage levels of teachers and non-pedagogical staff with the Ministry of Education. Fixed wages are set by governmental decree.

Besides allocating funding for wages, the Ministry of Education has only limited powers to influence working conditions and the quality of educational outcomes. To overcome this drawback, it tries to initiate common standards in educational outcomes through common testing of students graduating from primary education. In practice this means that schools have the freedom to decide what is taught and how, but students need to be prepared for common testing set at the central level. As Gregar and Walterová (2007: 20) point out, 'the key role of the centre is now to co-ordinate, regulate and distribute financial resources within its position as the possessor of overall budgetary control.' The authority that controls the quality of education, as well as the quality of working conditions is the National School Inspectorate through selective controls in schools.

### **3.4.3 Social partners addressing financing and wages**

The role of industrial relations in shaping the sector might be characterised as a constant battle for higher wages, since all social partners have articulated the need for wage increases for several decades. Other issues, i.e., the working conditions of different occupations – from principals to non-pedagogical workers – are also prominent in their claims. Next we discuss actors' responses to education reforms that affected working conditions, wages and quality of education.

Social partners agree that low wages are the most striking problem in education. They consider both teachers' and non-teachers' wages to be inadequate. However, while all partners, including municipalities and regions, agree that the budget is insufficient to adequately remunerate employees in the primary education sector, their opinions diverge over how to improve the situation. While trade union efforts are directed towards establishing wage increases through the fixed component, the principals' association wants budget increases through the flexible wage component, leaving principals at the school level to decide which teachers should receive a higher wage. Principals claim to have very limited means with which to reward good and active teachers and therefore the margin of the flexible wage should be increased. Trade unions on the other hand are campaigning for fixed wage increases to avoid unjustified wage differentiation in the workplace.

In the case of non-pedagogical workers and for employees with few years of experience, the lowest fixed wages set by governmental decree do not even reach the minimum wage level. In practice, these workers receive a minimum wage through extra payments supplementing the fixed wage; however, trade unions do not consider this solution satisfactory and aim to increase fixed wages so that they would be in line with the statutory minimum wage level.

Social partners further criticise the system of per capita financing that is going to change in 2019. Although it is not primarily intended to increase wages, this change was supported by all social partners as it diverges from the NPM financing principle that proved to be inefficient and provided negative incentives for the actors, such as complicated managerial decisions about the salary of individual teachers based on the number of students, that was variable throughout the year (EDU2 2017). Trade unions welcome the change but expect some implementation problems (EDU1 2016), yet municipalities, in some cases, have not yet studied the change and are waiting on the actual implementation to see how it works (MUN1 2017).

#### 3.4.4 Social partners' impact on post-crisis measures

Unlike other public sector domains, primary education was not exposed to severe austerity measures, despite the government originally proposing a 10% wage decrease in the sector. Social partners including municipality representatives rejected the proposed austerity measures in the sector because of already low wages that were deliberately decreased in 2007 by the centre-right government that aimed to rationalise and provide some flexibility in the remuneration system. As a result, in the post-crisis period wages decreased by only 2% in their flexible component and investment expenditures were ceased for 2 years. Despite the limited impact, the austerity measures intensified the problem of difficult working conditions in the sector as wages had been frozen since 2007 and schools also had to save on training of pedagogical staff and on investments (Aktualne.cz 2010).

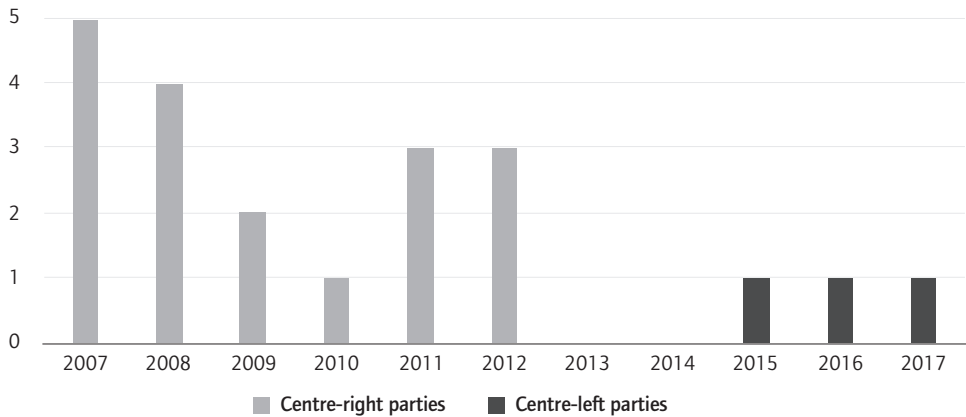
Table 5 Expenditures on primary education as a share of the whole education budget (in %)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
34.38	34.27	36.87	36.47	33.74	33.71	31.29	32.81	33.00	32.12	31.40	30.92	31.57	32.56	33.28

Source: MŠMT (2016a).

Given the non-existence of sectoral social dialogue, the outcomes of social dialogue at the tripartite level are highly dependent on political representatives and their willingness to participate in the tripartite social dialogue. The unilateral decision of the centre-right government to decrease wages in 2007 temporarily eroded social dialogue and trade unions embarked on mobilising members through demonstrations and strikes. We have compared TU protest activities based on their report of activities between 2007 and 2017 (see figure 3). In general, the number of protest activities was higher between 2007 and 2013 when the centre-right wing parties formed the government than in recent years, when economic recovery and the presence of the social-democrats in government allowed for wage increases of almost 20% since 2015 (see table 6).

Figure 3 Number of mobilisation activities of the trade unions according to government



Source: Author's own compilation based on reports of trade union activities in the education sector.

Table 6 Trade union (ČMOS PŠ) demands and actual results in the last 3 years

2015	Wage increases of at least 3% from November 2015	Teachers' wages increased by 3.3% in fixed part and for non-teachers by 3%
	Adding a wage level in the fixed wage system for teachers with 32 or more years of experience	Added 6th level for workers with 32 or more years of experience
	Increasing employers' contributions to fund for social and cultural activities from 1.5% of wages to 2%	Approved from 2016
2016	Abolish practice of 10-month contracts for teachers, leaving them 2 months in the summer without a job	Act on Pedagogical Workers changed such that minimum length of contract for teachers is 12 months.
	Introduction of campaign #endofcheapteachers (#KonecLevnychUcitelu) demanding at least 10% increase in 2016	Increase in fixed wages for teachers of 6% on average and 4% for non-teachers in 2016
		Wage increases of 8% and 6% for teachers and non-teachers respectively from September 2016. Discussion of 9.4% wage increase for non-teachers in 2017.
2017	Demands on non-teaching staff Upgrade cooks to higher class and work class specification for nursemaids	Ministry of Labour discussed the proposal
	Campaign #endofcheapteachers (#KonecLevnychUcitelu) demanding at least 15% increase in 2018	After strike alert in September 2017 wages increased by 15 % from November 2017

Source: ČMOS PŠ, 2016 and 2017 <http://skolskeodbory.cz/soubory/aktivita-cmos-ps-2016-2017>.

In summary, industrial relations in the education sector are marked by the absence of negotiations that would result in collective agreements which means that social partners concentrate more on consultations through the tripartite body and lobbying at the ministry level or on protest activities and mobilisation. All interviewed representatives considered dialogue with the Ministry of Education and with the government the most important channel for influencing working conditions in the sector. In addition, protest activities appeared to be another way in which social partners, especially trade unions, raise their demands. Over the last 15 years protest activities were of a mostly symbolic character including strike alerts, campaigns, or petitions which demonstrated the trade unions' organisational power; nevertheless, their membership base has been continuously decreasing. Social partners' success thus often depends on the allied parties that form the government as we have shown in the previous section regarding the correlation between the frequency of protest activities and the political orientation of the government.

The reason teachers' wages were sheltered from austerity measures during the crisis was two-fold. First, a wage decrease was politically unfeasible as wages had decreased in 2007, before the onset of the crisis, while the temporary reduction of investment and flexible wage components was an acceptable austerity measure for social partners and the government. Second, since the Czech economy recovered quickly after the crisis, additional measures and deeper reforms were not introduced. In the following period, reforms instead tackled changes in the financing system with the aim of providing incentives for better performance in primary education.

#### **3.4.5 Social partners addressing the quality of services**

In our interviews, social partners have not identified any reform that has improved the quality of working conditions or the quality of service provided in the last 15 years. The curriculum reform and the currently ongoing inclusion reform increased teachers' workload while the absence of any career code or life-long education schemes further undermined the performance of the education system. Unsurprisingly, a qualified and well-remunerated teacher is considered by all social partners to be essential for excellent educational outcomes but their power to influence the system is rather limited.

The issue of the quality of the service has been discussed only in recent years with rather limited results. One of the reasons for this is good performance in PISA testing, but also the general satisfaction of parents with the education system and educational outcomes. In recent years the Ministry of Education has introduced common standards testing schemes in primary schools in order to narrow the diverging performance of highly autonomous schools.

## **4. Municipality case – pre-primary education**

In this section, we describe the case of local government impact on pre-primary education. The pre-primary education sector is analogous to primary education in terms of competences, actors and reforms; however, social partners pay much less

attention to this subsector and municipalities influence the working conditions more than in the primary education. Wages in this subsector are much lower than in the primary education sector despite both belonging to the education domain and having the same financing structures. Municipalities, in this case, affect working conditions and service accessibility to a greater extent than in primary education and for this reason we will study the role of municipalities in determining working conditions and the quality of services via the example of pre-primary education. We also consider the municipalities' management of kindergartens as a good example of the mismatch of responsibilities between the central and local level of a government that strongly affects teachers' working conditions, and also as an example of the sector in which social dialogue plays a negligible role in determining wages and working conditions.

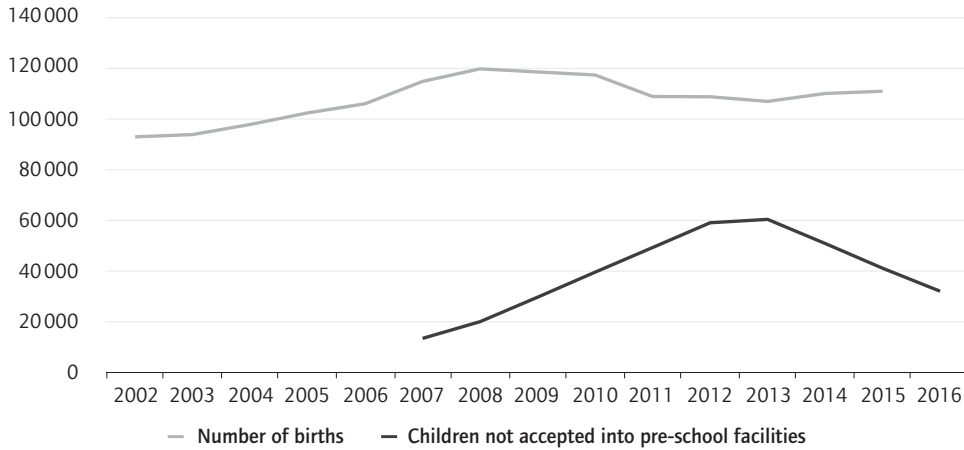
Pre-primary education is one of the responsibilities that municipalities attained as a result of the Act on Education and Act on Municipalities in 2002. Pre-primary education has the same financing and organisational system as primary schools and, consequently, reforms to primary education often apply to the pre-primary stage as well. Despite similarities, pre-schools are more often the subject of interventions in terms of determining class capacities and number of classes and the intake of students. Therefore, workplaces, working conditions and the quality of services are influenced by municipalities to a greater extent.

Pre-primary education in Czechia is limited to education for 3- to 6-year-old children. Children under three years may be accepted for pre-primary education, but because of limited capacities only 10% of children under 3 participate in pre-primary education (Eurydice 2014). Nursery schools for children younger than 3 years are very rare in Czechia, which provides strong incentives for parents (in the majority of cases women) to exclusively raise children for up to three years at home. This decreases the participation of women younger than 35 years old in the labour market to one of the lowest rates in the EU. However, as in recent years more and more women have been shortening their stay-at-home childcare period and returning to the labour market earlier, some stronger institutional incentives are needed (Kalíšková 2012). In 2017, compulsory pre-school education for 5- and 6-year-old children was introduced which further creates pressures to expand capacity in kindergartens.

The lack of kindergarten capacity was caused by the radical decrease of the birth rate after 1990. As a result many pre-schools became redundant and the majority of municipalities decided to close these facilities without any preparation for the near-term increase in birth rates which occurred (Figure). This has led to an increased number of children not accepted into pre-school facilities because of/due to insufficient capacity. To illustrate the consequences, while in the school year 2007/2008, kindergartens were not able to accept 13 thousand children, 6 years later, that figure had risen to 60 thousand unaccepted children (see figure 4).



Figure 4 The number of births and the number of children not accepted into pre-primary education



Source: Ministry of Education, Youth and Sports (Ministerstvo školství, mládeže a tělovýchovy -MSMT) on unaccepted children, Czech statistical office (CSO) on births.

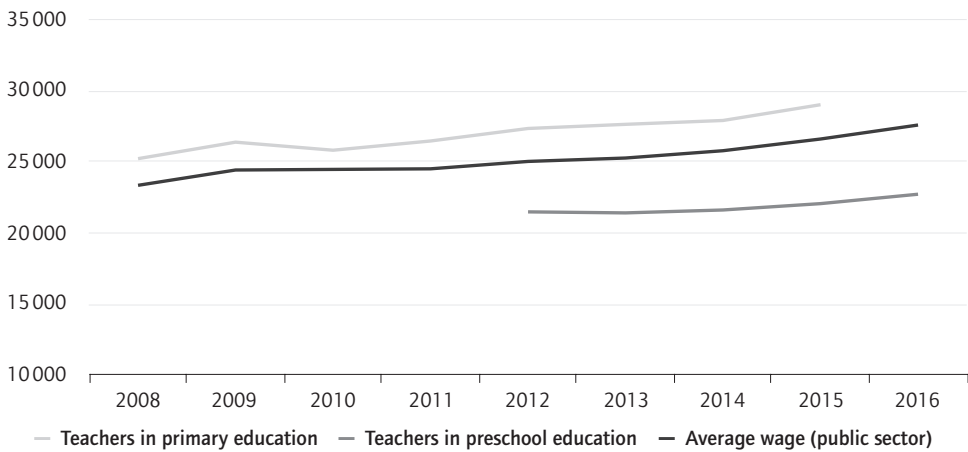
Moreover, the low capacity of pre-school facilities often meant women had to stay at home for the additional year instead of entering the labour market. Munich *et al.* (2016) argue that sufficient capacities in pre-school facilities would be profitable for public finances, while the lack of capacity means direct losses. The expected direct profit of one child placed into kindergarten is almost €400 per year, if both parents could work. Given the fact that more than 30 000 children are not accepted into pre-school education (data from 2017), an increase of capacity would have a significant positive impact on public finances. Demographers predict a further decrease<sup>3</sup> in birth rates and thus childcare facilities will become more available. Nevertheless, this won't be the case for big cities such as Prague, Brno and Ostrava where local governments will continue to face an increasing demand for pre-primary education and where capacity is most lacking (Munich *et al.* 2016; Soukup 2016).

#### 4.1 Wages and employment structure

Pre-primary education teachers have the lowest wages in the education sector, 30% lower than primary school teachers and even lower than the average in the public sector (see figure 5). Remuneration is not adequate given the workload and responsibility, but also the level of education attained. Even though the educational requirement is a secondary school qualification, many young teachers graduate with a university degree which makes the low paid jobs in kindergartens even less attractive. The small size of kindergarten establishments and associated low unionisation rates contributes to the reported figures as we show in section 4.3.

3. By 17 to 22% by 2030 (Eurydice 2014).

Figure 5 Average wage in pre-primary education (in CZK)



Source: MŠMT 2016a.

Pre-primary education is a heavily feminised sector, in which 99% of teachers are women (MŠMT 2016). Moreover, pre-primary teachers are ageing which is connected to the issue of low wages and low attractiveness of the job for a younger generation. Over the last 5 years, the share of teachers over 56 has increased rapidly and now constitutes more than 20% of the total workforce in the sector. In contrast, the number of young people up to 25 years has decreased and their presence in the sectoral workforce is below 10%.

## 4.2 Reforms in the pre-primary education sector

All the reforms mentioned in the section on primary education also affected pre-school facilities, including transferring competences to municipalities in 2002, curriculum reform in 2007 and the currently proposed changes to financing starting from 2019. As a TU representative claims, pressures arising from the high number of children per class should be mitigated by the new system of financing per class and hours taught.

Policy reforms tailored for pre-primary education have been introduced recently. In an effort to create more capacity, the Ministry of Education introduced several options to increase childcare availability. The new measure introduces the possibility of establishing a children's group or micro nursery group that allows municipalities, companies or NGOs to create spaces to deal with the shortfall in capacity for children younger than three years. However, this measure does not address the problem of working conditions and the quality of service provided. The reason is that the wages in these newly established facilities will not be regulated by the government, as it is in the case of kindergartens run by municipalities, and neither is the educational requirement for staff retained: instead it is reduced to a requalification course of 220 hours. Therefore, the creation of capacity will not necessarily lead to improving the quality of the public service provided, or working conditions either.

In 2017, pre-primary education became compulsory for 6-year old children to ensure a smoother transition to primary school education. To satisfy the demand for pre-school facilities, the Ministry of Education also decided that by 2022, there should be enough spaces for 2-year old children in kindergartens. This would again mean a higher workload for the teachers, as the childcare required for 2-year olds is significantly different from the care of 3-year old children (EDU3 2017).

### 4.3 The role of industrial relations in shaping the sector

When looking into the pre-primary education sector, similarly to primary education, the relevant social partners at the establishment level are the trade unions and the principal of the pre-school facility, while municipality representatives do not participate in the social dialogue. Therefore, the only collective bargaining possible is at the establishment level, which decreases the occurrence of social dialogue in this sector to a minimum. As a TU representative said, social dialogue at the establishment level is rather rare given the small size of the kindergartens which have on average 10-15 employees per establishment (EDU3 2017). Consequently, employee unionisation rates are low which further limits possibilities of improving working conditions and contributes to low wages in the sector.

#### 4.3.1 Social partners addressing financing and wages

Bargaining over wages is conducted at the government level, similarly to the primary education domain. Trade unions thus aim for wage increases at the tripartite council or in dialogue with the Ministry of Education which was also the case for the 9.7% wage increase in 2017, achieved through the cancellation of the lowest fixed wage level and moving all employees up one salary rung. However, the wage increase was not steep enough to attract more employees to the sector and consequently the pre-primary facilities continue to struggle with a labour shortage.

A recent reform of per-class funding is due to be implemented from 2019 and is perceived as a possible relief from financial instability and also from overcrowded classes. However, the trade unions raised concerns about adequate financial resources for the prepared reform and expect only slight relief from the problems the pre-education sector is suffering.

Regarding the crisis measures in the pre-primary education sector, no specific measures, competency transfers or financial flow reforms were implemented in this period. Education, including the pre-school education subsector as described in the previous section, was sheltered from the austerity wage cuts.

#### 4.3.2 Social partners addressing the quality of services

A municipality may decide on the maximum class size. According to the law, the maximum is 24 children per class; with an exception granted it can be extended to 28. At this level, a full class of children up to 6 years old is considered by trade union

representatives to be overcrowded and a lower number, around 20 children per class, is considered optimal (EDU3 2017). On the other hand, political representatives want to satisfy parents' demands for spaces, and opt for a higher number of children per class. Municipalities, especially in the big cities where the demand is high, are trying to offer as many spaces as possible, which might harm the quality of the service provided.

The role of the state, channelled through the Ministry of Education, is prominent in this context. It approves capacities, controls the financing system and transfers financial resources for wages to pre-primary education. Trade union representatives for pre-primary education perceive the Ministry as an important actor that regulates finances and the quality of employment. In contrast to the mobilisation of teachers in primary schools, protest action by trade unions in pre-primary education is rare (EDU3 2017). The reason for this might be the absence of independent pre-school teachers' organisations as now pre-school teachers are only an integrated part of the Czech Moravian Trade Union of Employees in Education (Českomoravský odborový svaz pracovníků školství - ČMOS PŠ) which might limit their ability to articulate problems in this subsector.

Parents have limited means with which to express dissatisfaction with the quality of education, in fact the only means of showing dissatisfaction is to opt for private schools which are still rare in the country (340 out of 4 820 schools in the whole of Czechia in 2017). This is mostly the case in bigger cities where the problem of inadequate capacity is much more acute, however, in such facilities payments are much higher than in the public sector, therefore many parents opt for kindergartens run by municipalities regardless of their overcrowding. The quality of education in kindergartens is not evaluated, except through the formal controls of the Czech School Inspection.

In summary, in the pre-primary education sector social dialogue plays a negligible role, while the sector suffers from low wages, an ageing workforce and increasing workloads. The trade union representing pre-school employees is an integral part of the trade union in the education sector (ČMOS PŠ). The union addresses its demands around working conditions and the quality of jobs in the sector to government at the central level, although it does not place emphasis on the specificities of working conditions in pre-primary education. No protest actions or campaigns related to pre-primary education and working conditions in the subsector have been launched so far. This might be related to the low organisational capacities of the trade unions in this subsector but may also be due to the lack of impact that austerity measures had on the sector. In terms of wage increases, those are addressed through the fixed wages set by the central government. Both municipalities and the trade union coincide in their requests to raise wages and better working conditions.

## 5. Hospitals

In this section we describe the impact of the crisis and social partners' responses in the healthcare sector. Similarly to the education sector, healthcare has been sheltered from austerity measures but it has experienced the largest doctors' mobilisation so far

with the aim of attaining better working conditions. The sector is marked by significant differences in working conditions between public and private (and corporatised) hospitals in favour of public ones even though all hospitals are part of the public insurance financing system on which all hospitals economically depend. To narrow these differences is the long-term aim of trade unions, which employers consistently oppose.

The healthcare sector in Czechia, similarly to education, is characterised by unfinished and non-conceptual reforms (Eurofound 2011). Depending on the source of financing, hospitals are either public or private. Public institutions are owned by the state which are mostly faculty-type hospitals, providing both treatment and education. Private hospitals are mainly hospitals in the municipalities and regions. Among private hospitals, we also include corporatised hospitals where public sector authorities are stakeholders along with private stakeholders. Financing of both public and private hospitals is based on the universal compulsory insurance system. Hospitals' income is 83% dependent on payments from the compulsory insurance system. In 2016, the total public expenditure on healthcare was €13.3 thousand million, approximately 7.8% of GDP (ÚZIS 2017).

There are 193 hospitals in Czechia of which 30% are state hospitals and the rest are private or corporatised entities, which means they are owned by regions or municipalities or by private companies, or a mixture of both. According to the Czech Health Statistics Yearbook 2017 which is published by the Institute of Health Information and Statistics of the Czech Republic (ÚZIS), almost 96% of all workers in the sector were employees on payroll which means they either have open-ended employee contracts or have a business agreement to provide services to the hospital. In 2017, 25% of employees were employed in state hospitals and 75% in private or corporatised hospitals (ÚZIS 2018). As we will show below, working conditions in the state and private and/or corporatised hospitals vary significantly.

The total number of workers in healthcare was 247 753 by the end of 2017 and this number has not substantially changed in recent years. Out of this number, 15% are medical doctors and 43% are nurses (ÚZIS 2018).

## 5.1 Wages and employment structure

Wages vary based on the status of the healthcare provider. In public institutions, employees receive the fixed wage regulated by the government. In private facilities and corporatised hospitals, employees receive wages that are not regulated by the government. Wages regulated by the government are considerably higher than non-regulated wages in the private sector.

The main difference is that the wages of employees in the public providers are paid according to the valid wage regulation set by the central government, while employees in private and corporatised hospitals fall under the standard Labour Code regulation. In 2016, 36.6% of workers were paid according to the wage regulation which means

that the majority of workers in healthcare do not have their income regulated by the state and their wage is regulated only by the minimum wage law, or if signed, by a collective agreement at the hospital level.

Most of the employees in healthcare have a standard open-ended contract, but they face increased overtime work and high workloads. Working conditions and wages may differ, however, based on the status of their employer (private versus public hospitals) and by the trade union presence at their workplace.

Overtime work has been identified as the main form of precariousness in the sector (Martišková, Sedláková 2016). Medical staff are often exposed to high workloads with a lot of overtime work that exceeds the limit of 150 hours per year permitted in the Labour Code. A common employers' practice for covering overtime work above the legal limit is to sign a second contract with the employee outside the standard employment relationship (the so-called 'agreements on work'), for a position of medical assistant that has lower qualification requirements than for nurses and implies a lower wage but practically this contract is used to cover nurses' overtime work. Nurses thus may end up working more overtime than the legal regulations permit and receiving a lower hourly rate for that work.

## 5.2 Reforms and working conditions

Czech hospitals underwent major reforms in the 1990s and 2000s. In healthcare, Czechia embarked on reforms in line with NPM that contained decentralisation, corporatisation and/or the privatisation of hospitals (Kahancová and Martišková 2016). In 2003, healthcare decentralisation reform was introduced. It aimed at transferring competences from the central government to local government. Municipalities and regions became regional healthcare providers which significantly extended their competences. Hospitals that did not undergo privatisation faced corporatisation, which meant transformation from state funded organisations into shareholder companies mostly owned by the municipalities. This transformation stimulated the private sector environment, despite their public ownership. Corporatised hospitals were in many cases privatised, since municipalities, especially in the small cities, were not able to run indebted hospitals.

This influenced the abovementioned working conditions and wage regimes and the disparities between public and private hospitals. In 2012, the government also introduced exceptions to regulated wage payments allowing the so-called 'contractual wage', which was designed to promote wider wage differences in public hospitals, i.e. employees could be remunerated beyond the scope of the fixed wage system. This measure was often misused when the contractual wage was agreed at a lower level than the fixed wage. It was repealed three years later by the centre-left government.

In 2008, regulatory fees for doctors' visits and medical prescriptions were introduced. This measure was supposed to reduce the number of patient visits to an optimal number and increase revenues across the sector. Despite a low contribution fee, low income

groups, especially seniors, faced barriers in their access to healthcare. For this reason, the measure became a matter of political contention. The central government led by centre-right political representatives insisted on the fee while regional governments led by the social democrats in all regions (except Prague) compensated patients and paid the fee from their regional budgets. The measure at the central level was repealed in 2013 when social democrats formed the central government.

Privatisation, but also technical developments and pressures towards rationalisation have been reflected in the reduced number of beds in Czech hospitals. While in 1994 there were 105 161 beds, in 2015 the number had dropped to only 77 937 beds. Interestingly, the number of doctors increased over the same period by 30%. The reason for this was the expansion of one-day surgery and a related lower number of hospitalisation days. The ratio of nurses per 30 beds improved as well, from 13.15 in 2005 to 14.57 in 2015. This is mostly attributed to the decrease in beds rather than to the increases in nursing staff.

As in the other public sector domains, the Czech healthcare sector remained sheltered from the crisis. Wage cuts announced for public sector employees initially also included healthcare but given the already underfunded staff and the doctors' and nurses' shortage, this plan was not feasible and all relevant institutions from trade unions to the doctors' association rejected this proposal. Nevertheless, because of increased unemployment, compulsory insurance payments decreased and hospital managements were forced to introduce some cost saving measures which resulted in worsened working conditions. Most hospitals embarked on outsourcing of mostly cleaning and related services with a questionable quality of service. Furthermore, overtime work increased and became the central issue for social partners, along with wage levels.

### 5.3 Industrial relations in the healthcare sector

Social dialogue in the sector has a merely consultative and informative nature and collective bargaining does not exist in healthcare, similarly to other public sector domains. Several organisations of trade unions and employers do exist, but these do not bargain collectively at the sector level. Their attention is more focused either on tripartite dialogue and lobbying for legal changes, or on protest activities. Collective agreements are concluded at the establishment level. Coverage by company level collective agreements in the sector reaches 74% of the sectoral workforce (Martišková and Sedláková 2016). Industrial action at individual hospitals is rare; collective actions mostly take place across the sector as a whole.

#### 5.3.1 Social partners

The biggest trade union organisation is the Trade Union of the Health Service and Social Care of the Czech Republic (OSZSP) which represents the interests of nurses and social workers. The trade union that represents the interests of medical doctors is the Medical Doctors Trade Union Club – the Union of Czech Doctors (LOK-SCL).

On the employers' side, several associations operate in the sector, but in the position of employers' interest groups rather than social partners. For the list of employers' and trade union organisations see Table.

Table 7 Industrial relations in the healthcare sector

<b>Trade union</b>	The Trade Union of the Health Service and Social Care of the Czech Republic – OSZSP (Odborový svaz zdravotnictví a sociální péče ČR) Professional and Trade Union of Medical Workers of Bohemia, Moravia and Silesia (Profesní odborová unie zdravotnických pracovníků Čech, Moravy a Slezka, POUZPČMS) Medical Doctors Trade Union Club – Union of Czech Doctors – LOK-SCL (Lékařský odborový klub – Svaz českých lékařů)
<b>Trade union density</b>	22 % OSZSP* 3.6% LOK-SCL*
<b>Employers' association</b>	Association of Hospitals of the Czech Republic (Asociace nemocnic ČR) The Association of Czech and Moravian Hospitals – ACMN (Asociace českých a moravských nemocnic) Association of Regional Hospitals (Asociace krajských nemocnic) Union of Private Hospitals – SSN ČR (Sdružení soukromých nemocnic České republiky) Association of Social Service Providers of the Czech Republic (Asociace poskytovatelů sociálních služeb, APSSCR) Association of Mental Health Care Community Services (Asociace komunitních služeb v oblasti péče o duševní zdraví, AKS) Association of Hospice and Palliative Care Providers (Asociace poskytovatelů hospicové paliativní péče, APHPP)
<b>Dominant bargaining level for collective agreements</b>	Only establishment level, wage increases through governmental decree
<b>Bargaining coverage in the sector</b>	No sectoral CBAs (company-level CBAs: 74%)*

Source: Martišková, Sedláková (2016); \* Eurofound (2009).

Labour shortages, overtime and low wages are the main issues in the sector according to social partners. In recent years, trade union organisations have employed mostly lobbying activities and protest actions to attract attention to the difficult situation in the healthcare sector, especially working conditions in hospitals. Occupations other than doctors suffer from very low wages, while among the doctors, younger doctors receive the lowest wages and very often migrate to the West, especially to Germany. This is, however, compensated by the migration of students and doctors from Slovakia or Ukraine, therefore only specific occupations have shortages, e.g. general practitioners or dentists (ÚZIS 2016), while the shortage of nurses because of low wages is a much more acute problem in hospital care. Next we further develop those two themes and look at social partners' responses to financing and wages, and the quality of service provided.



### 5.3.2 Social partners addressing financing and wages

Overtime work has been generally increasing in the post-crisis period. Overtime above the level permitted by the Labour Code regulation was legally conducted through work agreements in the form of flexible job contracts that allowed de facto legal increase of overtime hours. Both nurses and doctors in hospitals were exposed to employers' practices of signing a second contract in the form of a work agreement. The main driver of this pressure was the lack of available workforce as a result of low wages. As employers' representatives confirmed, not using work agreement contracts to cover overtime work would mean the reduction of their services, which could have consequences on patients' access to healthcare (HEALTH3 2015). These overtime hours were often paid less than under the normal contract. With an ever-growing labour shortage, the situation in some workplaces has become unbearable and a lack of nurses is the reason for the closure of some workplaces.<sup>4</sup>

The practice of signing a second contract was abolished in public hospitals in 2012 under pressure from trade union organisations, but social partners claim that in some hospitals it is still used. In 2015, the Medical Doctors Trade Union Club – Union of Czech Doctors (LOK-SCL), initiated a prohibition of the work agreements in healthcare institutions directly financed by the state. However, as trade unionists and employers jointly state, not every employer follows this regulation. As a result, LOK-SCL reports that doctors still sign second contracts in addition to their general contract as a way of dealing with overtime work and do not understand that paid overtime is financially more attractive than any additional contract (Martiskova and Sedlakova 2016).

The low wages and unsatisfactory working conditions of doctors in hospitals were emphasised by the biggest protest action for better working conditions and higher wages organised by the doctors' trade union organisation over the course of 2010 and 2011. The Medical Doctors Trade Union Club – Union of Czech Doctors (LOK-SCL) managed to organise 3 837 doctors who signed resignation letters. This affected 78 out of 200 hospitals in Czechia. The campaign ended in 2011 when LOK-SCL signed a memorandum about co-operation with the government. As a result, doctors managed to win wage increases, but only in the public hospitals. Even though this innovative protest action meant wage increases for the doctors, other occupational groups, especially nurses, were left behind (Martišková and Sedláková 2017).

The dual system of remuneration that contributes to the wage differences among the publicly owned and private/corporatised hospitals as described in section 5.2 is also the reason why trade unions in the sector are trying to change legislation so that all institutions operating within the public insurance financing scheme should comply with the wage regulation defined by the state (Koubková 2017). The main argument of the OSZSP is that the public health insurance scheme does not differentiate between

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4. In 2017 a grassroots movement 'Nurses Initiative' emerged. This organisation encourages nurses to stick to Labour Code provisions and not to undertake overtime work if it is beyond the legal provisions. This causes serious running problems for some of the hospitals and creates pressures for wage increases. In the west region of Czechia, Karlovy Vary, nurses won significant wage increases through this approach ([www.iniciativasester.cz](http://www.iniciativasester.cz), 2018).

payments for public and private hospitals; therefore, there is no reason to offer different wages in different types of institutions based on the ownership. Employers from the private sector argue that market forces should guide wage-setting in their case (HEALTH3 2015).

In recent years, the Trade Union of Health Service and Social Care (OSZSP) managed to increase the fixed wages of nurses and technical employees in healthcare by 34% between 2014 and 2018. Nevertheless, their long-term goal to equalise wages of employees in the public and private hospitals has not yet been achieved.

### 5.3.3 Social partners addressing the quality of services

Czechia has suffered from labour shortages in the healthcare sector for a long time. It was also the reason why no austerity measures, such as budget cuts, were introduced in the sector after the economic crisis, although initially they were proposed. Currently, because of the shortage of nurses, some hospitals have been forced to close whole departments. According to recent estimates, hospitals are facing shortages of around 3 000 nurses and 1 000 doctors. Around 10% of doctors and 8% of nurses are immigrants (Idnes 2015).

Social partners talk about the staffing crisis in the healthcare sector. The central government is trying to solve the situation by raising wages, although only employees in public hospitals receive the regulated wage increases. The rest of the workforce employed in privately owned hospitals must negotiate their wage increases with their employers through decentralised collective bargaining or individually.

To address the labour shortage, the government has recently reduced the qualification requirements for nurses. Until recently, a qualified nurse was required to possess a bachelor degree (a three-year university programme), which has been changed to a one-year university programme. Due to the systematic escalation of qualification requirements over the last 10 years and inadequate wage increases, young qualified nurses are avoiding work in the healthcare sector in general and in hospitals specifically.

In summary, in the hospitals sector, social dialogue plays an important role at the establishment level in privately owned hospitals, while for state hospitals, negotiations with the government have the strongest influence on determining working conditions. This, to large extent, fuels discussions around systemic changes in the healthcare sector in relation to employees' wages and workload regulations. In the sector, different occupations experience diverse working conditions. Doctors were able to attain wage increases through mobilisation and by capitalising on their bargaining power even in the aftermath of the economic crisis, while nurses are struggling to narrow the disparity of working conditions and significant wage gaps between public and private hospitals. Legal amendments and consultations over the budget are thus the main channels through which social partners influence working conditions, along with protest activities and established collective bargaining at the workplace level.

As in the other public sector domains in Czechia, the crisis played only a limited role in the hospitals subsector. After the onset of the crisis, and its impact on employment, the government suggested funding cuts to the public sector, including healthcare. Nevertheless, because of an already underpaid workforce, as well as already existing labour shortages, wages did not actually decrease and trade unions with their innovative industrial action contributed to this outcome.

## 6. Comparison

Studying the three subsectors in greater detail, we have explored what role social dialogue has played over the last 15 years and specifically in the aftermath of the crisis in the public sector, how social partners influenced employees' working conditions, and how changes to working conditions impacted the services provided by these employees. In this section, we will compare the three subsectors studied above and analyse the position of the social partners in influencing the working conditions in the public sector, including their impact on the post-crisis austerity measures.

### 6.1 Social partners' impact on working conditions

In all three studied subsectors, working conditions for most of the occupations are marked by low wages and an increasing workload (the exception would be doctors and their reasonably high wage levels), that is partially compensated by employment stability and minimal pressures for work flexibilisation. At the same time, all three subsectors suffer from an ageing workforce (most acute in pre-primary and primary education) and labour shortages (particularly significant in healthcare with nurses).

During the described period, social partners raised their demands to improve working conditions mostly through consultations with government representatives and through employees' mobilisation when social dialogue failed. The consultative and informative character of social dialogue at the national level and almost non-existent social dialogue at the sectoral and establishment levels leaves social partners in a reactive position similar to other interest groups. Low union density and poor bargaining coverage at the establishment level, especially in the education sector, are reasons why social partners use legislative changes as a primary strategy with which they influence working conditions.

The quality of working conditions therefore depends on the government's political orientation, as we demonstrated via the incidence of protest activities in the education sector dependent on the government's political tendency. Unsurprisingly, demands for wage rises resulted in success only recently with the social-democrats in government. In healthcare, fixed wages defined by governmental decree have risen by 34% since 2011, and in education by 30% including non-professionals in both sectors. In healthcare, the labour shortage appears to be the main driver of wage increases, especially for nurses.

As an alternative strategy to consultations and lobbying, trade unions use mobilisation tactics to achieve their goals. During the crisis, for instance, protests in education prevented budget cuts, and through their resignation campaign doctors managed to increase their wages in the period of wage freezes. Nevertheless, as we discuss below in the conclusion, the mobilisation potential was exhausted in the post-crisis period and trade unions have returned to a lobbying strategy.

Table 8 Social partners addressing working conditions

	Primary education	Hospitals	Local government (pre-primary education)
<b>Trade unions</b>			
<b>Demands</b>	Criticise low wages and high workload Call for a spending increase to 6% of GDP Wage increases: yes, through fixed wage increases	Dual remuneration schemes criticised, wages in the public hospitals higher Demand unified remuneration scheme for both public and private hospitals In recent years demand wage increases for occupations other than doctors	Criticise low wages and high workload Weak bargaining power, only subsection of the TU in education
<b>Main strategy</b>	Tripartite consultations Lobbying Campaigning (e.g. "End of cheap teachers" supported by the Minister for Education in 2016)	Collective bargaining: Dualisation strengthens CB at the hospitals level; wage increases in private hospitals possible mostly through CB	Avoiding confrontation (low union density) Participating at the sector level organisation, but not vocal enough
<b>Outcome</b>	Stopped wage cuts during the crisis and achieved wage increases in recent years.	Wage increases for nurses and technical workers in public hospitals of 34% between 2014 and 2018 but lower increases in private and corporatised hospitals	Results of social dialogue in primary education apply to pre-primary education as well (wage increases regulated centrally)
<b>Employers</b>			
<b>Demands</b>	Wage increases: yes, but not through fixed part increases Greater autonomy for school directors/principals/head teachers Changes in financing/funding system Support wage increases	Private owners of the hospitals avoid falling under the centralised regulation of wages, wage differences among private and public hospitals are acceptable.	Limited resources to increase wages beyond the wage regulations
<b>Main strategy</b>	Lobbying	Lobbying	Raising demands with municipalities
<b>Outcome</b>	Suggested financial reform approved, per capita financing abandoned	Status quo	Outcome depends on municipality leadership.

Source: Author's own compilation.

Public sector employers, similarly to trade unions, also have only limited means by which to influence working conditions, because of centralised wage-setting and the lack of sector-level collective bargaining. In education, employers, represented by the school principals' association, agree on wage increases but aim to increase the flexible wage margin and prevent fixed wage raises, while trade unions demand wage increases in the fixed part. In healthcare, employers in private hospitals reject the expansion of fixed wages to the whole sector as this would mean significant wage increases for private and corporatised hospitals and thus preserve the differential remuneration between private and public hospitals. For trade unions, this dualisation of wages is unjustified, arguing that all hospitals regardless of ownership are financed by public insurance schemes. We summarise social partners' demands, strategies and outcomes in their effort to improve working conditions in table 8.

In recent years, labour shortages in healthcare and the inclusion reform in education resulted in an increased incidence of overtime working and double contracts. These practices were mostly addressed in the healthcare sector, while in education, because of the character of the work, it is difficult to find ways of reducing teachers' workloads. In healthcare, most tasks must be performed at the workplace, while in education part of the work can be done elsewhere, which hinders paid overtime in the education sector to some extent. One of the solutions might be workers organising and the articulation of their working conditions. In healthcare, the 'nurses initiative', an independent grassroots movement, sprung up recently, urging nurses not to undertake overtime hours and to stick to the Labour Code provisions, which has had a significant impact in particular workplaces. In education, however, no such initiative has occurred.

## 6.2 The quality of service provided in the public sector

The limited impact of the economic crisis on Czechia's public sector prevented changes in the accessibility and quality of services provided. The main reason for this relates to the role of the state, which despite decentralisation efforts in education and healthcare has maintained its surveillance role through standards setting, financing and control. This also means that we find very little variation between private and public education and healthcare services as even private establishments fall under the regulatory control of the state institutions, in both healthcare and education.

The state determines working conditions and sets quality standards but does not evaluate the actual outcomes of the services provided in the public sector. In recent years, the education sector has made some effort to implement quality monitoring in the form of a unified examination of primary school graduates. In healthcare, there is an ongoing discussion about efficiency comparisons, with no clear outcome yet.

Interestingly, in international comparisons the quality of service seems satisfactory which has postponed the discussion about quality control and quality assessment in both Czech schools and Czech hospitals. Moreover, users are not vocal enough in expressing their attitudes about the quality of services provided in the public sector. For instance, in primary education parents do not address the worsening educational

outcomes in PISA testing, and in healthcare patients have only limited means to influence the quality of services provided. In the case of pre-primary education, the problem with the quality of service is almost completely neglected as the problem of insufficient capacity dominates the discussion.

All social partners agree that decently paid employees in the public sector would provide better services, but they do not sufficiently raise the direct link between working conditions and the quality of service as the main reason for demanding decent working conditions. This might be a useful argument especially in the case of underpaid and ageing pre-primary and primary teachers and overburdened nurses. The summary of social partners' views on the quality of the services is presented below in table 9.

Table 9 Social partners' view on quality of service

	Primary education	Hospitals	Local government (pre-primary education)
Unions	<p>For high quality of service qualified and well-paid workers are necessary</p> <p>No reform improved working conditions and thus did not improve quality of service</p> <p>Career code would motivate teachers for life-long learning (LLL), but after long discussion not approved</p> <p>Reject ranking of schools</p>	<p>For high quality of service qualified and well-paid workers are necessary</p> <p>Because of the labour shortage, especially the shortage of nurses, some hospitals are forced to close some of the departments</p>	<p>For high quality of service qualified and well-paid workers are necessary</p> <p>High maximum number of children (24+4) per class decreases quality</p> <p>No systemic control of quality</p>
Employers	<p>Local government primarily responsible for capacities, do not monitor quality of education</p> <p>Career code would motivate teachers for LLL, but after long discussion not approved</p> <p>Reject ranking of schools</p>	<p>There is space for efficiency improvement</p> <p>System of financing does not provide incentives for quality improvements</p> <p>In international comparison the quality of Czech healthcare system is better</p>	<p>Local governments responsible for capacities, do not monitor quality of education processes</p> <p>No systemic control of quality</p>
Service users	<p>Parents: In general, satisfied with educational outcomes</p>	<p>Patients: Limited means of showing dissatisfaction.</p>	<p>Parents: Demand more spaces, do not criticise the quality</p>

Source: Author's own compilation.

### 6.3 Industrial relations in the public sector and the crisis

The crisis and post-crisis development affirmed the social partners' position as being the main interest groups representing employees and employers in the public sector. The trade unions embarked on mobilisations in that period because social dialogue with government representatives collapsed, while employers' representatives did not oppose trade union arguments to protect wage levels and working conditions. As a result, mobilisations and protests in education prevented budget cuts, and doctors through their resignation campaign managed to increase their wages despite austerity measures. Nevertheless, their mobilising potential was exhausted right after these

achievements as since then no protests or mobilising campaigns have occurred. So, while in the crisis period it seemed that social partners 'left the table' as social dialogue with the government failed (Kahancová and Martišková 2016), in the post-crisis period more significant gains in terms of wage increases were back on the table. In the last government period of 2013 – 2017 we saw the re-establishment of social dialogue at the national level, along with the status quo in social partners' representation and level of involvement. This implies that no new actors emerged in the post-crisis period, nor has the consultative and informative role of social dialogue at the central level changed. The 'return to table' strategy is also attributed to recent economic growth and an associated labour shortage that has empowered trade unions to bargain for high wage increases through social dialogue with the government.

## 7. Conclusions

The impact of the crisis on public sector employment was limited. Relatively low government debt and the absence of substantial problems in the economy prevented the exposure of Czechia to the international pressures faced by other nations. The Czech government thus embarked on simple budget cuts that were finally implemented only at the central government level. We did not observe any reform efforts towards decentralisation or the transfer of responsibilities as those had already been implemented during the transformation period long before the onset of the economic crisis. In both sectors, already low wages and trade union mobilisation prevented the intended budget cuts or significant job reductions.

Therefore, the crisis temporarily strengthened the position of trade unions and exercised their mobilisation potential, but except for their success in preserving the wage level, no structural changes towards establishing collective bargaining at the sector level or any emergence of new stakeholders occurred. In the following years, low wages and labour shortages dominated the discussions of social partners and other stakeholders. Given the shrinking membership base of trade unions and the unwillingness of employers and the government to establish sector level collective bargaining, major improvements were to be attained mostly through political alliances and/or industrial action.

In this chapter we have also looked at other reforms that influenced working conditions in the sector. There is no clear driver of these measures. Partially, they are attributed to efforts to increase the quality of services (the financing reform in education or patients' fees in healthcare), partially they are driven by pressures to increase inclusiveness (in the education sector) and partially by pressures from users (parents in pre-primary education). For the majority of the changes that influenced working conditions, social partners were in a reactive position of combating the proposed reforms, which further highlights their limited capabilities in shaping working conditions, but at the same time demonstrates the important role social partners have in preventing the deterioration of the quality of working standards in the public sector.

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## Legislation

- Act on Civil Servants of Self-Governing Local Authorities No. 312/2002 Coll.  
Civil Service Act No. 234/2014 Coll.  
Act on Competency for Public Sector No. 2/1969 Coll.  
Act on Municipalities No. 128/2000 Coll.  
Government's Decree on Employees' Remuneration No. 564/2006 Coll.

## Appendix

### List of conducted interviews

Interview code	Sector	Organization	Type	Respondent function
EDU1 (2016)	Education	Czech Moravian Trade Union of Employees in Education (Českomoravský odborový svaz pracovníků školství - ČMOS PŠ)	Trade union in education	Representative 1, Representative 2
EDU2 (2017)	Education	Association of Directors of Primary Schools (Asociace ředitelů základních škol - AŘZŠ)	Directors' association	President of the association
EDU3 (2017)	Education	Czech Moravian Trade Union of Employees in Education (Českomoravský odborový svaz pracovníků školství - ČMOS PŠ)	Trade union in education	Member of the Trade Union's Presidency on pre-schools
LOC1 (2017)	Municipalities	Municipality office of Prague 7 district	Local government	Director of the department of education in Prague 7 district
LOC2 (2015)*	Municipalities	Union of the towns and the cities (Svaz měst a obcí - SMO)	Umbrella organisation of towns and cities	President of the association
CENTRAL1 (2016)	Central government	Trade union of the state institutions and organizations (Odborový svaz státních orgánů a organizací - OS SOO)	Trade union in central government	Vice-president
HEALTH1 (2015)*	Healthcare	Trade Union of the Health Service and Social Care of the Czech Republic (Odborový svaz zdravotnictví a sociální péče ČR)	Trade union in healthcare	President
HEALTH2 (2015)*	Healthcare	Medical Doctors Trade Union Club – Union of Czech Doctors (Lékařský odborový klub – Svaz českých lékařů)	Trade union in healthcare	President
HEALTH3 (2015)*	Healthcare	The Association of Czech and Moravian Hospitals – ACMN (Asociace českých a moravských nemocnic)	Employers' association in healthcare	Vice-president
HEALTH4 (2017)	Healthcare	Hospital in the Moravian-Silesian region	Employer representative in the hospital	Hospital manager

Source: Author's own compilation, \* CELSI archive.

# Chapter 2

## Danish public sector industrial relations and welfare services in times of trouble

Mikkel Mailand and Patricia Thor Larsen

### 1. Introduction

This chapter will analyse findings from Denmark related to the common themes of this book, which can be organised around the following questions:

- What changes with regard to the social partner organisations have taken place?
- What are the reasons for these changes?
- What shape has public sector reform taken in the country in general and in the three sectors in particular?
- To what extent and in what way have industrial relations actors (trade unions and employers and their organisations) influenced these reforms?
- What effect have reform policies had on the number and quality of jobs in the public sector?
- What effect have the changes in quantity and quality of jobs had on the availability and quality of public services?

The next section presents industrial relations in the Danish public sector in general. The following three sections include our findings regarding the three subsectors – the hospital sector, the school sector and the eldercare sector. The final section compares the findings and draws some conclusions. Where nothing else is stated the source of the findings are the interviews listed in appendix A and referred to in footnote 8. The period in focus is mainly 2000-2017.

### 2. The public sector - an overview

Denmark has one of the largest public sectors in Europe both measured in terms of share of the economy and share of employment. The public sector employed between 28 and 31% of all employees from 2000 to 2015 (29% in 2015) (Danmarks Statistik 2017). The number of employees in the three main areas of the public sector is 173 000 in the state area, 122 000 in the regional area and 416 000 in the municipal area (Statistics Denmark 2017). As many as 38% work part-time - and the large majority of these are women. Furthermore, 10% are on temporary contracts (Mailand 2015).

Subcontracting of public services is possible in most of the public sector. In the large municipal area, the share of public services legally possible to subcontract which were exposed to competition (meaning that they should be contracted out, but that it would

be possible for the municipality itself to make a bid) increased from 19.5% in 2006 to 26.9% in 2016 (KL 2015; 2016).

Whereas the formation of the IR system in the private sector in Denmark is normally dated to 1899 and the so-called September Compromise, the IR system in the public sector has a much shorter history. It was as late as 1969 that collective bargaining on wages and working conditions was formally recognised and the government became obliged to bargain with trade unions. The right and duty to negotiate covered both state employees and the increasing number of regional and municipal employees, but civil servants were still excluded from the right to strike (Due and Madsen 2009). In brief, the Danish public sector IR model is characterised by relatively limited legislation, bipartite collective agreements at all levels with high coverage rates, an extensive system of employee involvement, and relatively strong trade unions.

## 2.2 The social partners

The employer in the state sector is the Ministry of Finance (de facto, the Agency of Modernisation, until 2011 the Personnel Agency, Moderniseringsstyrelsen). Hence, the state employer is not a separate unit. During the reconstruction of the Agency for Modernisation in 2011, nearly all managers were replaced as part of a merger between this and another department. In some sectors, trade unions have since then experienced a tougher management approach, and they have understood the replacement of managers as part of this development whereas in other subsectors, they have experienced a more co-operative approach (Mailand 2014). This issue will be discussed further in sections 5 and 6.

As for the municipalities, their employer is Local Governance Denmark (Kommunernes Landsforening, KL). Its large number of responsibilities, the relative autonomy of the municipalities, and the high number of municipal employees means that KL is a relatively strong organisation. This remains true even though it may have lost power during recent decades due to the centralisation of political power in the Ministry of Finance. At the local level, individual municipalities and public institutions themselves are the employers. At the regional level, the employer is Danish Regions (Danske Regioner). At the local level, bargaining takes place between individual regions and the unions, but public institutions (de facto, the hospitals) might be the most important employer units because of their size.

While the employer structure in Denmark is generally straightforward, it is more complex on the trade union side. Of the three confederations the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO), the Confederation of Professionals in Denmark (FTF), and the Danish Confederation of Professional Associations (Akademikerne, AC), only the latter plays a direct role in collective bargaining. Put simply, one or two bargaining cartels exist in each of the three main bargaining areas.<sup>1</sup>

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1. In 2019 LO and FTF fused into Lønmodtagernes Hoverorganisation, FH.

There was a decline in trade union organisational density between 1996 and 2011, but less so in the public than in the private sector. For the subsectors where statistics exist for the whole period from 1996 to 2011 the density has dropped from 91 to 89% in public administration, from 86 to 80 % in education and 92 down to 83 % in health (Statistics Denmark, ‘tailor-made’ figures).

### 2.3 Collective bargaining

Collective bargaining covers no less than 98% of employees in the state sector. The remaining 2% covers employees who solely have individual contracts or whose pay and conditions are unilaterally regulated by legislation (Due and Madsen 2009: 360). No statistics exist for the regional and municipal sector, but the collective bargaining coverage is estimated to be at least as high as in the state sector.

However, these high percentages do not imply that collective bargaining is the sole important mode of regulating pay and conditions. Legislation plays a role, most importantly when it comes to employment conditions (terms of notice etc.), holiday regulation, maternity leave and working environment issues. Moreover, at the highest rungs of the job hierarchy individual agreements often supplement collective agreements.

Table 1 Levels, bargaining tables and actors in the public sector IR model

	The bargaining process	The actors
Sector level	Cartel bargaining (bi/triennial)	Ministry of Finance, Local Government Denmark (KL), Danish Regions Trade union bargaining cartels (coalitions)
	Organisational bargaining (bi/triennial)	Ministry of Finance, Local Government Denmark (KL), Danish Regions Individual trade unions
Local/regional level	Local level bargaining (continual)	Institutions within the government Regions/institutions within regions Municipalities/institutions within municipalities Local branch union officials/shop stewards

Source: Authors' own composition.

All three main bargaining areas - state, regions (health) and municipalities – have a three-tier structure, where the top two tiers are closely related (see table 1) (Hansen and Mailand 2013). The first tier is ‘cartel bargaining’, which normally takes place every second or third year. During these bargaining rounds, the state, regional, and municipal employers respectively bargain with cartels (coalitions) comprised of trade union representatives. The second tier is organisational bargaining (individual unions), which takes place more or less simultaneously with the sector-level bargaining. Here the individual trade unions conduct bargaining themselves around all occupation-specific issues related to wages, pensions and working conditions within an established economic framework. In times of tight budgets, there can be very little room to bargain at this level. The local level is the third bargaining level. This has grown in importance due to the partial decentralisation mentioned above (Hansen 2012). As a rule, a trade

union related shop steward conducts the bargaining. Bargaining issues include wages, working time, training and policies for senior employees.

## 2.4 Public sector reforms and the role of the social partners

The New Public Management (NPM) reforms have included, inter alia, privatisation, contracting out, consumer choice, competitive tendering, performance related management and decentralisation (of wage-setting and other issues) (Ibsen *et al.* 2011; Greve 2006; Hansen and Mailand 2013).

It is important to note that the trade unions in most of the NPM reforms presented below were involved through bargaining or at least consultation. Some of these were the social partners' own initiatives agreed upon in the collective bargaining arena while others have a political origin. It is also noteworthy that the basic features of the public sector IR system have remained unchanged by the reforms. For this and other reasons some researchers consider it more accurate to talk about 'modernisation' rather than 'marketisation', meaning that the reform path taken in Denmark has combined marketisation with other types of reforms, and therefore NPM has taken a moderate form (e.g. Ejersbo and Greve 2005; Ibsen *et al.* 2011).

The development of NPM in Denmark has gone through several phases. Firstly, in the 1980s, the Conservative led government initiated the first 'modernisation programme', which included NPM. However, privatisation and contracting out was not achieved to any large extent, although consumer choice was introduced, and local wage determination in various forms was introduced from 1987 (Ibsen *et al.* 2011).

In the 1990s, a centre-left government continued many of the NPM-oriented reforms, especially in the form of management by contract and large-scale privatisations of public utilities. Regarding wages, the trials from the 1980s were made permanent and formalised when social partners in 1998 agreed to decentralise elements of wage determination within the framework of the new wage system 'Ny Løn' and permit deviations from central working time provisions (Ibsen *et al.* 2011).

In the 2000s, the Liberal–Conservative government strengthened NPM with free customer choice in welfare services and extended compulsory competitive tendering while maintaining strong central controls through performance and quality management (Ibsen *et al.* 2011). However, the government also introduced a number of reforms that were not NPM reforms in the strictest sense, although they included some NPM elements: Firstly, the Welfare Reform from 2006, the aim of which was to redesign the public sector and its financing in order to meet the challenge of an aging population and other challenges. Secondly, the Quality Reform from 2007 that sought to improve service levels and job satisfaction for public employees; this reform promised to end detailed control systems and enhance the focus on skills development and local innovation. Social partners in the public sector followed up this reform by allocating financial resources when they made a tripartite agreement to support it in 2007 (Mailand 2006). Thirdly, and most important, the Structural Reform, which

was implemented in 2007. NPM dimensions of this reform included central control of performance and the mandate that quality and budgets should also be increased (Ibsen *et al.* 2011). The Structural Reform changed the responsibilities of the three main levels for public services – state, county/region and municipalities. Moreover, it amalgamated 273 municipalities into 99, and 14 counties were liquidated and replaced by five regions with a narrow range of responsibilities. The aim of the reform was to create economies of scale and to improve welfare services by reshuffling the division of responsibilities between the three main areas. The municipalities (local governments) were net-gainers of areas of responsibility from the reform.

Regarding the IR system, the Welfare Reform and the Quality Reform have had consequences for the retirement age and further training whereas the Structural Reform has led to larger workplaces and larger areas being covered by collective bargaining and co-determination. Furthermore, it has contributed to a decline in municipal employment.

In the 2010s, a new centre-left government continued the project of reforms with NPM features. One area where this can be seen is in the subcontracting of public services, which is possible in the majority of public service areas and is carried out to a large extent. KL agreed in 2007 that 25% of municipal public services (of the services it is legally permissible to subcontract) should be ‘exposed to competition’, as mentioned above. However, to some extent, the present decade has also seen a deceleration of the expansion of existing NPM initiatives and of the introduction of new ones. In the IR system, this is reflected in the low and stagnating share of wages negotiated at the local level. This wage-related development is partly crisis connected, but the slowdown of NPM is in some cases also a reaction to NPM itself. The so-called ‘trust-reform’ launch by the centre-left government illustrates this. This reform seeks to reduce control over public sector employees and managers and reduces the time they spend on drafting reports in order to allow them more time for the core tasks of delivering quality welfare services (Mailand 2012). Furthermore, at least in some parts of the public sector, user involvement is now an important tool (Hansen and Mailand 2015).

Some observers see the reform trend from the 2000s onwards as a departure from NPM, towards New Public Governance and other trends, with an emphasis on networks, partnerships, user involvement and digitalisation rather than NPM which focuses on marketisation in various forms (e.g. Greve 2012). Such shifts might have been real, but NPM certainly still plays a role in public sector employment. New reform paradigms add to NPM rather than replace it.

During the present decade, austerity measures have been incorporated into the ‘reform picture’. One example is that in 2011, municipal budgets were cut. Partly because of this plan, 20% of municipalities experienced cuts to their budget of 4% or more between 2009 and 2011 (KL 2011). The centre-left government that came into office in September 2011 continued the tight budget policy, but also introduced a stimulus package. The Liberal-Conservative government which came into office in 2015 also continued to cut spending in the public sector, for example with a demand for 2% annually increased productivity.



### 3. Hospitals

#### 3.1 Introduction to the sector

The five regions have operational responsibility for the public hospitals in Denmark, whilst overall responsibility remains with the National Health Authority, which is part of the Ministry of Health (Sundheds- og ældreministeriet). There are currently 57 public hospitals, but the number is declining rapidly due to the decision to introduce a new hospital structure where (almost) all hospitals are required to become so-called ‘super-hospitals’ covering at least 200 000 patients. When this new structure is fully implemented in 2020 the number of hospitals will be reduced to 21 (Johansen 2014). Most hospitals will be both larger and more specialised than the existing ones.

The budgets for public hospitals have increased overall rather than decreased since the crisis. Figures from Danish Regions show that from 2009 to 2014 the budget increased by 5%. Measured as a share of GDP, the expenditure has increased as well. At 9.6% the spending was just above the OECD average of 8.6% in 2013 (Danske Regioner 2016).

In 2016 public hospitals employed a staff of 117 000, divided into:

- 14% doctors;
- 45% nurses (incl. lead nurses);
- 7% nursing assistants;
- 7% doctors’ secretaries; and
- 27% other support staff, including administrative staff, psychologists, cleaning staff, technical staff, porters, etc. (DSR 2016).

Besides the public hospitals, there are around 18 private hospitals and larger clinics, but the exact number is uncertain. The trade union for nurses (DSR) estimates that only around 1% of their members work in private hospitals. The scale of the private hospitals and clinics is so limited in Denmark that this chapter will focus on hospitals in the public sector.

#### 3.2 Social partners and collective agreements

Turning to social partner organisations, Danish Regions (Danske Regioner) represents employers’ interests. Danish Regions is the bargaining partner in the bi- or triannual collective bargaining rounds. At the administrative level of the regions (five in all) there are councils for employee involvement (so-called Co-operation Councils), and the general guidelines for staff policy at the hospital are formulated here, but no collective bargaining takes place. For the hospitals themselves, collective bargaining takes place within the framework of the sector agreements (those with Danish Regions as the employers’ association).

The structure is somewhat more complex on the employee side. The Health Care Cartel (Sundhedskartellet) includes 11 trade unions, none of which are trade unions

for doctors. The trade union for nurses (DSR) is by far the largest. Until recently the Health Care Cartel negotiated general working conditions and some more occupation specific conditions, whereas other occupation specific conditions are negotiated by individual trade unions. However, in mid-2014 the Health Care Cartel became part of a new broader cartel, The Danish Association of Local Government Employees' Organisations (Forhandlingsfællesskabet), along with the former bargaining cartel for employees in municipalities and regions. This development was a reaction to the 2013 industrial conflict described above, which included an incentive for creating stronger organisations on the trade union side.

Among the trade unions in the cartel, the trade union for nurses - DSR - is the largest with 61 000 members. Their precise organisational density is unknown, but is estimated to be around 85–90%. Fagligt Fælles Forbund (3F) organises hospital porters, cleaning assistants and skilled service assistants. Trade and Labour (Fag og Arbejde, FOA) is also a member of LO and represents lower skilled occupations such as care workers, hospital assistants and skilled service assistants. Other unions organising hospital employees include The Danish Association of Biomedical Laboratory Scientists (Danske Bioanalytikere, Dbio) and The Danish Association of Midwives (Jordmoderforeningen).

In the public sector, collective agreements create a complex web of regulations. Hospitals are no exception, and there is a plethora of collective agreements covering the hospitals. Areas that have been partially privatised – for instance, cleaning – are covered by private sector collective agreements and will not be examined in the present chapter. Collective bargaining coverage is close to 100%.

### 3.3 Reforms and the role of social partners

Reforms in the Danish public sector are decided upon either through the political system or through the collective bargaining system.

#### 3.3.1 Collective bargaining rounds

Industrial relations in hospital related areas have been relatively conflictual, with industrial conflicts involving the nurses arising in 1995 and again 1999. The first bargaining round to be examined here is the 2008 round - completed months before the first signs of the crisis – which also featured industrial conflict, involving members of the Health Care Cartel and the FOA. The favourable economic context – and maybe political pressures - made the three public employers - the state, regions and municipalities – concede a 12.8% wage increase over a three-year period. However, The Health Care Cartel and FOA demanded a 15% pay increase and for a long period were not willing to compromise, and even with the help of the national arbitrator it was not possible to strike an agreement (Due and Madsen 2009). Unlike earlier sector-wide public sector industrial disputes, the government - a Liberal-Conservative government - demonstrated no willingness to intervene. In early May 2008, the parties agreed to a pay increase of 13.3%, which due to internal distribution among FOA members meant a 14% wage increase for nursing assistants. The Health Care Cartel, however, only

reached a compromise in mid-June, after planned lockouts had been added to the industrial conflict. Also in this case, the compromise was a 13.3% wage increase (Due and Madsen 2009). However, the strike was so expensive, especially for DSR, that they had to increase membership fees substantially for a long period and subsequently lost more than 3% of their members (DSR 2016).

The following 2011 bargaining round was less dramatic in the hospital area, involving few changes and limited or no wage increases. The 2013 round also ran relatively smoothly in the hospital related areas. The agreed wage increases were again very modest, and further decentralisation of decision-making power with regard to the Co-operation Councils was agreed. Most significant, however, was the flexibilisation of some types of hospital doctors' working time. This was a strong and enduring demand from the employers, who wanted a better utilisation of hospital equipment beyond normal working hours (Mailand 2014). The 2015 bargaining round, for the first time since the economic crisis, included more than marginal wage increases and increased working time flexibility for hospital doctors, but no major changes for other hospital employees (Hansen and Mailand 2015).

To sum up, industrial relations in hospital related areas have experienced interesting developments over the past decade, as a result of which it no longer represents a part of the public sector with a high level of conflict, but rather a lower conflict level than the state and municipal bargaining areas. Time will tell if this is a lasting trend.

### **3.3.2 The involvement of social partners in public policy reforms**

The Structural Reform (implemented 2005-07) was 'high politics' and the social partners in the hospital areas were not among the most influential organisations. The reform was important for regional employers as it restructured their interest organisation from one which encompassed counties, several policy areas and public authority roles as well as an employer role, to one focused on regions, a single policy area (health) and the employer role as a central responsibility. Apart from that, however, the interviews did not highlight this as one of the most important initiatives for hospitals.

By far the most important political initiative according to the interviewees was the above-mentioned plan to introduce 'super-hospitals' as a new hospital structure. This was prepared in the 'Expert Panel for Investment in Hospitals', which was established after an agreement between the government and Danish Regions in 2007. Regarding the role of social partners, Danish Regions was one of the initiators of the panel, but not represented in it. Neither were any of the relevant trade unions. However, it was possible to influence the decision-making through hearings.

Other initiatives raised in the interviews we conducted include 'Eight Goals for Health Care Authorities', which was agreed by the Ministry of Health, Danish Regions and KL in 2016. The new eight goals are a way to improve quality by setting broad goals and having fewer indicators and fewer demands on processes and less registration. The introduction of a simpler model should be seen in the light of the political goal of

‘de-bureaucratisation’ and the development of alternatives to NPM, which has been supported by most actors in the Danish healthcare sector, but which nevertheless are still mainly intentions rather than initiatives.

Finally, the ‘annual economic agreements’ should be mentioned. These agreements are negotiated on an annual basis between Danish Regions and the government, and outline spending in different categories, which during the last few years have become less detailed compared to previous agreements. These agreements have not included overall cutbacks, but have oriented development towards higher productivity, which at 2.4% annually has increased more in the hospitals than anywhere else in the public sector. The trade unions are not involved in the annual economic agreements.

Evaluating their overall political influence, DSR finds that they – when they are involved in the political decision-making processes at all – are involved late and/or are involved in so-called ‘monitoring groups’ far removed from the key decision-making processes. Furthermore, they are most often involved when problems in connection to, for instance, cutbacks, work environment issues and working issues have to be solved. The weak government’s limited initiatives to involve DSR means that they are obliged ‘to invite themselves’ to the decision-making processes in order to seek influence. The Union of Specialised Doctors (Foreningen af Speciallæger, FAS), on the other hand, presents a picture of stronger influence and earlier involvement, illustrating the higher status and stronger power-position of doctors in contrast with that of nurses and support staff.

### 3.4 Quantity and quality of jobs and the effect of reforms

This section and the following sections will focus primarily, but not exclusively, on the employee groups with lower educational requirements (the support staff) and medium-level education (nurses), whereas the situation of employees with higher educational requirements (doctors) will only be touched on briefly. Services that have been outsourced are mainly cleaning and ambulance services. These could be argued to belong to sectors other than the hospital sector and will not be discussed here.

#### 3.4.1 Quantity of employment and overview of employment types

Table 2 shows that the number of employees increased until 2010 (but started to decrease again from 2012, which the table does not show). Secondly, as expected, part-time work is very high.

However, it is more significant that the number of marginal part-timers is below the national average, because they have an increased risk of precariousness. Danish Regions has formulated a ‘policy for full-time positions’, which came into force in January 2014. The policy means that new positions in the regions generally should be full-time positions, and includes targets for full-time employees in the regions (64% in 2015 and 80% in 2021) but there are also a number of possibilities for exemptions, which could be a barrier to meeting the targets (Danske Regioner 2013). However, the

interviewees stated that the policy was serious and genuine. The reason for the regional employers to formulate such a policy was not to improve the employment situation for part-timers, but due to foreseeable labour shortages.

Table 2 Employees by employment type in the hospital sector, 2007–2013

	2007	2010	2013
Full-time	74 000	85 000	120 000
Part-time	36 000	42 000	88 000
- Of these marginal part-time*	11 000	11 000	10 000
Fixed-term contracts	14 000	12 000	14 000
Open ended contracts	96 000	115 000	106 000
Temporary agency work (TAW)	4 000	2 000	3 000
Self-employed, no employees	n.a.	n.a.	n.a.
<b>Total (not a sum of the above)</b>	<b>114 000</b>	<b>129 000</b>	<b>123 000</b>

Numbers below 2 000 not reported by Statistics Denmark (= n.a.). NB: The figures are numbers of employees, not full-time equivalents. Both private and public hospitals and clinics are included.

\* = 15 hours or below, de facto working hours.

Source: Statistics Denmark, tailored calculation, AKU.

Thirdly, fixed-term contracts are relatively widespread as well. Fourthly, although TAW has attracted quite some attention, the numbers are quite low. Fifthly, self-employment is almost non-existent.

However, the data displayed in table 2 conceals interesting differences between the occupations. Most importantly, while nearly all categories of employees have increased in numbers, the category ‘support staff with lower educational requirements’ has decreased since 2010. Of the occupations that have grown, doctors have seen the largest relative increase (esundhed.dk). Hence, one of the most important challenges for support staff is related not so much to wages and working conditions but to job and employment security. The main explanation given for this development by the interviewees is that the patients’ length of stay has shortened substantially in recent years, leading to less need for support/care and more focus on a ‘cure’.

### 3.4.2 The quality of employment for nurses – contract types and health & safety

As seen from table 2, the majority of nurses are employed on open-ended contracts, and self-employed nurses are nearly non-existent. Part-time contracts and (less so) fixed-term contracts and TAW are widely used. Since 2008, part-time workers have had the right to be upgraded to full-time employees, but very few have taken advantage of this opportunity (dr.dk, 16.06.11). Indeed, part-time work among nurses is predominantly voluntary. Apart from being paid according to working hours, part-timers have the same wages and the same employment and working conditions as full-timers, and the social benefits are the same. As a result, precariousness does not seem to be a problem for part-time nurses.

The nurses working as temps often hold a full-time or a part-time open-ended contract and are therefore mainly temping as a secondary job. Both before and after 2010, the large majority of nurses signing up for external or internal temp work were on open-ended contracts in the hospitals, as mentioned earlier.

Fixed-term contracts are relatively widespread in hospitals, and the figures are a bit higher than the national average for all sectors. However, the practice is not very widespread among nurses or support staff, according to the interviewees. Unfortunately, it has not been possible to provide figures for this type of employment.

Nurses face health and safety problems due to work intensification/excessive workloads. The problems seem to have increased in recent years. There is now less doubt on the trade union side that the problems are severe. In a large-scale independent survey of all Danish employees including questions on work environment issues, members of DSR score their work environment on all dimensions as clearly more problematic than the average Danish employee, including psychological burdens, time pressures and work load. Also, with regard to ‘increasing demand for documentation in recent years’, the difference is substantial: 90% of DSR members agree with this statement compared to 63% of all employees (Caraker *et al.* 2015). According to DSR, the most important explanation is that although the number of employees at public hospitals (and the number of nurses) has increased rather than decreased over the last 15 years, the workload has increased substantially. The reasons for this increase include shorter patient hospitalisation periods than previously, meaning they are in worse shape and their stay is more care intensive. Moreover, each health employee has to perform more tasks now than previously. Against this background, DSR finds the cuts have now reached the bone. As a professional organisation for leading doctors FAS is less outspoken in their criticism than DSR, but regarding the demand for 2% productivity increases they agree with DSR. Danish Regions recognises that problems exist in certain hospitals departments, but is of the opinion that the right type of work organisation is capable of solving these problems to a large degree.

The intense criticism of the demand for 2% productivity increases seems to have had an effect. In late September 2017, the government announced – under pressure from the largest opposition party and their own supporting party – that the demand would be abandoned, but no additional funding was promised.

### **3.4.3 Quality of employment for other healthcare staff and support staff**

Hospitals employ a large number of other health care staff and support staff. These occupations appear not to be precarious to any notable extent. The positions are, in general, full-time open-ended contracts or long-term part-time contracts that tend to be voluntary. For the above-mentioned groups organised by FOA, 58% were on full-time contracts (FOA 2012). However, with regard to part-time employment, so-called ‘hourly employees’ have less favourable access to some social benefits compared to their colleagues on open-ended contracts, although the problem has been reduced by lowering employment period thresholds for benefits in the collective agreements. Similar challenges exist for a special category of fixed-term employees labelled

‘employees on occurrence of a special event’, the event being sick leave, maternity/paternity leave or another kind of leave, and ‘call temps’ (which is a type of zero-hour contract). The extent of the use of these contracts for the occupations under discussion is limited in the hospitals, according to our interviewees, whereas they are much more widespread in other parts of the health care sector. The same pattern exists regarding the use of marginal part-time employees (FOA 2017).

Work intensification/excessive workload has increasingly become an issue of concern, as indicated in the section on nurses. For several of the support staff groups with lower levels of qualifications the problem, according to trade union interviewees, is that the staff reductions have not been accompanied by a proportional reduction in the volume of work responsibilities.

### 3.5 Effect of job changes on the quantity and quality of the service

As shown above, the total number of employees has increased, but the number of patients has increased even more, and some degree of work intensification has taken place. The extent to which this has a ‘spill-over’ effect on the work environment problem is a matter of controversy. Is there an observable effect on the quantity and quality of services as well?

By far the majority of hospitals’ main goals and indicators show a positive development. Since 2009, overall activity, productivity and patient satisfaction has increased, whereas waiting time and mortality has been reduced (Danske Regioner 2016). Hence, the effect of work intensification on service quantity and quality does not (yet) show in the statistics. One interpretation of this is that the lack of ‘real’ cuts to budgets and the number of employees safeguards the quality of service in spite of work intensification. Another interpretation comes from the DSR – the most outspoken organisation regarding work intensification. A DSR interviewee acknowledges the positive tendency in the main indicators, but nevertheless argues that an increasing share of their members find their work situation ‘professionally indefensible’ and that the risk of making mistakes, including serious ones, has increased due to the work intensification.

During 2017, political mobilisation to abandon or at least change the government’s demand for a 2% yearly increase in productivity has intensified and so has the media coverage of its negative consequences. As described, DSR and other stakeholders see the productivity demand as one of the main causes of the problems with work intensification and service quality. In late September, just two weeks prior to the publication of this report, the government announced that they would abandon the demand. The question is what will replace it and whether the new regulation will reduce the overall workload.

It is also notable that the use of outsourcing – apart from cleaning and ambulance services – has been limited at the hospitals, again unlike the municipal health care sector. Outsourcing in these two areas has a longer history, but it is still occasionally debated whether the service has been reduced, most often in connection with specific problematic cases in individual regions.

## 4. Primary and lower secondary education

### 4.1 Introduction<sup>2</sup>

In 2013, Denmark had 1 312 public schools and 548 private schools for the age group 6-15. Less than a fifth of all students attended private schools, though the tendency has been growing in recent years. In the remainder of this section, the focus is on public schools.

The Danish Folkeskole ('People's School') covers both (public) primary and lower secondary education, i.e. grade 0-6 and grade 7-9/10 (with pupils traditionally from age 6 to 15). The Folkeskole are regulated through the Folkeskole Act, which sets the overall framework for the schools' activities. According to the Act, it is the municipality which is responsible for the running of the school. The Structural Reform has resulted in the merging of a number of schools locally in order to create larger, more specialised school units. Many schools today cover two or more school units, with one shared management. Furthermore, the number of children has decreased in recent years.

Regarding job levels, figures show a 7.2% decrease in the total number of employed teachers from the school year 2008/09 to the school year 2011/12 (UNI.C 2012). According to KL, there were 51 453 full-time teaching positions at the Folkeskole in December 2013. However, this number will probably further decrease as 35 000 fewer schoolchildren are expected to enter the public school system in 2025 (KL 2013).

Expenditure in the Folkeskole per pupil decreased by 10% (adjusted for price- and wage development) between 2007 and 2013. Increased expenditure in connection with the 2013/14 reform limited the decrease to 4% (Økonomi- og indenrigsministeriet 2017).

### 4.2 The social partners

A number of organisations are involved in the traditional social dialogue in the Folkeskole, including KL, which is also the interest group and members' authority covering all Danish municipalities. The Danish Union of Teachers (DLF) organises teachers at public and private schools and has 91 000 members. However, another increasingly significant employee group in the Folkeskole is the early childhood and youth educators, represented by the trade union BUPL. School principals are represented by their own organisation. Thus, KL, BUPL, DLF and the Association of School Leaders are the main collective bargaining partners in the school sector. These organisations are also represented in social dialogue concerning the general development of schools.

2. Section 4.1 and 4.3 are edited versions of sections from Hansen and Mailand (2015).



### 4.3 Collective agreements<sup>3</sup>

This section focuses on teachers' collective agreements.

Working time has always been a controversial issue in industrial relations in the teaching field, and since the 1990s regulation has gradually been decentralised and made more flexible, although DLF managed to maintain a strong influence over the issue (Hansen 2012). In the Folkeskole area, steps towards a more flexible and decentralised and less bureaucratic working time regulation were agreed upon during the 2008 collective bargaining round. KL recognised this as a step in the right direction, but found it insufficient. In the case of the gymnasiums, an agreement had almost been reached with the Danish National Union of Upper Secondary School Teachers (GL) during the 2011 bargaining round, but it collapsed at the last minute, causing considerable frustration in the Ministry of Finance.

During the 2013 collective bargaining round, working time was removed from the collective bargaining arena. The new working time regulation resulting from this should be seen in connection with the 2013 Folkeskole reform (see below), in that the changes made during the 2013 collective bargaining round contributed to the financing of the reform.

The public employers' aim was to wind-up all existing local agreements on working time for teachers in the Folkeskole (municipal employers' demands) and in most post-15 educational institutions (state employers' demands) in order to strengthen management's prerogative. In the case of the Folkeskole, the aim was also to facilitate and finance the implementation of a large-scale reform<sup>4</sup> (see below). According to employers, the aim was not to make the teachers work longer, but to enable them to spend more time in the classroom with pupils. DLF contested the employers' claims arguing that, on the contrary, reduced preparation hours would lower the quality of education.

The bargaining process in the gymnasium area<sup>5</sup> was concluded in early February. After a long standstill in the negotiations, GL agreed to waive their claim for the right to bargain on working time, and agreed to the phasing out of special seniority conditions, which was also one of the employers' demands. In return, they received a substantial wage increase and a (limited) fixed framework ('fence') to secure planning and avoid excessive teaching workloads. Justifying the decision to strike an agreement, GL's general secretary explained that GL would have lost their bargaining rights in any case, because the Ministry of Finance would have been willing to initiate an industrial conflict on the issue, which GL could not have won. By accepting 'the unacceptable' during the bargaining phase, GL obtained a substantial economic compensation.

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3. Large parts of this section are edited sections from Mailand (2016).

4. By removing the preparation factor per teaching hour (which required a removal of trade unions' bargaining rights on the use of working time) teachers could be forced to teach more hours (as prescribed in the proposal for school reform) with fewer hours allocated for preparation. The formal working week would still be 37 hours.

5. Post-15 education prior to university. Includes both general education and some more vocational education.

However, DLF made it clear that they needed a compromise for the Folkeskole teachers, and not only compensation. At the end of February, the attempt to come to an agreement therefore continued under the leadership of the National Arbitrator, who had to give up after just two weeks. A lockout of nearly all Folkeskole teachers came into force. However, neither DLF, nor KL and the Ministry of Finance, changed their positions during the lockout. After three and half weeks, the government decided that it was time to intervene to prevent the lockout from having too great an effect on the final examinations of both the Folkeskole and the vocational education sector. The government had, well in advance, secured backing from large parts of the opposition. Hence, after a speedy two-day process in parliament, the legislative intervention took effect in May 2013. In sum, the intervention met the employers' main demands, and the compensation was limited and mainly related to wages. Calculated per teacher, it was substantially lower than the sum the gymnasium teachers received.

Because of this government intervention, teachers' working time is now regulated by legislation. However, during the 2015 collective bargaining round KL and DLF (and KL and the Ministry of Finance in the state bargaining area) agreed on a 'common understanding' in order to improve relations between the parties and facilitate the implementation of the new working time regulation regime locally. The common understanding adds to, rather than replaces, the law (Hansen and Mailand 2015).

#### 4.4 Reforms

During the last 15-20 years, the main developments in the Folkeskole have been to: differentiate between the educational needs of pupils with different learning capacities; strengthen basic skills in maths, reading and writing; introduce English at an earlier stage; use more national tests and common goals; introduce individual 'learning plans'; and deal with increased competition from private schools.

The latest reform prior to the 'big reform' agreed in 2013 was the new Folkeskole Act of 2009. One of the main elements of the 2009 reform is that the nine years in folkeskolen should no longer be seen as a closed process ending with the final exam, but as a process that prepares students for further education. Worries about the approximate 20% of students who never complete a further education is clearly reflected in the reform.

The main elements of the school reform 2013 were:

- a longer school day;
- more lessons in Danish and Maths for grades 4–9, because the two core subjects are seen as fundamental to being able to learn other subjects;
- earlier foreign language learning: English from grade 1, a second foreign language (German/French) from grade 5 and an opportunity to choose an optional third foreign language in grade 7;
- homework assistance at school;

- exercise and movement integrated into all students' school days for an average of 45 minutes each day in order to enhance students' motivation, learning and health;
- continuing education of principals (Undervisningsministeriet 2013).

## 4.5 Quantity and quality of jobs and the effects of reforms on them<sup>6</sup>

### 4.5.1 Quantity of jobs and employment types

The number of employed teachers in folkeskolen has decreased by 4.7% from 2010 to 2015. However, over the same period the number of pupils decreased by 4.4%, indicating that the demographic development might be the most important driver. Teachers with open-ended contracts decreased by 7% during the same period, while fixed-term employed teachers in folkeskolen more than doubled from 2 200 to 5 500 in the period from 2013-2016. KL finds that the increased use of hourly-paid employees is a consequence of the reform's qualification requirements, which sends teachers and pedagogues through further training and thereby creates a need for replacements, but points also to the increased teaching time as part of the explanation (Pedersen 2015). By contrast, DLF points to the shortage of teachers as the main reason for the increasing use of hourly-paid teachers. The teachers must work faster, and according to DLF this has created a negative spiral, making the teaching profession a less attractive one (Hansen 2015).

An increased number of teachers have found a job in another profession after the new reform and regulations. More specifically, 3.6% of the teachers employed in 2014 had by the following year found a new job in another profession. Comparing this with teachers employed in 2012, only 2.2% of whom had found new jobs in another profession by the same year (Drescher *et al.* 2016).

### 4.5.2 Local working time regulation and types of working time

The implementation of teachers' working time regulation at municipal and local levels varies. A framework agreement between the main social partners in the municipalities since 1999 has enabled all personnel groups in local government to sign local agreements on working time. This possibility has also included teachers since 2013.

In the immediate aftermath of the 2013 conflict, KL advised local municipalities to refrain from entering into new local agreements on working time. Nevertheless, some municipalities engaged early on in forms of social dialogue with the local branches of DLF. Over time KL have softened their stance on local social dialogue, though they still warn municipalities against entering into agreements that tie up resources.

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6. Most parts of this section 4.5 and the following section 4.6 have been provided by associate professor Nana Wesley Hansen and student assistant Sarah Ann Ansel-Henry, both FAOS. The sections use their own data and literature studies from the project (Hansen 2017). We are grateful that Nana and Sarah allowed us to include findings from their project.

For the school year 2015/2016, 54 out of the 98 municipalities reached an agreement or mutual understanding with the local branch of DLF. In addition, 12 municipalities drew up an administrative paper (Hansen 2017).<sup>7</sup> A newly published memo from DLF indicates that the total number of local agreements up to March 2017 had increased to 69 (DLF 2017).

The reform resulted in a higher number of classroom hours. The regulation on teachers' working time distinguishes between teaching time and remaining time. The remaining time includes all other work assignments apart from teaching time. Survey data indicates that finding time for preparation and self-evaluation is the biggest challenge after The School Reform (Bjørnholt *et al.* 2015:6).

Another significant change following the regulation on teachers' working time is the principle regarding presence at the workplace during the working day. According to this principle, all work duties – including individual preparation – should take place at the school. For some teachers, the sharper division between the working day and leisure time has been a positive experience. For others it is a negative experience, challenging their professional norms with not enough time for preparation and creativity (Hansen 2017). Teachers are found to be more positive about the regulations in municipalities with the new local agreements/common understandings, if these resemble earlier agreements (Bjørnholt *et al.* 2015).

#### 4.5.3 Sickness leave and benefits

The proportion of teachers on sick leave was below 3% during the period from 2010 to mid-2013. After the reform, the number increased to about 4%. However, it decreased slightly in the fourth quarter of 2015 (Drescher *et al.* 2016:9). Furthermore, absence due to illness rose from 11.1 days in 2013 to 13.9 in 2015 in folkeskolen (Drescher *et al.* 2016). The increase seen in the school sector might be ascribable to the changes in relation to the reform and the working time regulation, but it could also be due to other factors. Local budgetary difficulties, municipal austerity, and restructuring of local school systems are contributory factors of huge importance to the pressures experienced at the school level (Hansen 2017).

In general, teachers express a more positive response to the working time regulations if the new local agreement bears a closer resemblance to earlier regulations. Moreover, around 4% of the teachers employed in municipalities without local agreements in 2014 changed jobs to work in another municipality. This number is 1% higher than in municipalities with a local agreement (*ibid.*).

7. The Danish Institute for Local and Regional Government Research (KORA – since July 2017 'VIVE – The Danish Centre of Applied Social Science') and FAOS have collated all of the local agreements between local municipalities and DLF. Data-collection took place from March 14, 2016 to June 29, 2016. This is the source of the 2015-16 statistics (Hansen 2017).

#### 4.5.4 Summary: the effect of the school reform on job quantity and job quality

Indicators here shortly after the implementation of the reform show only small changes in many cases:

The decline in the number of teachers has been matched by a decline in the number of students, so the decline cannot be seen as an expression of austerity. Whatever the explanation for this, there has been a decrease in open-ended contracts and an increase in the use of atypical employees, representing a declining job quality. Whether this change will be permanent is difficult to judge. As planned, principals' decision-making power has increased and the teachers' voice concerning working time has been reduced, but the local agreements reflect variation in this respect. There are some (vague) indications of a positive effect of the presence of local agreements on working environment dimensions after the implementation of the reform (such as less use of leisure time for work, the feeling of still having some autonomy and being motivated), but most indicators are negative (reduced motivation, reduced job satisfaction, slight increase in sick leave, preparation outside normal working hours).

#### 4.6 Effect of the job changes for quantity and quality of the service

Due to the early stage of the implementation of the reform, it is difficult to draw any solid conclusions regarding the effect on the quality of services i.e. teaching quality. One of the latest large-scale surveys compares students' experiences in early 2016 with the situation before the reform in early 2014. The pattern is more or less similar to those regarding the quantity and quality of employment from the previous sections: either no change is registered, or the changes are small and mainly in a negative direction. The former is the case concerning the support from parents and teacher-parent relations, the latter is the case concerning overall satisfaction, the content of the lessons, and the extent to which there are clear teaching goals. The only main indicator which shows a change of more than a few percentage points is the share of the students who are of the opinion that the school day is too long. The share increased from 46% in 2014 to 82% in 2016 (Nielsen *et al.* 2016).

Another recent official evaluation which analyses six elements of the school reform also only points to marginal changes, with the exception of increased physical activities, which has led to an upswing in motivation and well-being (Jacobsen *et al.* 2017).

The social partners' readings of these and other official evaluations differs – perhaps unsurprisingly. KL emphasises in their summary of the reform that the share of students with 'high participation' in teaching increased by 3,5% between 2014-16, that the increase is largest among girls, students from homes with a weak educational tradition, and ethnic minorities, and that 95% of the parents still have an overall positive evaluation of folkeskolen. However, KL also emphasises that the share of parents who report disturbing noise in teaching is no less than 30% and that the share of parents who take part in school-related activities has dropped from 58% to 38% (KL 2017). DLF has a less positive view of the effects of the reform. Their own evaluation shows that in 2015

only 13% of their members found that the reform worked well, and that this number had dropped to 12% in 2016. Moreover, DLF points to the general lack of effectiveness found in Jacobsen *et al.*'s evaluation (Folkeskolen June 9, 2016; Folkeskolen January 24, 2017). Additionally, DLF is critical of the long-term development of folkeskolen. Although DLF admits that the increase in the average class size from 20.4 students in 2009 to 21.7 in 2017 is not that dramatic, the same period also shows that the number of students in classes of more than 25 increased over the same period from 17% to 27%. The average class size has not changed since 2013 (DLF 2015).

## 5. Municipality case - Eldercare

### 5.1 Introduction to the sector

Eldercare in Denmark is provided free of charge and consists of a wide range of services such as residential care, home help, personal care and various forms of healthcare. Danish municipalities are responsible for eldercare provision and it is one of their core services. Eldercare accounts for a significant share of the municipalities' annual expenditures and amounted to 4.5% of Danish GDP in 2015 (Rostgaard and Matthiessen 2016).

The eldercare sector employs 105 000 employees overall, which is roughly equal to a quarter of all municipal employees. During the period from 2010 to 2015 the number of employees in eldercare decreased by 2% (FOA 2016a). During the same period, the number of elderly citizens over the age of 80 increased by 6% to 241 000 persons (Statistical Denmark).

Comparing the situation in 2017 with 2007, expenditure on eldercare has increased. However, when the number of users (elder persons) are taken into account, and adjusting for price and wage development, spending has been reduced by 25% per elderly person (Økonomi- og indenrigsministeriet 2017). The budget for eldercare is decided by individual municipalities within the framework of the annual economic agreement signed by KL and the government.

Eldercare is divided into two main parts. One part includes traditional *nursing homes* where the elderly live in housing facilities with small apartments or rooms for each person and provision of full-time nursing. In several cases, the nursing homes have additional living facilities, so-called 'protected accommodation' ('beskyttede boliger') where the elderly can stay in e.g. an apartment with extra help and assistance, but still have to manage on their own. The second type is *nursing care at home* (aka home help services). This is a public provided service including cleaning, cooking and personal care to the dependent older people, who receive approval for assistance from the municipalities. The fact that home help is free of charge and primarily publicly funded is unique in a Scandinavian context (Rostgaard 2015).

### 5.1.1 Occupations

The eldercare sector employs a wide range of health and social care staff, which can roughly be divided into the following groups:

- *social and health care assistants*, who work in nursing homes as well as providing home help and personal care. The formal education and training qualification of this group ranges from 3 years and 10 months to 4 years and 7 months;
- *social and health care helpers*, who have completed a course of 2 years and 2 months and perform similar care-related tasks within the eldercare sector to the social and health care assistants;
- *nutrition assistants* who ensure that older people receive proper nutrition. These nutrition assistants have completed an education period of between 2 years and 4 years and 2 months of duration;
- other occupations such as *nurses and doctors* are also present in the sector, but the above-mentioned groups are the most widespread.

Since 2005, the eldercare sector has experienced an improved skills level overall (Rostgaard and Matthiessen 2016).

## 5.2 Social partners and collective agreements

KL has the employer role in collective bargaining and other forms of labour market regulation. FOA is the largest trade union in the eldercare sector. It mostly organises public employed workers with lower educational requirements within cleaning, cooking, childcare, and social and health services.

The Danish eldercare sector is characterised by high union density, estimated to be around 90%, and almost full collective agreement coverage (Larsen *et al.* 2010:268). Results from a survey among leaders and care institutions in 2010 report that 88% of self-governed or independent institutions are covered by collective agreements (*ibid.*). The collective agreements affect the working conditions and terms of employment of non-covered areas of the private sector as a spill-over effect on employees' expectations and demands (Larsen *et al.* 2010). It should be added that most of the employees in the sector are covered by the Salaried Workers Act in addition to collective bargaining.

## 5.3 Reforms and the role of social partners

Due to an ageing population and a political demand for effectiveness, the Danish eldercare sector has undergone a series of changes. NPM reforms have to a large extent affected the Danish eldercare sector with the adoption of NPM measures such as time registration, documentation and use of private providers to ensure productivity and effectivity (Kamp *et al.* 2013).

In the late 1990s, quality standards and the initiative ‘Mutual Language’ (Fælles Sprog) were developed to streamline the service and the time spent on care for each elderly person. In 2003, the divide between purchaser and provider was introduced. Requests by public authorities for increased documentation has also been an important development. From 2005 to 2015, the number of employees working on documentation and administrative tasks increased from 10% to 44%. In addition, employees in the eldercare sector performed an increasing amount of more practical services like cleaning and experienced a decrease in the volume of care-related services in the period from 2005 to 2015. For example, 69% of employees in 2005 described drinking coffee with the elderly as a part of their job description – this share had decreased to 36% in 2015 (Rostgaard and Matthiessen 2016).

Marketisation through contracting out and free client choice are also important NPM tools in Danish eldercare. Free client choice means that the municipalities are obliged to provide different provider options for cleaning and eldercare services to older people entitled to home help (The National Board of Social Services 2016). Especially regarding the delivery of home help to elderly people living in their own homes, the share of private contractors increased from 26% in 2008 to 38% in 2014 (KRL 2016). In nursing homes, the use of private providers is less widespread, but different types of ownership have become more widespread due to recent modernisation reforms in the public sector.

Public tendering is used to ensure free consumer choice. Approximately 38 private providers of home help have faced bankruptcy since 2013, which may indicate that the financial conditions are too narrow to compete and fulfil the contract as agreed. According to a trade union interviewee, the tendency of bankruptcies has led to a need for municipal backup teams to ensure and maintain nursing care.

Regarding the large-scale reforms covering the entire public sector, the eldercare sector was only briefly mentioned in the policy papers of the 2007 Structural Reform, but the sector was nevertheless affected by the reform. As a method of enhancing the efficiency of the health sector - including eldercare – a compulsory collaboration between the municipalities with responsibility for eldercare and the regions with responsibility for hospitals was agreed. The agreement compelled municipalities to create new solutions along the lines of prevention and rehabilitation in order to prevent hospitalisation, and by that means curtailing the financial support from the municipalities to the regions (Dahl 2008). To support this, a joint co-ordination committee was set up with the aim of implementing the so-called ‘agreements on health’ (part of the Structural Reform) to ensure co-ordination between hospitals and municipalities.

The most important reforms since the economic crisis have been the aforementioned annual economic agreements between the government, KL and Danish Region, and the Recovery Plan which caused 20% of the 98 municipalities to be subjected to budget cuts of 4% in the period 2009-11 (KL 2011). In the post-crisis era, focus on the rights of clients has also been prioritised. The ‘Commission of the Elderly’ was set up as part of the agreement regarding the annual budget in 2011 and aimed to enhance the focus on the individual’s quality of life and self-determination (Kommission om



livskvalitet og selvbestemmelse i plejebolig og plejehjem 2012). According to a trade union interviewee, the economic crisis has legitimised these budget cuts along with the increased focus on efficiency and further modernisation of the eldercare sector.

Additional earmarked funds have been part of the annual budget for 2014 and 2016 respectively, with the aim of safeguarding the ‘dignity of the Danish elderly’. This illustrates, along with the recent appointment of a Minister for the Elderly in 2016, that eldercare is high on the political agenda. However, expenditure per elderly person continues to decline.

### 5.3.1 The role of the social partners<sup>8</sup>

The trade union interviewees representing the eldercare sector emphasised nearly exclusively their role in the collective bargaining arena, indicating that this is where they have by far the greatest influence. Thus, this section will not include the role of the social partners in the political (reform) arena to any great extent.

The *2008 collective bargaining round in the public sector* diverged from the previously moderate level of conflict. Relevant also for the negotiations in 2008 was the increased focus on employees, especially the so-called ‘warm hands’ (employees having direct contact with users), to ensure the quality of care prior to and during the bargaining round at the sectoral level. Another key trade union demand was equal pay. These issues became the focal points in the negotiations and were brought forward as a struggle for equal pay in a sector traditionally dominated by women (Due and Madsen 2009). It was the members of the Health Care Cartel and FOA (with nursing assistants working at the hospitals as one of the largest groups), who ended up in an industrial conflict, which revolved around financial concerns (see section 2.3).

The *2011, 2013 and 2015 collective bargaining rounds* were less dramatic, and included only a few changes – and limited wage growth – in the sector. However, our interviewees from the social partners representing the eldercare sector emphasised a shift in power relations.

Around the same time, FOA tried to influence *the political agenda* regarding the physical and psychological working environment in the eldercare sector. They pointed to the shorter life expectancy for social care workers compared to academics for example, and indicated the possibilities of differentiated retirement age. These attempts were made along with other relevant trade unions as a joint effort.

As a part of the cartel-level bargaining in the *2015 collective bargaining round*, a fund was set up which aimed to ensure educational opportunities for unskilled employees and further training for employees with less qualifications. The target group was employees above the age of 25 with more than 5 years of experience in the Danish municipalities. This training initiative may have enhanced the skill level of the eldercare sector in Denmark, as mentioned above.

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8. Where nothing else is stated, the sources in this section are the interviews.

## 5.4 Quantity and quality of jobs

As previously mentioned, the *number of employees* within eldercare decreased by 2% in the period from 2010 to 2015 (FOA 2016a) and the number of employees per elderly person declined by 4% in the same period (Rostgaard and Matthiesen 2016). According to representatives from FOA, the economic crisis has affected the quantity of employment in the eldercare sector by increasing the number of employees with higher education, such as legal advisors and economic consultants. This may alienate care professionals from the decision making and consequently reduce their professional autonomy. According to FOA, the unemployment rate for their members stands at 2.7%, compared to the average of 3.4% for other members (FOA 2016b).

*Non-standard employment:* The sector registers a growing number of employees working part time (under 35 hours a week). In 2015, only 21% of the employees providing home help and 23% of the employees in nursing homes worked 35 hours or more per week. Moreover, FOA has also experienced a rapid increase in the number of members in marginal part-time positions in the municipalities working 7 hours per week or less (FOA 2017). Finally, a study from 2009 showed that eldercare is one of the areas within the public sector that uses most temporary employees – the share at that time was 21% of all employees (Larsen 2008).

*Work satisfaction, health and safety:* 75% of employees in the Danish eldercare sector perceive their work as interesting and meaningful. This level has not changed much since 2005. However, 33% of the employees providing home help describe their working day as too stressful (Rostgaard and Matthiesen 2016), and 67% agreed or partly agreed that they were compelled to work faster than previously (Larsen *et al.* 2010).

Regarding work satisfaction, there seems to be a tension between the new market-oriented rationality in the sector and the high level of professionalism and occupational identity of the employees. With the introduction of time registration and documentation demands, a perception of a degraded service quality is widely held by eldercare workers, of which the majority have experienced increasing workloads (Kamp *et al.* 2013).

*Job and employment security:* The profound organisational changes around 2007 created insecurity among workers due to transformed workplaces and duties (Dahl 2008). Moreover, the number of suppliers which have experienced insolvency has increased, leaving many elderly citizens without the help needed. Therefore, the number of employees in the eldercare sector who are worried about their job and employment security due to repeated rounds of organisational changes has increased from 11% in 2005 to 32% in 2015 (Rostgaard and Matthiesen 2016).

## 5.5 The effect of changes in job quantity and quality on the service

Media and politicians are highly interested in measuring the quality of eldercare services, but it is a complicated task and is difficult to formulate accurate and fair definitions of quality care. Moreover, it is difficult to ensure comparability of quality

standards in a Danish context, because the standards are determined by the individual municipalities. This may also be the very reason why the quality of eldercare has only to a limited extent been researched in Denmark (Hjelmar *et al.* 2016). The Danish Health Authorities conduct national inspections on health-related issues. However, these do not assess the quality of the social interactions between staff and the elderly (procedural quality).

The only wide-ranging large-scale study to date of the quality of eldercare builds on a survey conducted with directors of Danish nursing homes and the coding of inspection reports (Hjelmar *et al.* 2016). According to this study, the quality of services provided has only to a limited extent been negatively affected by the marketisation reforms and increased use of private providers.

Another study which evaluates service quality is the national inspection report, which finds that the number of seriously negative remarks remained fairly stable between 2009 and 2015, fluctuating between 5% and 9% of the inspections. Furthermore, the number of nursing homes without any remarks continues to be relatively unchanged at 3 – 4% during the same period (The Danish Health Authorities 2011; The Danish Patient Safety Authorities 2015). Hence, no change over time in service quality is observed using this source either.

Whereas there is a lack of evidence in the research community for a negative impact of outsourcing on the quality of eldercare, most stakeholders seem to agree that problems exist. The former minister responsible for eldercare found that the municipalities are too concerned with price rather than quality when eldercare is outsourced (dr.dk February 24, 2017). FOA asks for mechanisms that could oblige the municipalities not to accept the lowest bid, if this is unrealistically low. FOA furthermore sees a connection with the unrealistically low bids and the continuously high level of bankruptcy among private eldercare providers (FOA February 20, 2017). Also, the organisation Danish Industries (DI), representing service providers, has warned against always choosing the cheapest offer from their member companies, because this might lead to insufficient quality and bankruptcy. KL, as the main responsible actor, finds that the municipalities already have the price-quality balance in view and refer to KL's guidelines for outsourcing (Politiken October 10, 2015).

## 6. Conclusions

In the following section, we will relate the questions mentioned in this chapter's introduction to the findings. The answers will as far as possible use the cross-sector sections of the report to address those six questions, and then address each of the questions with regard to the three sectors in focus. Finally, similarities and differences between the three sectors will be discussed.

## 6.1 Changes with regard to the social partner organisations

The first question concerned changes with regards to the social partners' structure and organisational capacity, ideologies and strategies, relationships (consensual or conflictive) and the coverage of collective bargaining, social dialogue and other relevant processes. Because of the question's very broad scope, it is nearly impossible to answer generally for the public sector within the limits of this national report. However, a focus on the three selected sectors might provide some information that can contribute to a general picture.

Regarding ideology in the public sector as a whole, it is worth to mention that a sort of NPM agenda – that some observers prefer to label 'modernisation' in its Nordic version – has developed under government and employer leadership. It is a version that in general has not excluded the public sector trade unions and the role of collective bargaining. The trade unions have gradually, but only partly, accepted the NPM agenda.

Another overall development might be partly related to this, but has only been visible in the present decade: that the public employers have become the most pro-active party in collective bargaining, often leaving the trade unions with a reactive role.

In the *hospital sector* collective bargaining coverage is still close to 100%. Some organisational change has taken place, insofar as the employers' organisation has developed from a mixed employer/public authority organisation to a 'purer' employer organisation. On the employee side, the trade unions in the health cartel were part of the wider collective bargaining cartel, before leaving and then returning to it recently. Hence, their strategy with regard to 'alone or together' seems to vary. Additionally, the balance between consensus and conflict has varied over the years, with 2008 being a peak on the side of conflict. Their organisational capacities have declined due to shrinking membership, but only marginally so. The organisational capacity - and strike capacity - of the nurses' union (DSR) was however seriously reduced for a couple of years after 2008.

The *school sector* arguably shows a little less stability, mostly due to what has happened since 2013. The gradual decentralisation of the working time issue which began in the 1990s and developed until 2008, was insufficient for public employers and the previous Social-Democratic led government. The bargaining process - especially the government intervention without a prior strike or strike warning - demonstrated a change of employer strategy and a shift in power relations. Moreover, the relations between the parties changed from relative consensus to conflict. The more conflictual relations and more asymmetrical power relations contributed to changed bargaining institutions and trade union strategies, in that they were some of the reasons for setting up the bargaining cartel Forhandlingsfællesskabet and the gradual development towards unity on the trade union side. However, some features are more or less unchanged in the sector. The trade unions are nearly all the same as 15 years ago and the organisational density and collective bargaining coverage have not changed substantially.

In the *eldercare* sector, power relations might have been influenced by the much larger scope of contracting out than in the two other sectors. Also, the fact that the average qualification level is lower than in the two other sectors might be of benefit for the employers. The 2008 industrial conflict involved the *eldercare* sector, and represents a peak in the scale of conflict. Organisationally, nothing much changed, apart from the fact that the trade union FOA, like the health cartel, has moved in and out of the larger bargaining coalitions.

## 6.2 The reasons for these changes

The changes described above, as well as in the following sections, are unlikely to be explained by just one or two factors. It is more likely that the developments are explained by a more complex web of interconnected factors. At least six of these are worth pointing out:

First, the *economic cycles* (including economic crises) have been of importance. The economic cycles were very favourable in the first half of the 15-year period in focus, and much less favourable in the second half – especially until 2013. The business cycles have directly and indirectly impacted on the relations between the social partners, the quality and quantity of jobs as well on the public services themselves.

Second, the evaluation of the economic crisis - which in many countries was a game-changer for the public sector and for public sector IR – is in a Danish context challenged by the fact that the implementation of a major political reform of administrative structures and welfare service institutions - the *Structural Reform* - took place more or less simultaneously with the economic crisis in the years following 2007. Hence, what is due to the effect of the crisis and what is the effect of the Structural Reform is often not clear (see also Hansen and Mailand 2013).

Third, *demographic change* has been a driver. The ageing of the population has impacted the hospital sector and *eldercare* sector, whereas the – at least temporary – decline in school age children has affected the school sector.

Fourth, *technological development* has several impacts. One of these is that in some sectors it seems possible to reduce staff and/or spending per user without damaging the service quality – but also, there might be limits to this effect.

Fifth, although less marked than in the private sector, there seems to be a shift in *power-relations* to the benefit of the public employers – a change that cannot only be explained by the business cycles. This change has had repercussions on other changes, especially with regards to IR.

Finally, the change of *ideologies*, especially on the employer side, that includes some variation of NPM and learning from the private sector. This could, however, also be seen as a cause of several of the changes described above and below.

### 6.3 What shape has public sector reforms taken?

Although there was a reduction in public sector employment from 2010 to 2017 of 4.7%, Denmark has one of the largest public sectors in Europe both measured in share of GDP and share of employment; this was the case 15 years ago and is still the case today. The public sector's share of GDP has been between 26 and 28% since 2000 (27% in 2015), and the public sector employed between 28 and 31% of all employees over the same period (29% in 2015).

Nevertheless, a number of NPM inspired reforms, as well as a restructuring of administrative and organisational units into larger ones, have changed the public sector. Contracting out, privatisations, free consumer choice, local wage determination, contract management and widespread use of targets and registration of activities have been introduced from the late 1980s and onwards. However, only 25% of the municipalities' services are exposed to competition and only 11% of the total wage bill in the public sector are set at the local level. Moreover, a reaction to the NPM reforms - especially to the control and registration aspects of it - has slowly developed in the present decade, but it is still too early to judge what the real impact of this reaction will be.

Although the 15-year picture show certain stability, the economic crisis starting in 2008 has been followed by some (comparatively mild) austerity policies. Although, as mentioned above, it is difficult to separate the effects of the austerity initiatives from other factors, such as the demographic development and the Structural Reform, the austerity policies have no doubt contributed to the above-mentioned decline in the number of public sector employees since 2010.

In the *hospital sector* there has been an increase rather than a decline in the financial resources allocated to the sector. However, activities have - due to the ageing population and medical and technological development making new treatment possible - increased much more than the budgetary increase. Hence, the hospital sector has shown substantial productivity increases. Most of the NPM reforms mentioned above have been felt in this sector.

In the *school sector* (public primary and lower secondary school) key aims of the reforms during the last 15 years (and a decade before that) have been to: differentiate more between the educational needs of students with different learning capacities; focus more on basic skills in maths, reading and writing; introduce English at an earlier stage; use more national tests and common goals and introduce individual 'learning plans'; face increased competition from private schools. Elements of NPM are seen here, but not to the same extent as in the hospital sector. Compared with the situation before the crisis and the Structural Reform (2007), expenditure in 2013 decreased by 10% (adjusted for price and wage development). Increased expenditure in connection with the 2013 reform reduced the decrease to 4%.

In the *eldercare sector*, NPM reforms have very much been on the agenda for the past 15 years and even longer, and have in this sector especially led to increasing

documentation demands, standardisation of services, free client choice and use of private providers. The number of employees has decreased and the number of elderly people needing care has increased. Compared to the situation before the Structural Reform and the 2007 economic crisis, expenditure without adjustments has increased in the sector, but adjusted for price and wage development spending has been reduced by 25% per older person (without the 8% adjustment).

#### 6.4 The industrial relations actors' involvement in the reforms

The overall picture of the influence of industrial relations actors on the public sector is varied, but generally speaking they have had a strong influence through the collective bargaining arena - and varied, but much weaker influence through the political arena.

Since legislation regarding wages is close to non-existent and limited regarding employment and working conditions, the collective bargaining arena is of major importance for the regulation of these issues and the reforms covering them, such as decentralisation of wages and working time flexibility. Public sector industrial relations have traditionally been relatively consensual, but large-scale industrial conflicts in relation to the bi- or triennial bargaining rounds have been set in motion twice during the last 15 years, in 2008 and 2013.

The role of the social partners in the main cross-sector reforms in the political arena takes place ad hoc either through lobbying, hearings/consultations or – more rarely – tripartite negotiations. In general, the social partners' role in relation to austerity policies has been limited.

In the *hospital sector*, social partners have contributed to the development of the reform policies – NPM reforms as well as non-NPM – themselves in the collective bargaining arena. A large-scale wage-related conflict took place in 2008. In recent years, hospitals (regional) have seemed less conflictual than the two other main public sector areas, the state and municipal areas. Regarding the political arena, the influence of social partners is ad hoc and uneven – not only between employers and trade unions, but also between the trade unions insofar as the doctors' trade unions seem to have the best access to the political system. In general, involvement of the trade unions – when it takes place – happens late in the decision-making processes.

The social partners in the *eldercare sector* were also involved in the 2008 industrial conflict, and since then have experienced bargaining rounds with relatively few changes (such as the 'security funds' for employees facing dismissal), limited or no wage increases and a strengthening of the power of the employers. The trade unions role in policy-making has been limited.

The social partners' role in the *school sector* presents another pattern. In the collective bargaining arena, an agreement to restructure working time regulation was made in 2008, but employers and politicians nevertheless made the withdrawal of working time from the bargaining agenda an essential demand in 2013. This demand was realised

only after industrial conflict and government intervention. Involvement in political initiatives has traditionally been widespread in the sector, but in relation to initiatives around the 2013 reform the trade unions were by and large excluded.

## 6.5 The effects of reform policies on the number and quality of jobs

As mentioned above, a decline in the number of employees in the public sector has occurred since 2010, but employment is still at the same level as 2008. The national labour force survey shows that atypical employment in the form of temporary employees, part-time employees and self-employment has been more or less stable since 2009.

In the *hospital sector* the total number of jobs has remained stable, but focussing on occupations, it is only the number of nurses that has not shown any notable change: the number of doctors has increased and the number of support staff (with a lower education level) has decreased. This reflects a development towards shorter periods of hospitalisation and higher numbers of patients. Voluntary (long-term) part-time work is widespread in the sector, whereas the employment types associated with precariousness are at the same level or lower than on the Danish labour market on average. The main job quality related problem seems to be work intensification, and the problem is – according to the trade unions – huge.

The *eldercare sector* shares with the hospital sector a situation in which an increasing number of citizens need the service of the sector. However, in the eldercare sector the number of employees has decreased (at least since 2010). Regarding job quality, part-time work generally and marginal part-time work has been increasing. The NPM reforms and decreasing care time per elder person have created a situation where a fair share of the employees fear losing their jobs, feel that the professionalism of their occupation is under threat, and that they have to work faster than previously. However, the majority of employees still find their job interesting and meaningful.

In the *school sector* most major changes occurred in connection with the 2013 collective bargaining round and the related 2014 school reform. Contrary to the two other sectors, the citizens covered by the service (students in the case of schools) has declined recently (after 2010), and the number of jobs has declined proportionally. However, changes can be observed in employment types, where full-time employment is in decline and fixed-term employment is rising. Whether this is a permanent or a temporary development, connected to the implementation of the 2014 school reform, is a matter of debate. Regarding the working environment, there are some positive indications after the implementation of the reform (such as less use of leisure time for work, the feeling of still having some autonomy and being motivated), but most indications are negative (reduced motivation, reduced job satisfaction, slight increase in sickness absence, and preparation outside normal working hours).



## 6.6 Effects of job changes on the quantity and quality of the service

For none of the three sectors is it possible to say anything conclusive about changes in the quantity and quality of the service.

Regarding the *hospital sector* no clear conclusions can be drawn as to whether the work intensification - which without any doubt has taken place - has spilled over to create problems in the quantity and especially the quality of the service provided. The trade union for nurses, DSR, posits a connection between work intensification and a declining quality of services, including declining safety of patients. Those who do not see such a connection, including the hospital employers in Danish Regions, point to the fact that nearly all main service indicators point in the right direction.

The picture is not much clearer in the *school sector*. Conclusions with regards to the effects of the 2014 school reform are uncertain, both because the reform is very recent and because the high political priority of the reforms implies that several alternative evaluations exist as well as several alternative readings of those evaluations. Using the most official evaluation as a source, the pattern in the dimensions analysed is either that no change has taken place, or that the changes are small and mainly in a negative direction. The former is the case in terms of the support from parents and relations with teachers, the latter is the case in terms of overall satisfaction, lesson contents, and the extent to which there are clear teaching goals. The only main indicator which shows more than a few percentage points change is the share of the pupils who are of the opinion that the school day is too long.

In the *eldercare sector* the effect from the changes in job quantity and quality on the quality of the service provided is difficult to measure and there is no clear evidence with regard to the direction of this change; the few available sources point to stability rather than change.

## 6.7 Comparing the sectors and perspectives

Table 3 displays a brief formulated attempt to compare the findings from the three sectors. There are several *commonalities*. All three sectors:

- present no major changes with regard to the social partner organisation, to their organisational densities or to the coverage of the relevant collective agreements;
- have seen a development towards 'tougher' and more active employers (although not to the same extent);
- have been affected by the same drivers for change (although not to the same extent);
- have been affected by NPM reforms (although not to the same extent);
- show stronger social partner influence through the collective bargaining arena than the political arena;
- have experienced work intensification;

- have been subject to intense discussions about the quality of services, though this has not led to any clear picture of this quality, neither has any clear link to the development in quality and quantity of jobs been established.

*Variation* is seen with regard to:

- the relations between the social partners (most conflictual in the school sector (since 2013));
- the scope of NPM reforms (least extensive in the school sector);
- the shape of NPM reforms (most widespread use of outsourcing in the eldercare sector);
- the overall number of jobs (changed the least in the hospital sector);
- the use of atypical employment (least widespread in the school sector).

Table 3 Comparing findings from the three sectors

	Hospital sector	School sector	Eldercare sector
1. Changes to SP organisations and relations	Not major, although '08 conflict and new employers org. Employers' org. not so 'tough' as the other public employers	Major re: relations due to '13 conflict and tougher employers, but no big org. changes	Not major, although employers have become 'tougher'. No big org. changes
2. Reasons for changes	NPM ideologies Economic crisis > budget cuts/austerity policies + changing power relations Structural Reform; demographic development; technological development		
3. Scope and shape of reforms	Extensive NPM reforms, limited outsourcing Overall increased budget, reduced per user	Some NPM reforms, limited outsourcing Overall reduced budget, reduced per user	Extensive NPM reforms, extensive outsourcing Overall reduced budget, reduced per user
4. Role of SP in reforms through	Policy arena: Uneven between org's, greatest for employers' org. and doctors TU CB arena: Important	Policy arena: TU important role until '13, then reduced CB arena: Important, but reduced from '13	Policy arena: Limited for TU CB arena: Important
5. Quantity and quality of jobs	Same number of jobs, but more doctors, fewer support staff Atypical widespread, but mostly long-term part-time and not increasing Work-intensification	Reduced number of jobs Atypical limited, but increasing since '13? Work-intensification since '13?	Reduced number of jobs Atypical widespread, and seems to be increasing Work-intensification
6. Effect on quality of service	Nearly all quality indicators show positive development, but TU says work intensification leads to negative effects on quality	Very controversial issue. Effect of the '13 reform not yet certain, limited negative overall development?	Few studies and few registrations to use, those that exist show stability and limited/no effect of outsourcing on quality of service

Note: SP = social partners. CB = collective bargaining. TU = trade unions. Org = organisation or organisational.

A number of observations can be drawn from this pattern and the sector analyses.

Firstly, although three quite different - in terms of services - parts of the public sector are covered and there are challenges specific to each of the three sectors, challenges and developments are to a large extent the same as described above. Moreover, it is not possible to conclude that any one of the three sectors are facing more challenges from the crisis, reforms and other drivers than the others. That said, however, the eldercare sector has probably changed the most over the 15-year period in terms of organisational structure and work-organisation (due to the widespread use of outsourcing for example). It might also be the sector where the trade union has been least able to influence reforms and has the weakest position in terms of power. The dominant union in the sector - FOA - is basically a general workers union (of employees with no or little formal education) and they have never had the strong occupational identity, organisational capacity and history of (occasional) trade union militancy to use as a resource, as for instance the nurses' and the teachers' trade unions have. However, the presence of these features is no guarantee of influence, as is illustrated by the 2013 industrial conflict and the subsequent school reform.

Secondly, one of the common challenges revealed most clearly in the sector analysis is work intensification. Whereas solid conclusions about the effect of the quality and quantity of employment on the quality of service could not be drawn, there is no doubt that work intensification – and related challenges for the psychological working environment – has become a major issue across all sectors in recent years.

Thirdly, interestingly, a high intensity of NPM reform or a high level of budgetary cuts do not seem to necessarily lead to more conflictual relations. Table 3 and the sector analyses indicate that other factors play a role. One is the level of involvement of social partners, especially the trade unions. Their involvement in NPM reforms (through one of the two arenas or both) in the formulation and implementation of these seems in many cases to prevent conflict. But the power of the trade unions may also play a role, in that more powerful trade unions are able to be more vocal and efficient in their complaints, if they are bypassed, than weaker ones.

Fourthly, although change has taken place there is also a great deal of stability. The reforms, the Great Recession and other drivers have impacted on the public sector, but fundamentally IR institutions are the same and the social partner organisations show a high level of stability over the 15 year period. Likewise, although employment has been reduced in recent years, the job level in 2017 is the same as it was in 2008 and the public sector in terms of resources and employment is still among the largest in Europe when compared to the private sector.

The short-term perspectives for social dialogue in the public sector look conflictual. 2018 is the first year with a collective bargaining round since 2015. The 'trust-crisis' between the social partners in the state sector is still present at the time of writing. Moreover, it seems that the teachers working time will again be a point of conflict during the coming round. Maybe less conflictual will be bargaining regarding the conditions of atypical employees, as KL has signalled that want to further reduce, or totally

eliminate, remaining thresholds. Moreover, the psychological working environment and work intensification also seem to be an important part of the agenda.

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## **Appendix**

### List of interviews

- Marianne Brinch-Fischer, Head of General Collective Agreements, Local Government Denmark (KL).
- Jakob Oluf-Bang, Head of Collective Bargaining Department, FOA.
- Grete Christensen, Secretary General and Helle Warming, Head of Collective Bargaining Department, Danish Nurses Organisation (DSR).
- Ole Lund Jensen, Head of Center for Negotiations and Collective Agreements, Danish Regions.
- Kasper Axel Nielsen, Director, The Union of Specialised Doctors (Foreningen af Speciallæger, FAS).
- Anders Damm-Frydenberg, Consultant, Collective Bargaining Department, FOA.

All interviews were conducted in the period October 2016 – May 2017. The list only includes interviews conducted especially for the BARSOP project. The report includes interview-based findings from other projects as well. It is indicated where this is the case.



# Chapter 3

## Bargaining and social dialogue in the public sector in France: between transformation and stability

Nuria Elena Ramos Martín

### 1. Introduction

#### 1.1 Short presentation of the case study

This chapter deals with the evolution and role of industrial relations in three subsectors of the public sector in France: hospitals, primary education and municipalities. The aim of this study is to answer two closely interrelated questions: How have industrial relations in the public sector evolved? And, what has been the role of industrial relations in shaping the public sector?

When assessing the role of industrial relations in shaping the public sector, our starting point here is that over the past 15 years most governments and international agencies (EU, OECD, and IMF) have promoted profound public sector reforms. These reforms are generally inspired by a combination of New Public Management (NPM) and austerity ideas. NPM theory focuses on privatisation and marketisation of public services, including elements like result-based accountability, quasi-contractual relationships, financial incentives, decentralisation, limits on collective workers' representation, and the replacement of automatic and collective mechanisms of pay increases and career promotion with more discretionary, selective and variable mechanisms. The austerity approach focuses on the goals of restricted public expenditure, reduction of public debt, and limited budget deficits, and is institutionalised in the economic governance of the Economic and Monetary Union (EMU). The government performs several roles in this context. In France, in the case of civil servants, the government has acted both as regulator and employer (Aubry 2014). The employment conditions of public sector workers are laid down by statute rather than contract, which places the government in a sovereign position (Bach and Kessler 2011). Reform plans inspired by New Public Management have sought to alter this model, by introducing more private law contracts, by reorganising administrative departments, and by changing the salary-setting conditions, though without transforming the general economics of the statute (Bezes and Jeannot 2013, Andersen and Madsen 1999).

This chapter deals with how NPM ideas have been translated into reform policies for the public sector in France, and the evolution of industrial relations in that sector. We also examine the austerity policies related to the crisis, its effects and consequences on the number and quality of jobs and services in the public sector. Section 1 provides an overview of the situation of the public sector focussing on public expenditure, employment, share in the total economy, basic organisation of the public sector and its distinctiveness, and main directions of the reforms affecting it. In section 2, a general



overview of public sector industrial relations is provided. In section 3, we explain the evolution of industrial relations and their role in shaping the subsector of primary education. In section 4, our attention turns to industrial relations in hospitals. Section 5 is dedicated to industrial relations in the municipalities, in particular day care services. Finally, in section 6, a comparative analysis is provided, where we summarise the results of our research and the main conclusions regarding the evolution of industrial relations in the public sector in France over the last 15 years.

We take an interdisciplinary approach, incorporating a legal analysis of the developments in labour/administrative law and relevant public policies/reforms and qualitative research based on semi-structured interviews with social partners in France. The research follows a mixed-method approach, using primarily:

- Analyses based on desk research of available literature, legislation, policy documents, reports from national authorities (Ministry of Employment, the Economic, Social and Environmental Council, observatories, etc.), relevant case law, and available texts of collective agreements;
- Analyses based on publicly available labour market data;
- Interviews with representatives from social partners.

## **2. The public sector - an overview**

The State Civil Service (la Fonction publique d'Etat) includes central government departments and their decentralised administration, as well as public administrative institutions. The central government includes:

- The central administration (central ministry departments) and their decentralised departments at a local level (around 2.4 million workers);<sup>1</sup>
- National public institutions with a public service mission, teaching and research establishments belong to this category (around 1.12 million civil servants including all teaching personnel);<sup>2</sup>
- Health service personnel who are under the authority of the Health Service.

Employment in the public service comprises all public sector workers regardless of their types of employment: civil servants, public contract employees on a permanent or a fixed-term contract, employees on subsidised contracts, and temporary workers. From a legal status point of view, the public sector includes two main types of workers:

- Civil servants working for an administrative body in the central government (51% of personnel), local government (30% of personnel) or the health service (19%

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1. Source – INSEE and DREES, <<https://www.insee.fr/en/statistiques/1376010?sommaire=1376034C>>

2. Ibid.

- of personnel). In 2015, the total civil service workforce was 5.4 million, which corresponds to 22% of the total national labour force;<sup>3</sup>
- Public employees working for public companies in which the state is a majority shareholder, e.g. the French National Rail Company (SNCF). In 2015, the total number of employees in public companies was around 750 000.<sup>4</sup>

Table 1 Evolution of employment in the public sector (civil service)

Number of workers on 31/12/2016	2016 (in millions)	Annual evolution (%)	Annual evolution (%)
	Number of contracts	Number of contracts	Number of contracts
<b>Civil Service – State level</b>			
Ministries	1 942.3	1.4	1.4
Public administrative establishments	560.7	-0.3	0.5
<b>Civil Service – Regional level</b>			
Regions and Departments	446	-1.0	-0.7
Communal sector	1 531.2	-0.2	0.0
<b>Health Service</b>			
Hospitals	1 040.7	0.0	0.1
Socio-medical establishments	148.6	2.1	2.5

Source: INSEE, SIASP (Le système d'information sur les agents des services publics).

Two of the examined subsectors, primary education and hospitals, include both administrative bodies and private companies. Primary education includes public primary schools and private teaching establishments, while the health sector includes public healthcare establishments and private hospitals.

One peculiarity of the public sector in France is that it is a highly feminised sector. Women account for one of the highest shares in total employment of all OECD countries and represent over 62.3% of public sector employees in France. In ministries, 57% of workers are women; in the national public institutions (public services) more than 60%. Furthermore, there is a higher than average level of part-time employment for women in the public sector (OECD 2015a). Women are underrepresented in managerial positions. However, attempts to counteract this trend have been made through an agreement negotiated by the social partners in 2013, which included measures aimed at women's career advancement in the public services (EUROSTAT 2015).

All public sector employees benefit from a special status. Since the law of 13 July 1983 (Law on the Rights and Obligations of Civil Servants no. 83-634), the general regulations of the different civil services have been unified, even if there are still specific provisions for each sector (Vicent 2008). Alongside the civil servants, there are state manual

3. Sources – INSEE and DREES, <<https://www.insee.fr/en/statistiques/1376010?sommaire=1376034C>> and DGAFP, 'Fonction publique - Tableau de synthèse 2015' <[https://www.fonction-publique.gouv.fr/files/files/statistiques/rapports\\_annuels/2015/tableau-de-synthese-2015.pdf](https://www.fonction-publique.gouv.fr/files/files/statistiques/rapports_annuels/2015/tableau-de-synthese-2015.pdf)>

4. Ibid.

workers who are public employees and also non-permanent public employees who work for the administration. The general civil service regulations define the rights and obligations of civil servants and state manual workers. Public servants are divided into three categories: A (supervisors and managers), B (middle management and qualified professionals) and C (operational personnel).

Although public employees can be recruited on a contractual basis (16%), they are normally recruited via selection processes. The recruitment processes of public servants always take place through public examinations and the civil servants have the right to career progression. The civil servants' assessment procedure is set out in Decree 682. This assessment is based on performance, as well as professional development prospects. In recent years, the importance of seniority in career advancement has diminished in favour of merit. This performance evaluation procedure is carried out in each ministry, in accordance with the functions of the posts. Moreover, this general assessment and classification system may be adapted by each ministry in agreement with the trade unions (Spanish Ministry of the Presidency 2010).

Remuneration is based on the employee's grade and the rank of their position. The rank is linked to a base remuneration according to the civil servant's position on the salary scale. In addition to grade, rank and position, remuneration consists of compensation for residence, a family supplement and other variable pay components (Allouache 2009; Vigneau and Sobczak 2005). In the last decade, an individualised bonus system, known as the 'function and performance bonus', has been introduced to the public administration pay system, in which remuneration takes account of the civil servant's responsibilities, and another variable component that covers the worker's individual performance, which is evaluated in the periodical individual assessment.

Table 2 Evolution of monthly average salary in the public sector

	Level 2016	Evolution between 2014-2015 (%) In current euro	Evolution between 2015-2016 (%) In current euro
<b>Total for the whole Civil Service</b>			
Gross	2 710	1.0	0.9
Net	2 230	0.6	0.5
<b>State level Civil Service</b>			
Gross	3 060	0.8	0.8
Net	2 510	0.4	0.4
<b>Territorial Civil Service</b>			
Gross	2 300	1.2	0.9
Net	1 900	0.8	0.6
<b>Health Care Service</b>			
Gross	2 740	1.3	1.2
Net	2 260	0.9	0.9

Source: INSEE, SIASP.

## 2.1 The public sector reforms

In this section, we present the main NPM reforms which were implemented in the public administration over the last 15 years. State modernisation policies aim to improve relations between administrations and employees and to make the latter more efficient. To this end, new human resources management methods borrowed from the private sector have spread to the public sector (Bordogna 2003). In the case of France, some of these policies were approved by a governmental Decree of 29th April 2002 but the main relevant NPM reforms were adopted after 2008. Several reforms were approved by the government to improve the quality of public services and reduce the size of the public sector between 2009 and 2011. Additionally, several reforms aimed at modernising and increasing the efficiency of the French Ministries were adopted. These measures were intended to modernise the state's organisation, internal procedures, and human resource management.

During our reference period, several reforms to the public sector wage-setting mechanisms were undertaken. The main reforms were conducted under the 'General Public Policy Review (RGPP)' during President Sarkozy's mandate. Traditionally, wage negotiations in the public sector have revolved around the crucial criterion of 'the value of the index point' (*point d'indice*). For the unions, with an increase in the point value above inflation, state employees got a pay increase; if not, they were losing purchasing power. In 2007, the Ministry of Finance introduced another assessment principle, linked to trends in the total wage bill, the progress of civil servants in their careers, and the trends in the number of jobs (Bezes 2009). Sarkozy's government adopted a reform of public sector wages inspired by New Public Management ideas. The first measure was to stop the indexing of the point value to the retail price index. The point value grew by 2.8% over the period 2008-2011, at a time when inflation was 4.4%, bringing a real terms salary cut of 1.6%. This measure was partially offset by other initiatives. The government introduced an adjustment for employees who did not advance in their career to counterbalance the reduction of wages: this individual living standards guarantee was awarded in 2010 to 56 000 civil servants, at an average of €800 each. In addition, certain sectoral negotiations improved career prospects within some subsectors, through bonuses increases, or overtime payments (especially in education). Furthermore, the method of determining the flexible components of public servants' pay was adjusted. The various bonuses were grouped into the above-mentioned 'function and performance bonus' (Jeannot 2012).

A second reform adopted during Sarkozy's government was a drastic reduction of the number of civil servants through reorganisations and a decrease of the replacement rate of retiring civil servants (by the non-replacement of one in two retiring civil servants). This reduction of public sector jobs was as follows: 75 000 jobs cut in 2008, 45 000 in 2009 (representing 5% of jobs in the public sector over those two years). This led to a fall in personnel costs as a share of the national budget from 43% in 2008 to 36.5% in 2010.

Other important measures affecting the working conditions of state employees implemented during Sarkozy's government were the pension policy and sickness

pay reforms, which partially brought civil servants into line with the less favourable conditions in the private sector. An austerity measure affecting workers in the public sector has been the increase in the statutory retirement age from 60 to 62 ('Réforme des retraites' in 2010) and the elimination of the phasing out model of retirement (gradual reduction of working hours with a corresponding reduction in wages) through the elimination of the 'dispositif d'accompagnement'. This reform has been strongly criticised by the unions, as it eradicates some flexible retirement options.

Also during Sarkozy's administration, in line with the reorganisations associated with the RGPP, several public sector downsizing measures were introduced. In particular, the policy of 'organisational merger' took the form of multiple unifications of central government administrations, of ministerial divisions at the regional level and of inter-ministerial divisions at the departmental level. This reform of ministerial units at the regional level was characterised by the desire to merge organisations in order to increase co-operation between them, and by the strengthening of the prefects' co-ordinating powers (Bezes and Jeannot 2013).

In 2008, a significant jointly negotiated reform of the social dialogue system in the public sector occurred. For many years, trade unions representing public sector workers did not officially have the legal competence to initiate collective bargaining over issues except for salaries. In reality, the practice of bargaining over several working terms and conditions had expanded over the previous decades. During negotiations, the government is represented by the Ministry for the Civil Service (central government civil service), the Ministry for Health (hospital civil service) and the Ministry for Local Authorities (local government civil service). Employee representatives would come from the eight major trade unions. Subjects discussed included terms and conditions of employment, health and safety, and remuneration, etc. Nevertheless, the government had the prerogative to act unilaterally in the eventuality of any failure to reach agreement. This changed in 2008 with the Bercy agreement, which included a framework for social dialogue reform. This agreement was meant to strengthen collective bargaining and social dialogue between civil service branches and ministries, underpin the legitimacy of technical committees and advisory bodies, and reinforce the rights and means of trade unions (the content of this agreement is discussed in section 2.1).

A change in the orientation of the NPM reforms could be observed after the Hollande socialist government took office in 2012. The term 'General Public Policy Review' was dropped. Most importantly, the target of drastically reducing the number of civil servants was abandoned and even reversed in the sub-sector of education, where new jobs were created. Additionally, following the 2012 Public Service Pact, further reforms were ratified, including measures dealing with individualised remuneration, job mobility, evaluation, training and diversity.

Successive French governments during this period have embraced the NPM reform model cautiously, preserving several features typical of its administrative tradition, starting with the specific legal status of the employment of civil servants; a model sometimes referred to as neo-Weberian (Bordogna and Neri 2010). In spite of the

individualisation of personnel management, specific regulations still govern the foundations of the civil servants' employment relationship.

The majority of the unions have opposed the changes introduced by the New Public Management inspired reforms but have struggled to get civil servants to take action against the reforms. Nevertheless, some relevant public sector collective actions were organised during the period to protest against the effects of NPM reforms (with limited success on achieving their collective demands):

- A major public sector strike was organised by the main trade union confederations in May 2014 to demand better pay for state employees. Tens of thousands of public sector workers joined that strike to demand higher wages and an end to austerity. The strike took place in schools, hospitals, airports, city transport, police stations and government buildings around the country. Despite the high turnout, the government representatives' reaction was to refuse the wage increase until there was clear economic growth;
- A wave of strikes across several subsectors of the public sector went nationwide in January and February 2016. Civil servants, hospital workers, and teachers joined the strike. Public sector workers were protesting against reforms adopted in 2016 affecting pay and career advancement. During that period nursery school and primary school teachers also went on strike demanding higher wages.

## 2.2 Industrial Relations in the public sector: distinctive features

Traditionally, France is characterised by a rather strong presence of trade unions at the national and sectoral levels, but with little presence on the shop floor (Caroli and Gautié 2008; Ramos and Bennaars 2017). The French trade union model is not one of mass trade union militancy (Brunhes 2008). Bearing in mind the peculiarities of the industrial relations actors, in the public sector in France there is a comparatively high percentage of trade union membership: 15% average (compared with 8% of workers in the private sector). That percentage rises to 25% in the education and healthcare sectors. Nevertheless, as in the private sector, trade unionism in the civil service is characterised by the existence of many different organisations (diversified and fragmented representation).

Collective rights for civil servants have been specifically regulated in France. The right of association and the right to strike have been fully recognised since 1946, except for members of the armed forces and judges. The main original feature of the regulations is that employee representatives participate in individual career management through administrative committees and in the organisation of services through consultative committees.

In public companies, the legal status of the staff is highly variable, ranging from a status very close to that of a civil servant, to that of public employees, which in terms of collective labour rights entitlement is close to that of private sector workers.

In 1983, the law recognised the civil servants' trade unions' competence to carry out wage bargaining at the national level with the government. Since then, annual salary negotiations have taken place between the Civil Service Minister and the civil service trade unions, the French Democratic Confederation of Labour, (CFDT), the French Confederation of Professional and Managerial Staff (CGC), the General Confederation of Labour (CGT), the French Christian Workers' Confederation (CFTC), the General Confederation of Labour – Force Ouvrière (CGT-FO), the Unitary Union Federation (FSU) and the National Federation of Independent Unions (UNSA).

Collective bargaining is centralised at a national level and includes salary increases within the limits set out in the budget by the Ministry for Finance. Until 2010, collective bargaining focused mainly on salary issues and dealt with the specific pay structure for civil servants. As explained before, civil service pay has two components: an indexed salary and individual bonuses which are determined by grade. These bonuses on average represent 17% of civil servants' salaries.

Until recently there was officially no collective bargaining (except for salary issues) in the public sector but only consultations between the ministries and the trade unions. That situation changed with the 2008 Bercy agreement which established the right to collective bargaining for the whole public sector (at all levels and concerning all labour issues). The Bercy agreement was signed by the CFDT, the CGT, the FSU and the UNSA, (whose leading position was reinforced by the new rules on representation), but was rejected by Force Ouvrière.

The 2008 Bercy agreement was implemented by the 5 July 2010 Law on the Renewal of Social Dialogue (no. 2010-751). This legislation clearly expands the scope of collective bargaining in the public sector (Montecler 2010). The detailed rules applying this legislation are set out in the 22 June 2011 circular on civil service negotiation. The main aim of the 2010 reform is to change two of the traditional features of social dialogue in administration: the unilateral character of the decisions of government as an employer, and the focus on the discussion of individual cases (Jeannot 2012). The 2010 Law on the Renewal of Social Dialogue reformed industrial relations in many aspects:

- It reinforced the legitimacy of union representation: by making it possible for any workers' organisation to be represented, which was not previously the case, and by broadening the electoral base to non-tenured civil servants, and creating a single election timetable;
- It established minimum rules of representativeness for a collective agreement to be valid, setting the minimum threshold of votes that the signing unions should have attracted in the last union elections at 50%;
- It drops the administration's obligation to have the same number of representatives as the unions on all social dialogue bodies;
- It modernised and harmonised the social dialogue structures, with the creation of a combined higher council of the civil service in addition to the higher councils

of each national public service, the strengthening of the legitimacy and role of the technical committees responsible for matters of organisation, and the extension of the remit of the health and safety committees to other working conditions. The purpose of these changes is to counterbalance the previously central role of the joint administrative committees, with their focus on individual decisions about job mobility and promotion, in favour of collective discussion bodies like the technical committees. Indeed, since the 2010 law came into effect, the level of representation of the different unions is based on elections to these technical committees;

- It has also changed the rules on the involvement of workers' representatives on joint administrative committees (Commissions Administratives Paritaires, CAP). The CAPs are the basic institution of public sector employment relations. In 2010, the structure and functions of these advisory commissions were reformed. CAPs are consulted on individual elements of employment relations (recruitment, rating, assignment, promotion, and disciplinary action). Since the early 2000s, the CAPs have been decentralised in some services. Trade unions have used these employee representative bodies to provide visibility and legitimacy for their actions. In many state departments, CAPs stick to an advisory and informing role. In other departments, as in the case of the Ministry of Education, CAPs are a real instrument for union involvement in the drafting of statutory rules and internal labour market management. There unions have imposed a genuine co-determination of collective criteria for employees' individual career management (Tallard and Vincent 2009). In the education sector unions have built their strength and ability to protest based on their links to the shop floor through the CAPs (Vincent 2016).

Apart from the CAPs in France there are other consultation bodies dealing with departmental organisation. These are called the Technical Committees (Comités Techniques, CT). The CTs are consulted on organisational changes (budgetary rules, staffing trends etc.) and on the collective elements of working conditions. They are set up at all levels of administrative structures with, at the top, a council for every public service. In the past, their members used to play a rather formal role in the administrative hierarchy. In order to revitalise this institution, their functioning was reformed in 2010 to make it more akin to that of works councils (comités d'entreprise) in the private sector (Vincent 2016). Therefore, the influence of the unions can be measured more in terms of the representation of union officials on joint administrative committees than by union membership (Larose 2008).

Within the trade union movement, we can observe differences in representation levels and attitudes to the NPM reforms undertaken by the French government. The CGT, which has recently distinguished itself by its collaborative attitude to these reforms, is the leading union for the civil service in general (23.5%), with an especially strong presence in local government bargaining structures. The CFDT (Confédération Française Démocratique du Travail) and FO (Force Ouvrière) unions have similar levels of representation (respectively 16.8% and 17.6% for the civil service as a whole, uniformly spread across the three areas: central, local and hospital). The FSU is the



largest union in the education sector and it has significant influence in the public service as a whole (11.6%). The new radical union, SUD, is gradually gaining representational density (9.6%) and has been more critical towards NPM reforms (Vicent 2016).

Regarding the other side of the bargaining table, the public sector is unique because the state is the employer and workers' wages are financed by public money. Moreover, employees are providing public services and performing public tasks, which makes the sector highly subjected to public scrutiny and influenced by politics. The government is represented at the bargaining table by the civil service Minister. Technical support is provided by the DGAFP (General Directorate for Administration and Civil Service), which reports to the Prime Minister. Centralised bargaining takes place every year at the national level for all ministries and each ministry has a personnel operations division which consults employee representatives.

In the public sector there is also broad collective agreement coverage due to the extension of collective agreements to the whole sector/s (Ramos Martín and Visser 2011, Hayter and Gammarano 2015). Besides this, there is a high level of industrial conflict (1 million strike days for government ministries in 2010).<sup>5</sup>

### 2.3 The role of the crisis

During the global financial crisis of 2008 and 2009 and the sovereign debt crisis in 2011, on average, GDP declined slightly more across the rest of the eurozone than in France. In 2009, output suddenly stalled in France as well as in most European countries, but companies reduced employment more slowly than during previous recessions.<sup>6</sup> While having been hit sooner by the economic crisis than most of the eurozone countries, France was more efficient in limiting the output decline in 2010, and again in 2012 and 2013.

The French labour market weathered the initial impact of the crisis relatively well compared with other EU neighbour countries. However, employment in the French public sector has shrunk (shedding 40 000 jobs between 2000 and 2009.) Until the 1990s, France was among Europe's leading economies in per capita GDP, but has begun to lag behind other European economies. By 2010 the country had dropped to 11th out of the EU-15. The main drivers of that change have been the low participation of seniors and young people in the labour force, as well as relatively high unemployment rates (Coquet 2015).

On the one hand, France faces strong demands for highly skilled workers. On the other hand, workers with low levels of educational attainment (estimated at more than 2 million) might be unable to find jobs by 2020 (Labaye, Roxburgh, Magnin

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5. Source: DGAFP, 'L'emploi dans la fonction publique au 31 décembre 2011 (premiers résultats)', <https://www.fonction-publique.gouv.fr/emploi-dans-la-fonction-publique-au-31-decembre-2016-premiers-resultats>

6. INSEE, January 2016, <http://www.insee.fr/fr/themes/info-rapide.asp?id=14>, accessed on 1.12.2016

and Mischke, 2012). While the unemployment rate of highly skilled employees is very low, the average unemployment rate at the end of 2015 was 10% of the workforce in metropolitan France.<sup>7</sup>

As regards the impact of the economic crisis, France's policy management during the crisis is widely recognised for its efficiency in cushioning the main effects of the crisis, both on output and the labour market. Indeed, France benefited from powerful automatic stabilisers (in particular, the Unemployment Insurance and poverty allowances, RSA). As a consequence, France has experienced only a moderate decline in output despite negative fiscal impulses and tight fiscal austerity during the examined period (Coquet 2015).

According to the OECD report 'Economic Surveys France 2015', France was expected to have a slow economic growth of 1.6% in 2016 (OECD 2015b). Despite the poor economic forecast, levels of well-being in France remain high, with relatively low inequality. The country's major weaknesses, identified by the OECD, are the rigidity of its labour market and the high labour market duality. Following a similar argument to the OECD, several advisory reports also recommended structural reforms refounding social law, including a transformation of the role of social partners (Barthélémy and Cette 2014).

In France, public finances remain under pressure with high government expenditure; government expenditure and revenues in France are the fourth highest among OECD countries (57.3% and 53.3% of GDP respectively - 2014) (OECD 2015c). In the public sector, since the beginning of the economic crisis in 2008, the French administration has taken specific measures to reduce public payrolls, including freezing the replacement scheme, affecting 30 400 civil servants (Bach 2014). Therefore, employment in public administration was lower in 2014 than in 2008. Across the public sector as a whole, a downward trend has been observed since 2007. Between 2006 and 2011, State Civil Service (FPE – Fonction Publique d'État) staffing decreased by 16.5%. Shifts in FPE employment result from two types of adjustment: net job losses per se, owing to non-replacement of departing staff, and staffing cuts from the redeployment of people to other public service branches, mainly local authorities in recent years. Between 2006 and 2011, ministries downsized staffing by 5.3% in total.

It is perceived on the union side that the relation with the employers' organisations in the public sector has deteriorated over the last decade. Union representatives perceived that management negotiators have used the economic crises as an excuse to achieve as much flexibility as possible. According to the unions, negotiation processes have become more conflictual, and they consider the social dialogue to be more difficult and time consuming (Combrexelle 2015).

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7. INSEE, January 2016, op. cit.

### 3. Primary education

#### 3.1 Introduction to the sector

With more than a million workers, the Ministry of Education is the largest public employer. In France, education services are provided by public institutions but also by private ones. The vast majority are partly financed by public funds. Private primary education, mainly religious-based private education, comprises around 30% of pupils and students and many of the schools received public funding through contracts with the Ministry of Education. Public funding to private schools is used to pay teachers who, therefore, can be considered public employees. There are 840 000 teachers in primary and secondary education, of which just over 700 000 teach in state-run schools, representing 35% of the entire state workforce.

Teachers are overwhelmingly members of the union federation FSU - Fédération Syndicale Unitaire Autonome (11.6%). However, the new more radical union, SUD, is gradually gaining ground (9.6%). For the relationship between social partners in the educational sector in France two periods have been identified:

- The Sarkozy administration (2008-2012): During this period, the right-wing political orientation of the administrative restructuring created a climate of unanimity among the main trade unions at the sectoral level against the reforms with a downsizing tendency. Smaller trade unions became less important in terms of political influence and bargaining power;
- In the second period, under the Hollande administration (2012-2016), a trend towards fragmentation in the trade union movement could be observed. There was a division between the major trade unions (FSU and Union Nationale des Syndicats Autonomes - UNSA), which were more aligned with government policies in the educational sector, versus the CGT and Force Ouvrière, which were in clear opposition to the government measures for the sector. Small trade unions have grown in importance again since 2012. Since then, they have been consulted often; their position was more frequently taken into consideration, and they called more often for collective action.

#### 3.2 The social partners' role in transforming industrial relations

In the education sector, a trend towards de-unionisation and changes in power balances can be observed over the last 15 years. The level of unionisation in education over the last few decade(s) has been diminishing. For instance, the major trade union in this area (the FSU) is in decline in terms of membership and political influence. That decline has reinforced the position of other unions: Force Ouvrière, (a trade union which is traditionally more radical/left-wing) and the SNALC (a right-wing oriented education trade union). Other federations present in the sector are: the National Federation of Independent Unions (UNSA), the French Democratic Confederation of Labour (CFDT), the General Confederation of Labour (CGT), and the Independent National Education

Federation (FAEN). Finally, the Confederation of Professional and Managerial Staff (CFE-CGC) and the French Christian Workers' Confederation (CFTC) are extremely marginal unions in this sub-sector.

Regarding the strategies and aims of the social partners in the primary education sector, the following trends can be observed in the examined period:

- Successive governments were mainly concerned with communicating to the public that the state of educational services was stable despite the 'structural reforms' undertaken to reform the public sector. Furthermore, the management of public administration and public offices has adopted the discourse of New Public Management goals and adaptation strategies, such as: the public sector has to change and modernise, adapting itself to new social needs and aiming to be a service-provider to its clients, optimising services, and sharing best practices;
- In general terms, the trade unions have been quite reluctant to accept the NPM reforms. They have opposed many of those reforms by criticising their negative effects on the quality of public education systems;
- A transformation in the philosophy of the unions can also be observed. Union representatives in the sector considered that formerly, union members joined the union with idealistic ideas, such fighting for collective labour rights, and they often stayed in the union until retiring. Nowadays, workers join mainly for more pragmatic reasons, e.g. seeking expert assistance on legal matters. That evolution has led to the role of the union transforming from a quasi-political vision with a core function of defending 'collective rights and values' to a system of unions focused on supporting members in HR matters and providing legal advice;
- Among the peculiarities of the sector is that recently other important actors have entered the landscape of social dialogue, such as parents' associations, which are increasingly important as they are organising, and the minister increasingly listens to their views and ideas for reforming the educational system. The main parents' and students' organisations playing an increasingly important role in industrial relations in the sector are: the Federation of Students' Parents Councils (Fédération des Conseils de Parents d'Élèves des Écoles Publiques, FCPE), the Independent and Democratic College Federation (Fédération Indépendante et Démocratique Lycéenne, FIDL), the National College Union (Union Nationale Lycéenne, UNL) and the French National Union of Students (Union Nationale des Étudiants de France, UNEF). These associations play an active role in various ministerial consultative bodies, such as the Higher Education Council (Conseil Supérieur de l'Éducation, CSE), and they are also represented on the joint technical committees at various levels across the country.

### 3.3 Reforms and the role of social partners

In the public sector, there has been transformation in management and HR policies, moving towards the logic of the private sector. In this way the Health and Safety committees (Comité d'hygiène, de sécurité et des conditions de travail), established in the education sector since 2013, are meant to deal with cases such as burnout, or work-related stress but the existing management structures are ill-prepared to cope with these issues.

The shift to a private sector logic (following the New Public Management discourse) entailed handing increased power to the heads of the establishments (directorates etc.). The principals can make decisions about variable pay components (bonuses employees receive). This has increased work pressures for employees, especially unionised employees, by eliminating their expense allowances (*'l'indemnité pour mission particulière'*).

A main change in social dialogue in the last 15 years is that trade union representatives are more frequently invited and consulted than a decade ago. Also, a greater willingness to modernise the social dialogue is noticeable. Since the Bercy agreement, the bigger trade unions have seen an increase in their resources, to the detriment of middle-sized and smaller unions.

In the primary education sector, under the banner of modernisation of the educational system, the Law on School Reform (*'La loi de refondation de l'école'*) was adopted. This new legislation reforms a decree from 1950 on the duties, obligations, and legal status of teachers. New duties/obligations for the teachers were introduced formally, which previously were part of the job but without formal recognition. The new duties were not accompanied by an increase in salary.

The unions were divided on their position on this new legislation; while UNSA members were in favour of the new decree, the FSU was divided (during the national congress on education organised by the FSU with all the trade unions belonging to that federation, the heads of the unions took a neutral position and the rank and file of the unions were opposed to it). The stagnation of teachers' salaries from 2010 to 2017 was accompanied by an increase in teaching hours, due to the extra duties on top of regular teaching. Hence, there were divisions within and between the unions of the federation and the teachers on the ground concerning how to oppose these measures.

Between 2012 and 2015, the new political landscape had noticeable effects on the functioning of public services, particularly national education. The school reform was introduced: while school teachers' salaries improved slightly, the reform was ideologically imposed against the advice of the majority of trade unions in primary education. The despair of the workforce was manifest and resulted in a 'crisis of trust'. According to union representatives, the teachers were confronted with a 'pseudo social dialogue' intended to give the appearance that the measures were jointly adopted, when in fact they were unilaterally imposed.

During this period, there were several educational reforms which affected the working conditions of teachers and job quality in the sector. The position of unions towards these reforms can be described in general terms as collaborative but they have criticised some of the reforms' effects, in particular when dealing with increasing unpaid overtime and additional administrative tasks. In August of 2012, the main unions in the education sector were consulted on the educational reform. Trade unions were able to put forward their demands and suggestions in a large-scale consultation process. The unions' demands focused on continuous training of teachers and the reform of the staff evaluation process to be geared more towards improving teaching quality. The teachers' unions also identified a need for teachers, management, support staff, and parents to work together better. When the education reform was finally adopted in November 2012, it received a mixed response from the unions. Following the reform, in the 2013 school year, there was a return to four and a half days of classes in primary schools, the introduction of new teacher training, and the launch of a digitalisation project called e-Education, among other measures. While most of the reform's measures were welcomed by teachers' representatives, the unions were determined that the negotiating round due to begin after the first assessment by the National Education Minister would ensure there would be no unilateral measures taken by the administration against the interests of school teachers.

The following reform of compulsory education in 2015 called 'Refonder l'éducation prioritaire' aimed at combating youth unemployment. The focus of the reform was on combining vocational training with the educational curriculum to make it easier for young people to enter the labour market and for employers to recruit skilled students. This reform came into effect on 1 September 2016. It comprised 14 measures and included new subjects such as 'sustainable development' or 'citizenship' within the compulsory educational modules. This reform of the education system sparked strikes of teachers throughout 2015. Teachers claimed that additional subjects in the new programme would mean extra working time and, also, that they had not received training to teach them. Therefore, extracurricular teaching has been the focus of disputes between the Ministry of Education and the main trade unions in the sector. The Ministry's argument for the reform is that autonomy of the schools will be increased to the benefit of pupils. The unions have complained that the effect of reforming the educational system has involved unpaid working hours not calculated as additional teaching.

In terms of the collective actions which have taken place during the period under study, several actions were organised by the main trade union federations in the public sector. For instance, in January 2008, widespread strikes and demonstrations took place in the public sector. In a joint action, public sector federations (CGT - FO - FSU - CFDT - CFTC - UNSA - Solidaires) organised nationwide strikes and demonstrations expressing their dissatisfaction over wages and conditions in the public sector. The actions continued in May 2008, when the main unions joined in demonstrations and strikes against the government's proposals to reform public services, the so-called RGPP - Révision Générale des Politiques Publiques (General Revision of Public Sector Policies). The unions were protesting against the job cuts of around 35 000 public positions per year planned by the government, and the widespread privatisation and deterioration of the quality of education. Unions reported that at least 60% of all French teachers went on

strike. The protest against the reform of the education sector continued in November 2009 when teachers went on strike to protest the Sarkozy government's reforms of public sector institutions. According to the SNES-FSU union, 40% of secondary school teachers took part in the strike over job reductions and school reforms. Teachers' unions also rejected the measures which included new training standards and steadily reducing the number of teachers (by replacing only half the public servants who retire in the sector). After a total of 65 000 education posts had been cut from 2007 to 2011, in September 2011 public and private education unions organised a new nationwide strike to protest against the budget cuts in the sector. According to the Ministry for the Interior, 110 000 teachers went on strike, while the estimate of the FSU and UNSA-Education unions was 165 000 participants. This strike was also supported by 'new actors' in industrial relations, such as associations of students and parents, which also joined the strike.

### 3.4 The effect of reforms on public employees' working conditions and quality of services

The low salaries paid in the sector have led to problems with the recruitment of teachers, especially in the outskirts (*banlieues*) of Paris. According to the unions, massive job cuts and freezing of salaries have instigated a severe crisis of recruitment. Also, the deterioration of employment conditions has raised the number of employees suffering from burnout in the public sector. This opinion is confirmed by the results of the UNSA Barometer, a survey with 21 200 respondents among professionals working in education. 82% of the respondents complain that their remuneration does not reflect their qualifications and 59% cite dwindling purchasing power as problematic. Other points highlighted by the survey's respondents were the lack of career development opportunities (45%) and the high workload (40%).<sup>8</sup>

A concrete example of the effect of the crisis was that, during the Sarkozy government from 2007 to 2013, 100 000 jobs in the national education system were eliminated by not hiring new teachers to replace those retiring. Even when the Hollande government partially reversed this measure by creating 60 000 new jobs in national education, this sector still faces staff shortages. According to the trade unions, this has an adverse effect on the quality of the public educational system. The elimination of jobs has produced the following adverse consequences: increase of class sizes from 27 to 30/32 students per class along with school closures and relocation of students to other schools. Despite the negative perception of these trends by the trade unions, the last available comparative data (OECD PISA indicator 2015) does not seem to reflect a relevant decrease in the overall quality of primary education in France. France with a score of 495 points is, along with Austria, the United States and Sweden, around the average of OECD countries (493 points), behind Germany and ahead of Italy. This performance from French students has been stable since 2006. In addition, the proportion of successful students (level 4 of proficiency) represents more than 21%

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8. UNSA Barometer at <http://extranet.unsa-education.com/Docs>

of students, which is higher than the OECD average of 19%. The only negative trend, compared to the 2006 results, is the proportion of students in difficulty which has been slightly increasing: 21% in 2006 against 22% in 2015 (OECD 2015c).

Therefore, we cannot infer that there has been a clear deterioration of the quality of services in this sector. The only clear conclusion based on the available data is that, between 2008 and 2013, public spending on education increased at a slower rate than total state spending. However, at the end of that period the proportion of GDP allocated to public expenditure on educational institutions was still slightly above the average for OECD countries (OECD 2016).

A relevant effect of the budget cuts on the quality of jobs in the sector (from the point of view of job security and stability of employment) is the increase of contractual work in primary education. In this sector, there has been an explosion of contract workers (with no teaching diploma and earning a lower salary) from less than 5% to 10-15% of all teachers. Salaries have also been adversely affected by budgetary reductions in the sector. The workers in the sector receive a relatively low level of pay. Even though France is one of the wealthier OECD countries, teachers' pay is below the 'EU22' average. Another recurring pay-related controversy is the dissatisfaction with pay inequalities – not only between different groups of employees within the education sector, but also compared with other areas of the public sector. OECD data shows that pay gaps are generally more pronounced over the course of a teacher's career than across education levels. The statutory pay of a teacher at the top of their scale is, on average, 60% higher than the salary of a new teacher. At the same time, statutory pay is only 10% higher for teachers in the upper secondary level, than for those working at the primary school level. Pay inequalities over the career path are of particular concern in France, whereas inequalities between the levels are below the European average. However, in France, the salaries of primary teachers remain unattractive compared to the salaries of other working adults with a similar higher education degrees (OECD 2016).

Another detrimental effect of the austerity measures for workers in the primary school sector has been the increase in the statutory retirement age from 60 to 62 ('Réforme des retraites' in 2010). This elimination of the flexible retirement model (gradual reduction of working hours with a corresponding reduction in wages) is quite negatively perceived by the unions in the education sector.

Finally, the negative effects of the decentralising measures have also been pointed out during the research. In particular, the effects of the Decentralisation Law (Loi de la Décentralization) which has moved technical personnel (cleaning, services etc.) from the national public sector to the territorial/regional level, have created problems in the hierarchies and management structures that were not fully prepared for that process.



## 4. Hospitals

### 4.1 Introduction

In France, the hospital sector is a hybrid sector. There is a blurred border between the private and public part of the health sector due to several government reforms, in particular the reform on the outsourcing of care services to private clinics that contribute to public health and services provision (*'participant au service public hospitalier'*, PSPH) and to the reform of hospital funding which brought the public sector closer to the private sector, establishing remuneration levels according to activity (T2A).

The public hospital service (*Fonction publique hospitalière*) includes public health and medical-social institutions and employs around 1.1 million employees (EUROFOUND 2011). Healthcare is provided in establishments of three types: state-owned, non-profit private, and for-profit private. The public sector encompasses nearly 65% of hospital capacity. Healthcare workers account for two-thirds of the workforce of public hospital services: doctors, nurses, and rehabilitation services staff.

### 4.2 Industrial relations in the health care sector

Concerning the characteristics of the social partners, there are various trade unions operating in the healthcare sector, namely:

- The Health and Social Workers Federation (FSS CFDT), affiliated to the French Democratic Federation of Labour (CFDT). It takes part in collective bargaining both in the public and private sectors;
- The Health and Social Services Federation (FSAS-CGT), affiliated to the General Confederation of Labour (CGT). It is a main union in both public and private health and social service sectors;
- The Public Services and Health Services Workers' Federation (FO Santé), affiliated to the General Confederation of Labour – Force Ouvrière (CGT – Force Ouvrière). It is a main trade union in the health sector and has members in local authorities, as well as in public and private health sectors;
- The Health and Social Services Workers' Federation (Fédération CFTC Santé et Sociaux) is affiliated to the French Christian Workers Confederation (CFTC). It has members from both public and private health sectors and participates in collective bargaining at both levels;
- The National Health and Social Service Workers' Federation (Fédération Nationale SUD Santé Sociaux), affiliated to the Independent Union – Solidarity, Unity, Democracy (SUD). It is the smallest union in the sector and takes part only in collective bargaining in the public sector (EUROFOUND 2011).

In the private hospital sector the main unions are:

- The Union of Federations and National Associations of Non-Profit Employers in the Health, Socio-Medical and Social Sector (UNIFED);

- The Federation of Private Hospitals and Assistance in the Non-Profit Sector (FEHAP); and
- The Federation of Private Hospitalisation (FHP).

Regarding the structure of employers' organisations in the healthcare sector, there are different employers' organisations for the private sector and the public sector:

In the public sector, the Hospital Federation of France (FHF) covers all public health establishments in the sector. It represents employers (hospitals) in several tripartite bodies such as the Hospital Civil Service Higher Council (CSFPH) and the National Committee on Health and Social Services Organisation (CNOSS). It also participates in the National Association for Permanent Hospital Staff (ANFH), an equal representation body in charge of occupational training in the public health sector.

In the last decade, new industrial relations actors such as associations of some particular groups of healthcare workers and other stakeholders have been becoming more active. In 2010, a law established a professional association for nurses in France. Not all constituents are satisfied with this development. In fact, some nurses' unions have criticised the fact that they must pay fees to this association and they call into question the representativeness of this newly created organisation.

One interesting new governmental initiative with an impact on the evolution of industrial relations in the sector was the establishment of the National Health Conference (Conférence Nationale de Santé, CNS) in 2006. This body was established as a forum for health matters and it is consulted by the government about public health objectives and improvements to the healthcare system. The conference is composed of representatives of the social partners, and organisations representing healthcare users are also involved in the consultations.

Concerning the specific regulation of collective workers' rights in the sector, healthcare workers in France have in principle the right to strike. However, there are specific rules framing this right due to the fact that they operate in a sensitive public service and minimum services need to be respected during collective action. These specific rules differ according to the legal status of the care establishments. If the workers operate in a public establishment or a private one providing public health services (PSPH), only a representative union can call for a strike and a five-day advance notice is necessary. In order to maintain a minimum service, the employer can designate specific workers who must stay at work. These restrictions to the right to strike must follow a 'minimum service rationale' which means that the right to strike is counteracted by an extensive abusive use of that rule by the administrative authorities (DGAFP 2016). There are disciplinary sanctions if the assigned workers do not go to work. In private establishments not operating as PSPH, all workers' representatives can call for a strike, no advance notice is required, and the employer has no right to assign workers to cover the minimum services.

With regards to the right of collective bargaining, until recently there was only collective bargaining at a national level on wages between the Minister of Health and Sport

and the trade unions in the public sector. However, the abovementioned 2008 Bercy agreement extended the scope for collective bargaining to other working conditions and labour related matters. Since then, several agreements between the social partners have been reached about training, working conditions and health and security in the workplace.

In 2010, new legislation extending collective bargaining in the public health sector (developing the Bercy agreement) was passed. This 2010 law on the development of social dialogue in the public health service aims at modernising social dialogue in this sector. During the period under study the main collective agreements in the public health sector were:

- The 2006 agreement on social dialogue development, training, working conditions improvement, and care workers' status, signed by the government and CFDT, UNSA, FO, CFE-CGC, CFTC. This agreement aims to improve social dialogue through the modernisation of social dialogue bodies, increasing health workers' training opportunities, the implementation of local contracts for the improvement of working conditions (*contrats locaux d'amélioration des conditions de travail*, CLACT) and prevention of health risks, and modernising health workers' status;
- The 2009 agreement related to health and safety in the workplace in the public services, including public health services (signatory parties: government and CFTC, FHF, FO, CGC, CFDT, CSFPT, and UNSA). This agreement deals with occupational risk prevention tools, specific attention as regards psychosocial risks, and work health damages;
- The 2010 agreement, changing the recognition of the nurses' diploma is part of a wider project modernising public care workers' status (signatory parties: government and FO, UNSA, SNCH, CFTC, FFASS CFE-CGC.) This agreement has upgraded the nurses' diploma and that has had a positive effect on wage increases. Nurses have been asking for an enhancement of their diploma and status for years. Nevertheless, this agreement has been criticised by several unions (which did not sign it) due to the consequences of this reform for nurses' pension rights because it extends the legal number of working years before retirement.

### 4.3 Reforms and the role of social partners

In the reference period of our study, there have been several national strikes in the health sector, as a reaction to the reorganisations of working time and standardisation of nursing procedures, the reform of the retirement system for public servants, the creation of a nurses' occupational organisation, the change in the recognition of the nursing diploma and changes affecting their pension rights. Some problems with exercising this collective right have been reported due to the minimum service rules, especially in the case of nurses. Due to the persistent shortage of care workers, often most of the workers in a health unit are designated as minimum service providers during collective action.

As a reaction to the negative impact of the austerity plans implemented during the economic crisis, the unions organised several collective actions. In 2015, trade unions called all employees in the hospital sector out on strike several times. Many trade unions in the healthcare sector converged in their criticism of the plans to reorganise working hours (*réduction du temps de travail*). The reorganisations (*à la lean management*) were aimed at transforming public hospitals into an enterprise through the rationalisation of patient flows and through the standardisation of nursing procedures (through the so-called ‘Plan Hirsch’ - named after the director of the AP-HP). This plan involved budget cuts of a range of €20-30 million. Finally, this new organisation of work came into effect in September 2016 and introduced greater flexibility in the planning of the workers’ shifts in an attempt to adjust working hours to the peak hours of activity in the hospitals.

In November 2016, CFE-CGC once again called workers out on strike to protest again. The targets were still the reforms envisaged by the directorate such as lean management style and a change in the organisation of working hours. Hospital staff joined forces to protest against the worsening of their working conditions. These include a lack of investment in the sector, staff shortages, and being overworked. Also, the unions were clearly opposing the new 2016 law for the modernisation of the French health system. The new plan was intended to set up a new mode of co-operation between public health institutions on a territorial scale, the GHT, ‘Groupements Hospitaliers de Territoire’ (hospital grouping per territory). The employers defended the plan, claiming that its aim was to provide better care by increasing co-operation between public hospitals around medical projects. However, the CGT criticised the decree for being a second wave of rationalisation of the healthcare system along the lines of an economic and budgetary logic.

#### 4.4 The effect of reforms on public employees' working conditions and quality of services

The main challenges reported by the social partners in the sector are the growing demand for care services stemming from the ageing population, the budgetary constraints affecting the sector in the last decade, and the shortage of a skilled workforce. Unions representatives report a deterioration of working conditions in the studied period due to higher workloads, growing stress, and overtime. All these factors are claimed to have a negative impact on the quality of healthcare services. All this occurred in the context of the government’s plan which reduced its budget by some €3.5 billion.

The main negative effects of the crisis are that employees in the hospital sector have seen an 8% loss of their purchasing power since 2010 due to the stagnation of wages. This downward trend has been only partially counteracted by a general wage raise of 1.2% agreed in 2016. This raise complemented the PPCR reform (professional career and remuneration), which became effective on January 2016. The PPCR reform made possible the integration of part of the bonuses into the basic salary, thereby allowing it to count toward pensions. Moreover, it included a wage rise for nurses until 2019.

However, according to the latest official figures, the average net monthly salary in the public hospital sector is slightly lower than that of the private sector.<sup>9</sup>

According to the unions in the sector, the French healthcare system is facing a serious shortage of workers and an increase in demand due to an ageing population. This problem is particularly worrying for nurses due to the ageing of the staff. The CGT has expressed this concern in several letters to the ministry regarding wages, working hours, training, quality of working conditions and work-life balance, and demands improved training and recruitment policies in order to create jobs in the public sector. According to the union, job creation is the only solution to improve job quality and care quality in the sector and to solve the problem of overtime and increasing workloads. Improvement in working conditions and wage increases are considered both by unions and policy-makers as the only solution to solve the current recruitment and staff retention problems. According to both social partners, another crucial tool to overcome the shortage of qualified care workers is training. Therefore, agreements have been reached in this period about training both in the private and public branches of the health sector (EUROFOUND 2011).

One main conclusion to draw is that work intensity has clearly increased in the hospital sector during this period. Employees in the sector report that work pressures and work intensity increased dramatically over the last decade and linked that development to administrative reforms and organisational changes. For instance, more than three-quarters of hospital workers reported fragmented working patterns in 2013, frequently having to interrupt one task in order to switch to another. Nurses in particular report a clear intensification of work and having to treat almost twice as many patients in comparison to a decade ago. This increase in work pace and switching tasks indicates a growing trend to intensification of work. According to a national survey conducted by trade unions in 2011, 73% of employees in the sector have experienced a negative impact on their health as a result of the deterioration of their professional activities. The number of overtime working hours rose steeply, while 53% of the respondents also reported that acknowledgement and recognition at the workplace deteriorated. The reported extra stress affected one out of two people.<sup>10</sup> However, a positive improvement in flexibilisation of working time (possibility of adjusting of schedules) has also been noticed (DARES 2014).

Regarding quantity of employment, the total number of employees has decreased during the crisis, especially during the Sarkozy government periods. Regarding quality of employment, healthcare sector workers do not often face low wages and work precariousness but there is evidence of an increase in work-related stress due to the intensification of labour and staff shortages, especially for some of the hospital sector workers such as nurses. The largest problem with regard to the quality of employment seems to be work intensification, but the employer's organisations and the trade unions do not seem to agree on the extent of this problem.

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9. <http://cfecgc-santesocial.fr/revalorisation-des-salaires-hopital-public/>

10. [https://lorraine.cfdt.fr/portail/lorraine/salle-de-presse-88/fonction-publique-hospitaliere-recette\\_28736](https://lorraine.cfdt.fr/portail/lorraine/salle-de-presse-88/fonction-publique-hospitaliere-recette_28736)

Moreover, it is a matter of controversy whether the changes in quantity and quality of employment has a ‘spill-over’ effect onto problems with the quantity and quality of the services. Most outspoken is the trade union for nurses, which already sees a connection between work intensification and declining quality of services, including the safety of patients. Those who do not see such a connection point out that nearly all main service indicators point in the right direction. As for the French population, according to the OECD data/report: the satisfaction and confidence across public services is high for the healthcare sector, at 71% (OECD 2014).

## 5. Municipality case: pre-school and after-school care services

### 5.1 Introduction to the sector

In France, the regional and local authorities (*la Fonction publique territoriale*) comprise three geographical levels of competences in the provision of public services: a) the regions are in charge of economic development, transport, vocational training and maintenance of secondary school buildings; b) the *départements* (counties) are in charge of road maintenance and maintaining schools as well as welfare services, and finally c) municipalities are in charge of urban planning, environment, maintenance of primary schools and many local services (nursery schools/out of school day care, libraries, and sports facilities). In total there are around 1.5 million public employees working for local authorities. Local government services are very largely made up of operational staff (category C, 76.1%) and only 8.4% of the workers are managers (category A).<sup>11</sup>

In the municipalities sector, research has focused on the provision of pre-school and out-of-school-hours childcare services. France has a generous supply of pre-school and day care centres subsidised by the regional and local authorities (town halls, ‘*mairies*’). French public nurseries and day care centres are funded by local and regional authorities and by means-tested parental fees.

A group of workers in the pre-school system have been specifically adversely affected by the government reforms and budgetary reduction in the sector introduced since 2009. These are the so-called ATSEM (local specialists for nursery schools). There are around 60 000 ATSEM civil servants. 99% of them are women and they are responsible for assisting nursery school teachers. Initially focused on maintenance and hospitality, with the latest reforms their duties have become more educational and extracurricular. The main problems that they have been denouncing in the last years are that their job description is too vague, working conditions are sometimes extremely difficult, and they have a lack of opportunities and career prospects.

11. DGAFP, ‘Fonction publique - Tableau de synthèse 2015’, <https://www.fonction-publique.gouv.fr/statistiques-calendrier-et-publications-par-theme>

## 5.2 The social partners in the sector and collective agreements

For workers in the municipality public sector wages are negotiated at the central level. Also decided centrally are general questions on pensions and sickness benefits. At the local level, social dialogue takes place in several committees, in the technical committees dealing with the organisation of work and in the health and safety committees. Local authorities have significant flexibility on certain aspects of pay (bonuses, promotion levels) and informal negotiation procedures for the reorganisation of departments, working conditions and working hours. In the local sector direct and indirect participation, social dialogue and participatory democracy are intertwined. Even if not leading to official collective agreements, this boosts the role of formal committees (Jeannot 2014).

The CGT is the main trade union in the public regional-local administration sector. Another significant union in the sector is the Interno federation (affiliated to the CFDT union confederation). Also representing the workers in this subsector and growing in importance, is the FO. These unions have organised several collective actions between 2010 and 2016 to protest against the changes to regulations governing pre- and out-of-school care and shrinking employment levels in the sector.

An important stakeholder/actor in this particular sector is the ATSEM collective, which has around 5 000 members among the group of local specialists for nursery schools. They have been quite active campaigning against the public funding budget cuts that have led to a reduction of jobs, to a stagnation of their wages, and an increase of their assigned tasks and work-related pressures. These protests have been co-ordinated with the main trade unions present in the sector.

Another new relevant actor playing an important role in industrial relations in this sub-sector is the FCPE: Association de Parents d'élèves adhérents. This association of students' parents is a network of parents whose aim is to defend the interests of children in the childcare institutions.

## 5.3 Reforms and the role of the social partners

The French Government responded to the crisis by opting for a policy of decentralisation of public services to the local level and also cutting the budget for these services. (Jeannot 2013) In the context of this financial constraint, the local authorities implemented several budget cuts, along with the re-definition/accumulation of employees' duties or staff redundancies in the preschool facilities. In the regional/municipalities sector, several reforms are considered by the unions as having detrimental effects on the quality of employment and services. In particular, the 2010 Refoundation Law, 'Loi de la refondation', and the Law on Decentralisation of Nursery Schools (managed by the municipalities). With the Refoundation Law, afternoon day care has to be funded by the regions (which lack the financial resources), instead of the government. This has led to a wave of elimination of the extra afternoon hours or a search for alternative financing options from the private sector. According to union representatives, this

introduces private interests in the public education system and threatens its egalitarian and neutral character.

In 2010, the reform of the regulations covering nursery schools (preschool childcare provisions reform) by the government triggered criticism within the union movement. In March 2010, the Interno federation (affiliated to the CFDT union confederation) organised a nationwide strike protesting the changes to regulations governing preschool care. The union argued that the reform would lead to lower staffing levels and the employment of less qualified staff, and that the reforms were detrimental for both the working conditions of nursery workers and the quality of childcare services.

Following strike action in April 2010, another union represented in sector, the CGT local and regional government federation, also initiated a campaign against the new regulations on childcare. The union argued that the changes would reduce the level of trained staff required at a crèche, a matter of concern not just for the workers in the sector but also for parents. This union also organised a further strike action and demonstrations at the national level in May 2010 and urged local councils to protest against the new regulations and to refuse to implement them.

To protest against the increase of their duties, the deterioration of their working conditions, and the stagnation of their career prospects, the ATSEM (local specialists for nursery schools) association and several unions representing workers in the sector organised a strike in December 2016. The ATSEM collective, supported by the CGT, the CFDT and FO, launched the strike demanding a reduction of their duties, a decrease in work pressure, and an improvement of their wages.

According to their job description, ATSEM are responsible for 'assistance to teaching staff for the reception, entertainment activities and hygiene of very young children or preparation and cleaning of premises and equipment'. ATSEM are also required to 'participate in the educational community'. But beyond these general guidelines, the contours of their duties are unclear. Since the reform of the school schedules in 2010, they are in charge of the extracurricular workshops (pottery, cutting-out, colouring, etc.) and frequently the teachers rely on them for assistance during school time. To protest against the multiplication of their assigned tasks and to denounce the undervaluation of their profession, the ATSEM decided to organise themselves into an association. They demand a clarification of their duties and a reduction of work pressure. They also demand a redefinition of their status as 'category C' civil servants, which it has not changed since 1992. They complained of having no career plan, no possibility of career advancement, being prohibited from taking part in state competitions for managerial roles and being stuck on a low salary scale.

A report from February 2017 prepared by the Conseil Supérieur de la Fonction Publique Territoriale CNFPT, based on interviews, surveys and statistics, describes the evolution of this professional category and highlights the main issues affecting the ATSEM group. The report also presents several proposals of the council (CNFPT) to positively develop the ATSEM employment framework. Their main wish is for a career development path and for an upgrading of the status of their teaching support roles. The report concluded



that the continuous changing of ATSEMs' tasks and obligations raises many concerns (De Carlos, 2017). Previously, another UNESCO report had already criticised the wide gap between nursery school teachers and other childcare/education professionals in professional training and working terms and conditions. Furthermore, there is a clear gap in terms of status and salary: nursery teachers enjoy much more favourable conditions than day care staff. Thus, the UNESCO report highlighted the need to rethink the training and working conditions for ATSEM (Kaga 2007).

Some of the ATSEMs' demands were accepted by the government at the beginning of 2017. The Minister for Public Service, Ms. Girardin, agreed to improve their working conditions and career development opportunities. The first demand to be met was the clarification of their duties, following the recommendations of the CNFPT report. The Minister had also announced the launch of a negotiating process between the French Association of Mayors (AMF) and ATSEM representatives and their unions to improve their working conditions by strengthening the 'risk prevention' test and granting them 'the right to reclassification/promotion'. The Ministry has agreed to study the issue of professional development for the group. The transition of ATSEM who wish to work in other sectors (entertainment, administration) and to category B of the public service (better paid) should also be facilitated. The CFTD union representatives emphasised that transition was possible but subject to the 'good will of local employers'.

Concerning salaries, ATSEM, like other category C public agents, have received raises since 2014. The ATSEM went on strike in December 2016 and February 2017 to demand a re-evaluation of their employment framework but the government has not fully implemented that re-evaluation yet.

#### 5.4 The effect of reforms on public employees' working conditions and quality of services

Out-of-school-hours childcare staff have suffered deteriorating working conditions over the last decade. The staff concerned are required to work in different shifts, in the morning for preschool care, in the evening for after-school care, and at midday as canteen monitors. These multiple duties create jobs that are full-time, but stretched over extended hours with periods of inactivity. These split shift systems are particularly problematic for workers who do not live near the workplace and cannot rest in between shifts.

The ATSEM in particular claim to have been the main victims of municipal budget cuts. Since 2010 many municipalities have been abolishing or reducing the posts of these agents who help teachers in nursery schools. They are paid directly by the municipalities and have seen their working hours reduced, or even their positions removed, for budgetary reasons. This is particularly the case in the regions Rhône, Saumur, Maine-et-Loire and Ile-de-France.

The deterioration of the terms of employment and working conditions of the group has taken different forms, for example with the reduction of jobs: some municipalities did

not fill all vacant posts of agents who retired; others asked the ATSEM to share their time between the classroom and extracurricular afternoon activities, thus avoiding hiring extra staff. These have resulted in an increase in the tasks assigned to the ATSEM and in the number of children per class in pre- and out-of-school facilities, up to 30 children per class.

The representatives of the association of students' parents (FCPE) are quite critical of the government's cuts to the funding of childcare services. The FCPE is opposed to the reduction of ATSEM posts and working hours. They consider that the ATSEM posts are necessary in nursery schools and important for children's early learning processes. The FCPE considers that the teachers of young children need the help of assistants and complains that the cuts have led to concentrating the ATSEM in the younger children's classes, leaving the teachers of the higher levels (children aged 3 to 5 years) without assistance.

Both school teachers and parents recognised the importance of ATSEM for the well-functioning of nursery schools, the need to upgrade their status and reduce the arduousness of their profession. The CIPF, a main parents' association, has highlighted the important role of the ATSEM in the nursery school system: 'The ATSEM have an eminently important role, they constitute a real pedagogical support for the teachers.' The SNUIPP (primary school teachers' union), ATSEM representatives, and parents' associations agree that this professional group is an indispensable element in the education system and yet they have a very precarious status. Teachers as well as parents' associations agree, however, to limit the educational role of ATSEM and they advise the local administration to clearly define their duties and refocus their mission, as they should not replace the teacher.

Measuring the quality of childcare services is a complicated task and it is difficult to formulate accurate and fair definitions of quality care. However, from a subjective point of view, both workers in the sector and parents' associations agree that the increasing tasks assigned to nursery school assistants, the reduction of this type of post by many municipalities in the pre- and out-of-school facilities, and the increase of the number of children per class have led to a deterioration of the quality of care and learning in the sector during the period in question.

Up to 2009 public expenditure paid by the CNAF (La Caisse nationale des allocations familiales – the National Family Allowance Fund) and directed towards public childcare facilities had risen steadily and, despite the overall background of costs in other public services the system of public nursery schools did not suffer funding cutbacks (Fagnani and Math 2010). However, the situation changed dramatically from 2010 with the reform of the regulations covering nursery schools. Nowadays, while the level of state funding of nursery schools is still above the average for OECD countries, the teaching staff to students ratio is lower and that might potentially have an adverse impact on the quality of day care (OECD 2016).

The sector has been subject to several policy reforms since 2010; it has been affected by a number of reforms targeting childcare, in particular, the Law on the Decentralisation

of Nursery Schools and the Refoundation Law ‘Loi de la refondation’. These reforms have often been of the NPM type and in this sector especially have led to increasing stress, standardisation of services, and increased use of private providers. The economic crisis has been the main driver of the adopted reforms.

In 2016, the childcare sector was involved in a large-scale industrial conflict. Moreover, the crisis has also affected the power relations in the day care sector in favour of employers. The relationships between the social partners have been increasingly conflictual and have led to moderate success regarding employees’ campaigns/collective actions demanding better training and professionalisation, promotion possibilities, and employment security.

The policy reforms in the public sector have also affected the quality, as well as the quantity of jobs in the municipal childcare sector. The reduction in the number of jobs and the extension of working hours and professional duties for workers in the sector clearly stem from austerity measures and decentralisation policies. Regarding job quality, the NPM reforms have changed the job content of childcare workers and hindered their chances of professional career advancement. Moreover, the reforms have resulted in an increased workload and accumulation of multiple tasks.

The social partners and parents’ associations have supported the ATSEM association in their labour demands and have succeeded in influencing policy-makers by increasingly focussing their protests not only on the professional demands of improving job quality (in particular greater professionalisation and facilitation of career advancement for ATSEM) but also on the impact of better job quality on the quality of day care services provided by municipalities.

The effect of the changes on job quantity and quality as well as the quality of the services provided is difficult to measure and there is no clear evidence for the direction of change. The few available sources point to stability rather than change, whereas the trade unions, as well other stakeholders, find that the municipalities do not have sufficient economic resources to provide quality services and that the budget cuts have led to a more stressful/demanding work performance for nursery school staff and reduced the quality of childcare and learning.

## **6. Conclusions**

### **6.1 Main findings**

Massive downsizing of jobs and freezing of salaries have instigated a severe crisis of recruitment in the public sector in France (especially in primary education and among certain groups in the healthcare sector, such as nurses). Furthermore, the deterioration of working conditions and the increase in the pace of work have contributed to increased numbers of burnouts in the public sector.

One main conclusion we can draw is that work intensity has clearly increased during this period. Workers in the public sector in France are facing increasing pressure at work in the form of stress-related complaints derived from having to work more quickly, work in a pressurised way, and take on additional duties, as staff numbers have been declining. Work pressure and work intensity have increased dramatically over the last decade, linked to NPM reforms, organisational changes, and crisis/austerity policy related reforms.

In short, a growth in the intensification and fragmentation of work has been identified in the public sector. This is a problem especially in the hospital sector and in the nursery care provided by municipalities, where the majority of workers reported fragmented work, and switching tasks, as well as problems with career advancement possibilities.

Focusing on the impact of the crisis on industrial relations, the research conducted shows that industrial relations in the public sector have not been strongly affected. The role of the public administration in social dialogue and collective bargaining after the reforms remains similar, despite the changes to the social dialogue structures introduced by the Bercy agreement. The unions' position remains relatively strong and the collective bargaining processes leading to agreements by the social partners are stable. In fact, one of the positive effects of the Bercy agreements and their follow-up legislation has been the extension of the material scope of collective bargaining.

The analysis of the impact of the 2008-2015 economic crisis on industrial relations leads to different conclusions:

- Stability of the social dialogue processes at the subsector level despite the crisis constraints;
- The collective agreements concluded during the crisis show the successful efforts of social partners to maintain a stable functioning of collective bargaining structures;
- On the union side there is a perception that collective bargaining became more burdensome during the crisis: the increased difficulties for employees' representatives to resist employers' threats of job losses due to economic difficulties have forced them to accept unfavourable agreements with inferior working conditions (in particular wages).

These are the general trends for industrial relations during the crisis period. Nevertheless, only for the last conclusion can we assume that the economic crisis is the direct casual factor. Even though the first and the third findings could be seen as being in conflict with each other, the fact that the unions perceived more difficulties concluding collective agreements is not incompatible with an overall stability of the system of collective bargaining and social dialogue process.

## 6.2 Main changes in the industrial relations system

Several NPM reforms have been passed, mostly during Sarkozy's government. In general, these reforms have been opposed by the public sector trade unions and they have not profoundly transformed the role of collective bargaining. However, they have also reached several relevant agreements with the administration, most importantly the Bercy agreement reforming social dialogue and collective bargaining in the public sector.

On the general evolution of industrial relations, stability in collective bargaining is combined with an escalation in the conflictual character of the relationship between the social partners. Since 2008, the number of agreements in the public sector has decreased due to the fact that the ministries have little budgetary room for manoeuvre. At the same time the number of conflicts (strikes) have increased, due to the protests of public sector workers against the deterioration of their working conditions (wage freezes, the negative effect of lower replacement rates on the accumulation of tasks and the intensification of labour).

One of the main effects of the 2008 Bercy agreement is that many unions present in the public sector have survived the aftermath of the crisis with diminished resources. Smaller trade unions became less important in terms of political influence and bargaining power. The new rules stimulated the trend of small unions joining larger federations in order to survive.

An evolution in the core tasks of unions and their socio-political role has been observed. An evolution in the philosophy of unions has led to the role of the unions transforming from semi-political activism to a more pragmatic role of advisory/legal support providers (unions have been dedicating more resources to supporting members in HR matters and providing legal advice).

An interesting factor in this evolution is that 'new actors' reinforced their role in the social dialogue system, such as associations of patients/care service users which are part of the National Health Conference and of parents of students/children within the Higher Education Council and other technical committees. These 'new actors' were often consulted by the government on healthcare services and educational reforms. They have also been increasingly joining the demands of the trade unions to improve the quality of services and participated actively in protests and demonstrations against some of the government-imposed reforms. Some studies and surveys, specifically targeting the public sector, have observed that increasing citizen participation is also considered a significant trend in this sector (Bezes and Jeannot 2013).

A new relevant actor playing an important role in industrial relations in this subsector is the FCPE: 'Association de Parents d'Élèves Adhérents'. This association of students' parents is a network of parents whose aim is to defend the interests of children in childcare institutions. It is particularly interesting to highlight the above-mentioned example of municipalities' preschool and after-school childcare, where there was a successful synergy between different types of new stakeholders and traditional actors (representative unions in that sector). In this case, the ATSEM association

(representing nursery school specialists), the FCPE association of students' parents and the traditional unions interacted through their participation in and support for the ATSEM association's protest campaign. This collaboration of different types of IR actors resulted in a new governmental policy improving workers' working conditions and their career development opportunities.

### 6.3 Comparing the sectors and perspectives

Table 3 below compares the findings from the three sectors. There are several commonalities to the three subsectors examined:

1. The study shows no major changes with regard to the social partner organisation, their organisational densities or the coverage of the relevant collective agreements on wages;
2. The relations between the social partners have become more conflictual during the period in all the three sectors, with frequent collective actions being organised by the various trade unions as a reaction to NPM reforms;
3. Growing influence of 'new actors': associations of patients/care service users are part of the National Health Conference, and students' parents' associations within the Higher Education Council and other technical committees along with more active involvement in trade union campaigns against public sector reforms;
4. Development towards 'tougher' employers/administration and less room for manoeuvre for trade unions to negotiate better terms and conditions of employment;
5. Stronger social partners' influence through collective bargaining since 2008/2010 due to the Bercy agreement and a new legal framework for social dialogue (more areas open to bargaining/clearer representativeness rules);
6. Workers have often experienced work intensification;
7. Quality (especially in terms of job security and freezing of wages) and quantity of jobs (particularly during the first part of the examined period until 2011) has been diminishing;
8. Intense discussion about the quality of services, without leading to any clear picture of this quality. However, a clear link between the quality of these services and the development in quality and quantity of jobs cannot be established.

*Variation* is seen with regard to:

1. The scope of NPM reforms (less extensive in the municipalities/childcare services and education sectors; quite intensive in the hospital sector);
2. The shape of NPM reforms (most widespread use of outsourcing and new semi-private administration in the hospital sector and less relevant for the municipalities/childcare services);
3. The overall number of jobs (changed the least in the hospital sector and the most in the primary education sector);
4. The use of atypical employment (least widespread in the hospital sector and growing particularly in the primary school sector).

Table 3 Comparing findings from the three sectors

	Hospital sector	School sector	Local sector/nurseries
<b>1. Changes to SP organisations and relations</b>	No major change, after Bercy agreement & Hirsch reform effect on composition and financial resources of unions  Stronger position of employers in bargaining	No major changes: trend to more conflictual relations and tougher employers, but no big org. changes  Some positive effect on the scope of collective bargaining (Bercy agreement)	No major change, although employers have become 'tougher'.  Extensive organisational changes
<b>2. Reasons for changes</b>	NPM ideologies Economic crisis > budget cuts/austerity policies + changing power relations Structural Reform; demographic development; technological development		
<b>3. Scope and shape of reforms</b>	Extensive NPM reforms, limited outsourcing  Overall reduction of budget, reduced per user  Reduction of staff	Extensive NPM reforms, limited outsourcing  Overall reduced budget, reduced per user  Reduction of staff	Extensive NPM reforms, extensive outsourcing  Overall reduced budget, reduced per user  Reduction of staff
<b>4. Role of SP in reforms through</b>	Policy arena: Uneven for sector specific NPM reforms  Important for general legal framework (Bercy agreement) CB area: Important	Policy arena: TU important role Important for general legal framework (Bercy agreement) CB area: Important	Policy arena: Limited for TU Important for general legal framework (Bercy agreement) CB area: Important
<b>5. Quantity and quality of jobs</b>	Fewer jobs, fewer support staff, problems with recruitment (especially for nurses)  Atypical widespread, but mostly longer working time and increasing work intensification	Reduced number of jobs  Reduced civil servant positions/increasing private law contracts  Increasing work intensification	Reduced number of jobs  Increase in type and number of tasks assigned  Increasing work-intensification
<b>6. Effect on quality of service</b>	No conclusive evidence of a decrease in the quality of services  TUs & patients' associations say work intensification leads to negative effects on quality due to accumulation of tasks	No conclusive evidence of a decrease in the quality of services  Reduction in number of teachers and increase in number of students per class  Stability in primary education quality standards according to available statistics	Negative overall perception of the development in nursery care according to opinion of workers' and parents' associations  Quality of service reduced and increased number of children per class in nursery schools  Staff performing teaching tasks above their category level

Note: SP = social partners. CB = collective bargaining. TU = trade unions. Org = organisation or organisational.

## 6.4 Final conclusions: evolution of public sector reforms and changes to industrial relations

In France, the crisis has resulted in reduced funds for the public sector, in more unilateral action by governments in industrial relations and in changing ideas concerning the role and functions of social partners. Social dialogue has been important in reshaping public sector industrial relations during the crisis although industrial relations have remained conflictual and unions claim that collective bargaining has become more burdensome. In general terms the attempts to modernise the French

public administration and management structures has not implied a frontal attack on the role of the trade unions, and social dialogue processes and employee representation institutions have remained stable, even after the Bercy reforms.

In France, public sector reforms have intensified during the crisis with clear effects on public budgets and the number of jobs available in the public sector. During the studied period, public finances have remained under pressure with high government expenditure in France. Consequently, since the beginning of the economic crisis in 2008, the French administration has taken specific measures to reduce public payrolls and adopt reorganisation strategies in order to reduce public employment within the NPM policy called 'Révision Générale des Politiques Publiques' (General revision of public sector policies).

Before 2007, France was often portrayed as being one of the countries most resistant to administrative reforms inspired by New Public Management ideas (Rouban 2007). However, policies of administrative reforms have developed intensively in the French context as elsewhere, with specificities (Bezes 2009). The political will to modernise the public sector has been accelerating since 2008, partly due to the pressures deriving from the debt crisis in the euro zone and the subsequent economic crisis. While the objective of modernisation policies has been two-fold: on the one hand improving the quality and efficiency of public services and, on the other hand, curbing public spending, the latter objective has been a priority since 2010 (Vicent 2016). New Public Management ideas have been implemented and disseminated in the French context but with specific institutional constraints (Rouban 2008 and Bezes 2012). In particular, in the health and education sectors, ministries have developed their own specific managerial tools and dynamics of administrative changes.

France is characterised by highly adversarial industrial relations and by a trade union movement that is rather strong at the national level but has very little presence on the shop floor. The French trade union model is not one of mass trade union militancy, with union members concentrated in the public sector. However, as in the private sector, unionism in the public sector is characterised by the existence of many different organisations (quite diversified and fragmented representation). Attending to the peculiarities of the sector, collective rights for civil servants and public employees have been specifically regulated in France and this peculiar status has remained relatively unchanged during the period under examination.

The three subsectors analysed show similarities for several of the above-mentioned dimensions, particularly regarding the increase of work intensification, stagnation of wages, and the decline of public employment. However, differences are also found, for instance when it comes to the relations between the social partners, the scope and shape of NPM reforms, changes in the number of jobs, and the use of non-standard employment.



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# Chapter 4

## Beyond austerity: upgrading German public services and the role of trade union campaigns and collective bargaining

Thorsten Schulten and Daniel Seikel

### 1. Introduction<sup>1</sup>

In a comparative perspective, the evolution of employment and working conditions in the public sector in Germany is exceptional. Germany was hit by the global financial crisis much less severely than many other EU member states and recovered comparatively quickly from the economic downturn. Consequently, the public sector was not affected by the crisis. On the contrary, the outbreak of the crisis coincided with a moderate improvement of working conditions and an expansion of employment in the public sector, which stands in sharp contrast to developments in many other countries.

However, the public sector in Germany has been subjected to far-reaching reforms in the past (Dribbusch and Schulten 2007). Many reforms introduced in other European countries in response to the crisis had been implemented in Germany long before the crisis. The same holds true for the ‘austerity’ policies that became dominant in Germany in the 1990s and 2000s. In this sense, Germany was one of the forerunners of contemporary public sector reforms in Europe.

Our basic research question is: to what extent do trade unions in particular and industrial relations in general contribute to a modernisation of the public sector? In our understanding ‘modernisation’ refers to the process of adapting public sector working conditions to changed circumstances and requirements responding to societal developments such as the need to improve the quality of public services in care sectors due to, for example, increased feminisation of the labour force or an ageing population.

This study is mainly based on quantitative statistical data about the three sectors chosen for this study gathered from official sources. The statistical data available enables a systematic and structured comparison of the three sectors. Information about trade union campaigns was collected from official websites. In addition, we conducted two background interviews with trade union representatives from GEW and ver.di responsible for the sectors analysed here. We also drew on several interviews conducted for two previous projects about the hospital sector (for more information see Schulten and Böhlke 2012; Schulten and Schulze-Buschhoff 2015).

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1. This chapter is based on a study for the project ‘Bargaining and Social Dialogue in the Public Sector’ (BARSOP), financed by the European Commission, Industrial Relations and Social Dialogue Programme (Project VS/2016/0107).

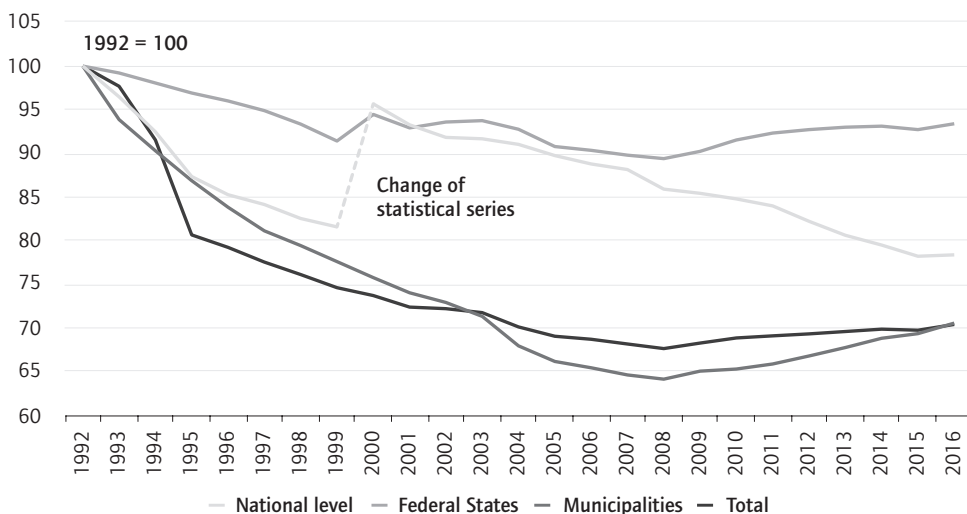
In this chapter, we analyse public sector development in three sectors: primary education, hospitals, and municipalities, focussing on day care centres. We chose day care centres as our example for the municipal sector because trade union campaigns played a particularly important role in the upgrading of the profession of childcare workers. As we show in the case studies, trade union strategies were crucial for the improvement of working conditions. Three elements contributed to the trade unions' success: (i) poor working conditions (above all, in terms of workload and work intensity); and the unions' strategy of (ii) linking working conditions to the quality of public services and (iii) legitimising their demands by connecting them to issues such as gender equality and recognition and upgrading of care work in a broader sense. In section 2 we give an initial overview of the public sector in Germany. In sections 3 to 5, we present our case studies. Finally, section 6 summarises and compares our findings.

## 2. The public sector – an overview

### 2.1 Profile of the public sector

Changes in working conditions in the public sector in Germany are not a result of budget deficits caused by the financial and debt crisis. Public sector employment was under constant pressure long before this (Brandt and Schulten 2008a; Keller and Seifert 2015: 15–16). Major cutbacks were implemented in times of high structural deficits during the 1990s when German unification imposed constraints on public budgets (Keller 2013: 363). Public sector reforms were also a result of efforts to meet the criteria of the Stability and Growth Pact in the run-up to economic and monetary union (Keller 2016: 193; Vesper 2016: 16–17). Finally, Germany implemented several waves of privatisation during the 1990s and 2000s (Brandt and Schulten 2008b).

Figure 1 Employment in the public sector, 1992–2016



Source: Statistisches Bundesamt, Fachserie 14 Reihe 6, several volumes; cf. Keller and Seifert (2015: 3).

From 1992 to 2007, public sector employment was cut from 6.66 million to 4.54 million – a decrease of 32%. Employment cutbacks were particularly strong at the federal level, especially in the areas of military defence and railway transport (Vesper 2016: 17). Privatisations account for half of the reductions. Compared with other OECD countries, nowadays, Germany has a medium-sized public sector (Keller 2016: 192–193). Furthermore, working conditions have deteriorated substantially. Meanwhile, forms of atypical employment – such as fixed-term, part-time and marginal employment – are widespread in the public sector. Atypical employment is as frequent in the public sector as in the private sector (Keller and Seifert 2015). In addition, the working time of public sector workers has been increased. The working time of civil servants increased from 38.5 to 40 hours at the federal level and in some *Länder* (federal states) even up to 42 hours (Dribbusch and Schulten 2007: 170–172). As a result of these reforms, the public sector ceased to be a ‘model employer’ (Keller 2016: 198). Up to the crisis, the drastic reorganisation of the German public sector was without precedent in the EU (Keller 2013: 364).

Notably, the turning point in the development of public sector employment coincides with the outbreak of the financial crisis. Since 2007, public service employment has been slowly growing, reaching 4.69 million employees in 2016 (figure 2). When taking into account only the *Länder* and the municipal level, job growth during this period roughly amounts to 9.2% as compared with only about 3.3% across all levels of government.

The public sector’s development throughout the crisis contributed to the demand-stimulating fiscal and economic policy that helped to overcome the economic downturn in Germany relatively quickly (Vesper 2016: 17). The development of public sector employment in Germany is especially remarkable since it stands in sharp contrast with trends in other European countries. Thus, the imposition of ‘austerity’ in the German public sector is not connected to the financial crisis as in other eurozone countries. It was partly driven by monetary integration, but at a different point in time.

Although public sector employment has increased recently, the former trend of cutbacks and deteriorating working conditions may well be resumed in the future because a so-called ‘debt brake’ has been established in German constitutional law (Art. 109 GG) and at the EU level (‘Fiscal Compact’) (Keller and Seifert 2015: 23; Seikel 2016: 1404). The German *Länder* will comply with the rules of the debt brake starting in 2020, which in all likelihood will put stronger pressures on public budgets (Keller 2014: 400).

## 2.2 Industrial relations in the public sector

In the German public sector, there are two types of employment status: civil servant (*Beamte*) and public employee (Ellguth and Kohaut 2011: 12; Keller 2014: 389; 2016: 191). Public employees have the same legal status as employees in the private sector. They have the right to strike and their working conditions are regulated by collective agreements and labour law. In contrast to public employees, civil servants have a

special legal status that guarantees lifelong employment. Moreover, civil servants have a separate social security system and do not have to pay social contributions. The legislature unilaterally defines the working conditions of civil servants. Civil servants do not have the right to strike (Keller 2013: 360; 2016: 191). The organisations representing civil servants' interests have the right to be consulted only during the legislative process (Keller 2013: 367). In practice, these rights have become functional equivalents of collective bargaining rights (Keller 2016: 203). Thus, working conditions are not determined by collective agreements. In the past, the results of collective bargaining rounds for the public sector were nevertheless usually applied to civil servants (Keller 2013: 360), but since 2006 this is no longer always the case.

The collective bargaining system for the public sector is highly centralised at the national level (Keller 2013: 366; 2014: 394). Before the mid-2000s, the federal state, the *Länder* and municipalities formed a bargaining association and negotiated jointly with the trade unions on the working conditions of public sector employees at all levels of government. Public sector employees and civil servants are represented by ver.di (Vereinte Dienstleistungsgewerkschaft), with about 2 million members, GEW (Gewerkschaft Erziehung und Wissenschaft), with about 266 000 members, and GdP (Gewerkschaft der Polizei), with about 173 000 members. The main representative organisation for civil servants is DBB (Beamtenbund und Tarifunion); however, there are also 370 000 public employees among its 1.28 million members (Keller 2014: 393; 2016: 205–207). The trade unions formed a bargaining association in 2007 (Keller 2013: 366).

In 2003, the *Länder* left the bargaining association of public sector employers; they no longer accepted the role of the federal government as leader of the negotiations. Since then, the bargaining association of the *Länder*, the Tarifgemeinschaft deutscher Länder (TdL), has negotiated independently and concludes collective agreements for the relevant portion of the public sector, with the exception of Hesse, which left the TdL in 2004. The *Länder* and the municipalities maintained their bargaining association and continue to conclude their own collective agreements. In 2005, the federal government, the municipalities and the trade unions concluded a new framework agreement (Tarifvertrag öffentlicher Dienst, TVöD), which replaced the former framework agreement (Bundesangestelltentarifvertrag, BAT). The TVöD established a uniform pay scale for blue- and white-collar workers. Furthermore, it introduced a new low pay rate below the lowest rate of the BAT, which is supposed to prevent further outsourcing. The TVöD contained opening clauses for a limited extension of the working hours of municipal employees. In 2006, the TdL and the trade unions also concluded a new framework agreement for *Länder* public sector employees (Tarifvertrag für den öffentlichen Dienst der Länder, TV-L), which maintained the main features of the TVöD (Dribbusch and Schulten 2007: 170; Keller; 2014: 394). The split on the side of the public employers has led to a decentralisation and fragmentation of collective bargaining, but only to a moderate and limited degree, because all the *Länder* except Hesse still conclude collective agreements at the national level (Keller 2013: 367).

In 2006, a reform of the German federal system – Föderalismusreform I – transferred the competence to regulate the working conditions of *Länder* civil servants to the

*Länder* themselves. This new ‘sovereignty’ has resulted in more heterogeneous working conditions for civil servants (Keller 2013: 368).

In contrast to the private sector, bargaining coverage in the public sector is stable (Ellguth and Kohaut 2017: 281). Collective bargaining coverage (93%) and trade union density (60%) are traditionally higher in the public than in the private sector (Ellguth and Kohaut 2011: 12–13, 16; Keller 2013: 365–66). This demonstrates the relative stability of industrial relations in the public sector.

The far-reaching privatisation and liberalisation of public services in the areas of public transport, energy, communication, water, waste disposal and hospitals has had a major impact on industrial relations and working conditions in these now private, formerly public sectors. The withdrawal of privatised companies from public sector collective bargaining has led to the emergence of new sectoral industrial relations regimes in the liberalised sectors and thus to a substantial fragmentation of the former collective bargaining system. In general, in the privatised sectors, collective bargaining coverage is significantly lower and working conditions have deteriorated (Keller 2014: 397–98; Brandt and Schulten 2008b 2012).

### **3. Municipality case - day care centres**

#### 3.1 Profile of the sector

From the 1990s onwards the German childcare system entered a period of transformation that led to a fundamental modernisation of pre-school childcare and a significant expansion of childcare facilities (Kerber-Clasen 2017a). Traditionally, (West) Germany belonged to the group of ‘conservative’ welfare states (Esping-Andersen 1990) with a corresponding ‘gender regime’ (Schmidt 2012) that was largely based on a male breadwinner model and a fairly low rate of female participation in the labour force.<sup>2</sup> Against that background the standard pre-school childcare model was that of a ‘kindergarten’, which cared for children aged between three and six, although mainly on a half-day basis. Moreover, childcare for children below the age of three was an exception, so that usually mothers stayed at home during that period. The image of working in childcare was rather poor and it was often not seen as a qualified profession. Thus, the pay and working conditions of day care workers were also rather low.

The transformation of the German childcare system started at the beginning of the 1990s with the adoption of a new ‘Law on Child and Youth Welfare’ (Kinder- und Jugendhilfegesetz, KJHG), which aimed at a fundamental realignment of the German day care system, including an upgrading of day care work as a profession and an extension of the scope of day care facilities. Among other things, the reform stipulated that, from 1996 onwards, every child from the age of three should be entitled to a

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2. In the former German Democratic Republic female labour force participation was very high and was supported by a comprehensive system of day care centres. Although development in eastern Germany since unification assimilated into western German patterns, there are still remarkable differences regarding the profile and scope of day care centres in both parts of Germany (Schober and Stahl 2014).



day care place. In practice, however, the number of day care centres increased only slightly (Autorengruppe Fachkräftebarometer 2017: 22) during the 1990s, so that there continued to be a lack of day care facilities, in particular in larger West German cities. One major problem was that the responsible public authorities at federal state and municipal levels did not provide sufficient funding for an extension of day care centres due to large public deficits and the dominant austerity policy.

After the so-called ‘PISA shock’ in the early 2000s, when several OECD studies gave Germany bad scores, the idea that the German education system needed substantial improvement became the dominant view in all major political parties and social organisations. Against that background, from the mid-2000s the development of German day care centres entered a second reform phase, in which now much greater resources were provided for the system, including some special nationwide programmes to support the expansion of day care facilities (Meiner-Teubner *et al.* 2016). The latter also became necessary as traditional family and gender patterns came into question and the participation of women in the labour market increasingly became the standard model. One response to these trends was to extend entitlement to a day care place to children from the age of one in 2013.

In 2017, Germany had more than 55 000 publicly-funded day care centres, in which nearly 600 000 workers care for about 3.5 million children (table 1). Since 2006 the number of day care centres has increased by nearly 15%, while the number of day care workers has increased by around 70% (figure 2).<sup>3</sup> The latter indicates that care time was also significantly extended, so that most facilities now offer care for the whole day.

Table 1 German day care centres – key figures 2006 and 2017

	2006	2017	Change 2006/2017
Number of day care centres	48 201	55 293	+ 14.7 %
Public	17 759	18 228	+ 2.6 %
Non-public*	30 442	37 065	+21.8 %
Number of workers**	355 710	599 772	+ 68.6 %
Male	11 485	35 088	+205.5 %
Female	344 225	564 684	+ 64.0 %
Full-time equivalents**	281 558	483 488	+ 71.7 %
Number of children	2 954 928	3 499 206	+ 18.4 %
Care rate			
for children < 3 years	15.5%	37.7%***	+ 143.2 %
for children ≥ 3 years	89.0%	93.6%***	+5.2 %

\* Mainly non-profit and a very small number of private for-profit day care centres.

\*\* Pedagogical and administrative staff.

\*\*\* Data for 2016.

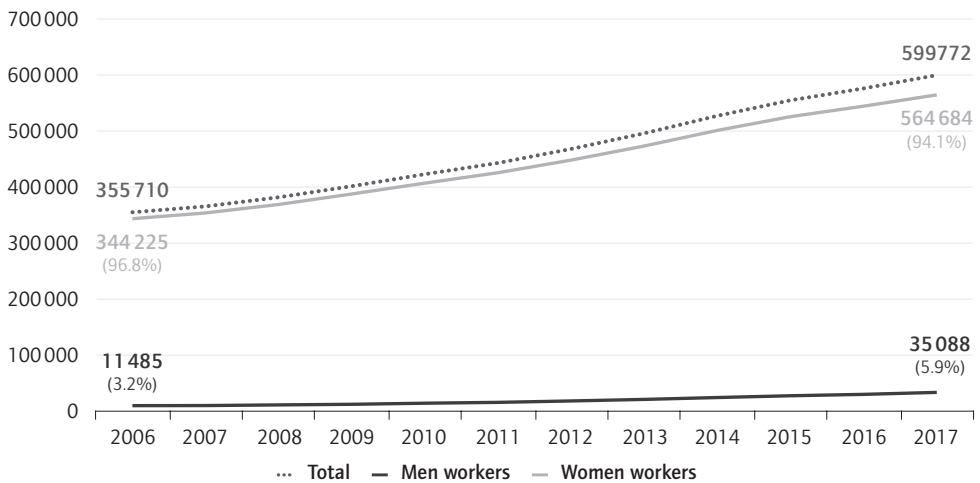
Source: Statistisches Bundesamt 2017a, WSI calculations.

3. Statistics on day care centres were fundamentally revised in 2006, so that no comparable data are available for the period before 2006 (Statistisches Bundesamt 2017a).

The nearly 600 000 workers currently employed by day care centres correspond to around 485 000 full-time jobs. 60% of all day care workers have only a part-time contract (Statistisches Bundesamt 2017a). Members of the largest group among them work between 21 and 32 hours per week. There is also a significant proportion of part-time workers on either 32 to 38,5 hours or 10 to 21 hours. Only 40% of day care workers have a full-time contract of 38.5 hours a week or more. Moreover, 80% of day care workers have a permanent contract, while around 15% work on a temporary basis and a further 5% are interns and other non-permanent staff (Statistisches Bundesamt 2017a).

Childcare has always been a female-dominated sector. In 2017, 94% of all day care workers were women. However, since 2006 the proportion of male workers in day care centres has almost doubled, from 3.2 to 5.9% (figure 2). In absolute terms the number of male day care workers has even tripled (table 1).

Figure 2 Number of workers\* in German day care centres, 2006–2017\*\*



\* Pedagogical and administrative staff.

\*\* Until 2008: 15 March of the respective year; since 2009: 1 March.

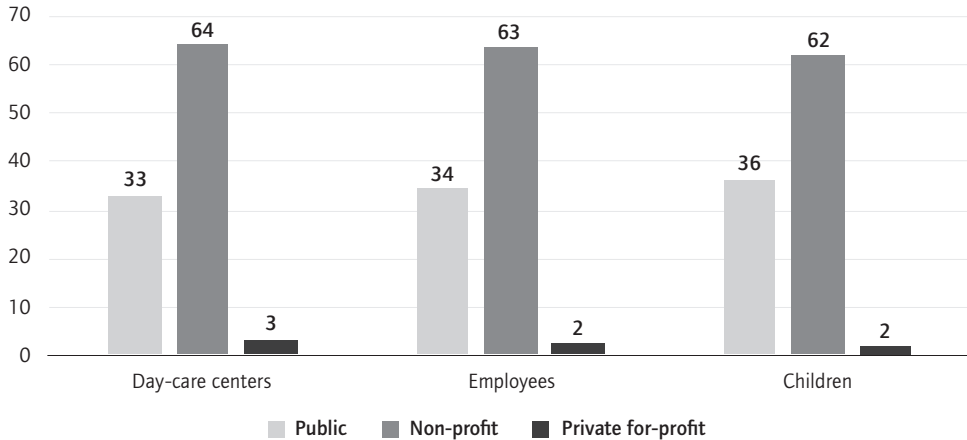
Source: Statistisches Bundesamt 2017a, WSI calculations.

The number of children who attend a day care centre has increased by around 18% since 2016. While the care rate of children aged three or above grew from 89 to 94%, the care rate of children below the age of three has more than doubled, from 16 to 38% (table 1). In comparison with many other European countries, however, the care rate for children below the age of three is low (Seils 2013).

In terms of the structure of day care providers, there have always been two major groups in Germany (figure 3). One is public day care centres, run mainly by the municipalities. Public day care centres represent about one-third of all day care facilities. The other two-thirds are run by non-profit providers. The largest among them are the two large Christian churches and their welfare organisations Caritas and Diakonie, which represent half of all non-profit day care centres (Statistisches Bundesamt 2017a). Large

non-profit providers also include welfare organisations Arbeiterwohlfahrt and the German Red Cross, as well as the Paritätische Wohlfahrtsverband. The latter functions as an umbrella organisation for many smaller providers.

Figure 3 Ownership structure of German day care centres, 2017\* (%)



\* On 1 March 2017.

Source: Statistisches Bundesamt 2017a, WSI calculations.

There is also a large number of small and local day care providers, among them so-called ‘parents’ initiatives’ run by private parents’ clubs. Finally, there is a small proportion of private for-profit day care providers, which represent around 3% of all day care facilities. Among the latter are also a few company-related day care centres.

### 3.2 Industrial relations

The diversified composition of day care providers corresponds to a diversified structure of industrial relations (table 2). The public day care centres are integrated into the special industrial relations regime for the public sector. They are usually covered by the TVöD. The latter is negotiated between the federal government and the Municipal Employers’ Association (VKA), on the one hand, and a broad consortium of trade unions affiliated to either the German Confederation of Trade Unions (DGB) or DBB, on the other hand. There are also special provisions within the TVöD for education and social workers (including day care centres), such as, in particular, a separate wage table for these professions.

For non-public day care centres the collective bargaining structure is fragmented (GEW 2016). The day care facilities run by the two Christian churches and their welfare organisations Caritas and Diakonie adhere to the industrial relations regime that operates within Christian church-related organisations (Jähnichen *et al.* 2015): this is characterised by a special legal status based on the German constitution, which guarantees the churches full autonomy in regulating their internal affairs and thereby

enables them to partly withdraw from German labour law. As a result, industrial relations within church-related organisations are usually not covered by collective agreements. Instead, they conclude special ‘in-house’ arrangements that are negotiated within internal labour commissions (Arbeitsrechtliche Kommissionen) composed of employer and employee representatives on a parity basis. In most areas, church-related organisations do not accept either collective bargaining or employees’ right to strike. There are only some regional exceptions where church-related organisations are also part of regular collective bargaining (Wegner 2015). In practice, however, working conditions in church-related day care centres closely follow the public sector collective agreements, even though more recently the correspondence has become looser.

Table 2 **Collective bargaining in German day care centres, 2018**

Day care providers	Collective agreements
<b>Public</b>	Nationwide public sector collective agreements for municipalities
<b>Non-profit</b>	‘In-house arrangements’ (church-related day care centres) Company agreements at regional or local level (Arbeiterwohlfahrt, German Red Cross and some others) No collective agreement (most organisations under the umbrella of the Paritätische Wohlfahrtsverband plus most other non-affiliated providers)
<b>Private for-profit</b>	Company agreements or no collective agreement

Source: WSI Collective Agreement Archive 2018; GEW 2016.

The other larger welfare organisations such as Arbeiterwohlfahrt or the German Red Cross usually conclude company agreements at a regional level, whose provisions have in recent times often been below the level of the public sector (GEW 2016). In some regions the day care providers under the umbrella of the Paritätische Wohlfahrtsverband have created a joint bargaining commission, which negotiates collective agreements at the regional level. In many regions, however, these organisations also have no collective agreement at all. The same is true for most of the smaller non-affiliated day care providers, as well as for the small number of private for-profit facilities.

The largest trade union organisations representing day care workers are two DGB affiliates: ver.di and GEW, both of which represent day care workers in all public and non-public day care facilities. Considering the fragmented collective bargaining landscape in the sector, the unions’ principal demand is that all day care workers should be covered by collective agreements and that these agreements should be at the level of the agreement for public day care centres (GEW 2016).

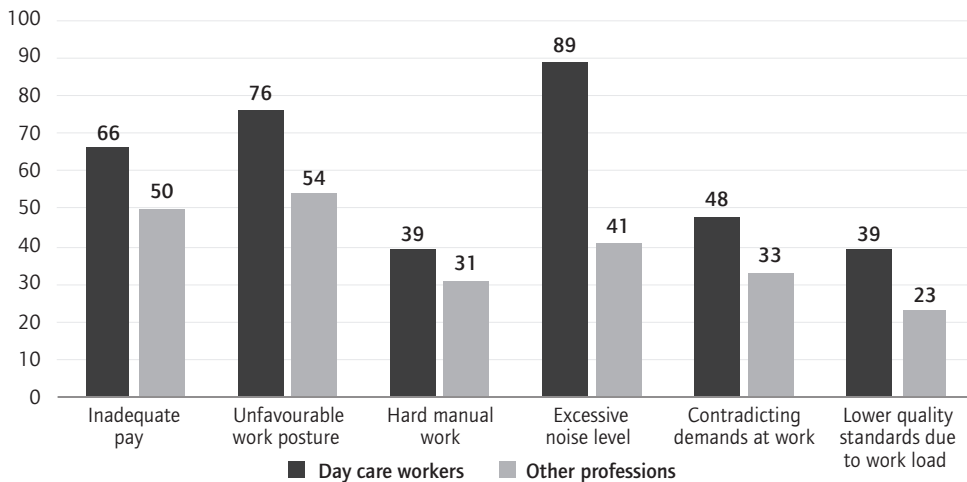
### 3.3 Working conditions

In recent years, the working conditions of day care workers have attracted increasing interest among both the political and the academic community, leading to a couple of new comprehensive studies (for example, Institute DGB-Index Gute Arbeit 2015; Schreyer *et al.* 2014; Schreyer and Krause 2016; Spieß and Storck 2016). All these studies have drawn an ambiguous picture of working conditions in day care centres. On

the one hand, they found that most day care workers have a high degree of satisfaction with their job, based on very strong identification and a strong intrinsic motivation with their pedagogical work. On the other hand, many day care workers claim a lack of societal acknowledgement and esteem. Although day care workers have received more attention in public discourse due to the enhancement of pre-school education, this new appreciation is largely rhetorical and has not yet materialised in better pay and working conditions.

On the contrary, most day care workers think that in comparison to many other professions their pay is inadequate (figure 4). According to the 2018 public sector collective agreement, skilled childcare workers (Erzieher/innen) in public facilities earn a gross salary of between €2 500 and €4 000 per month. For less qualified childcare assistants (Kinderpfleger/innen) the monthly pay varies between €2 100 and €3 100. Only the heads of day care centres are usually able to earn above €3 000 and up to more than €5 000 in exceptional cases, at very large day care centres. Day care workers in church-run facilities are usually paid similar rates to their public sector colleagues, while pay in other non-public centres is often below that level (Eibeck 2014; Schreyer *et al.* 2017). As the bulk of day care workers earn between €2 000 and €3 000 (Stoll *et al.* 2014), their pay is far below, for example, the pay of teachers in primary education (see Chapter 4) or the pay of skilled workers in manufacturing.

Figure 4 Survey on working conditions of day care workers and other professions 2012–2014 (%)



Source: Institute DGB-Index Gute Arbeit 2015.

Apart from pay, day care workers are affected above the average by physically and psychologically demanding working conditions (Klaudy *et al.* 2016, figure 4). This is the case for hard manual work, work in an unfavourable working posture and work under very noisy conditions. In addition, day care workers are often confronted with socially challenging and contradictory demands. As a result, their risk of psychosomatic or psychological damage, such as burnout, is also above average (Jungbauer and Ehlen

2013). Finally, many childcare workers report the fact that, because of workload and pressure, they have to lower their sights regarding quality standards (figure 4). The latter is closely linked with a comparatively low ratio of childcare workers to children, which has only slightly improved in recent years (Meiner-Teubner *et al.* 2016; Statistisches Bundesamt 2018), despite the overall increase of resources in the sector.

### 3.4 Current developments in collective bargaining

For a long time collective bargaining in day care centres was barely visible. Public centres were just one of many sub-branches covered by the TVöD. The same occurs for non-public day care centres, which were covered by the collective bargaining system of the relevant welfare organisations and usually had no separate negotiations.

This situation changed during the 2000s when public day care centres started to play a larger role in public sector negotiations, especially for trade union mobilisation and industrial action. Traditionally, public sector collective bargaining in Germany was dominated by public transport and rubbish collection, which were the two sub-branches with the highest and most militant union membership (Dribbusch and Schulten 2007). As these two sub-branches were largely separated from public sector collective bargaining due to economic restructuring and privatisation, other groups of workers – especially from social and health care branches – took centre stage (Keller 2016).

Furthermore, day care workers started to express dissatisfaction with their employment and working conditions, which did not coincide with the increasing societal demands for high quality pre-school education. When in 2005 the collective bargaining parties agreed on a fundamental reform of the public sector pay system it also affected the wage classifications of public day care workers. After the bargaining parties concluded a new wage system for public day care workers during regular public sector bargaining, they agreed to have, for the first time, an additional separate bargaining round for day care in 2009.

#### **CHANCEN FÖRDERN ANERKENNUNG FORDERN**

The trade unions had already launched a broad public campaign in 2007 under the slogan 'Improve opportunities – demand recognition!' ('Chancen Fördern – Anerkennung Fordern!'), which argued that better pre-school education needs better pay and working conditions for day care workers.

In the 2009 collective bargaining round, the unions demanded a substantial upgrading of day care workers' pay, as well as various measures to improve health and safety in the workplace (see Kerber-Clasen 2014, 2017a; Kutlu 2013). After the negotiations failed, because – in the unions' view – the public employers did not make an adequate offer, the unions called for industrial action and organised the first nationwide strike of day care workers. The strike was even more remarkable as it took place against the background of the global economic crisis, when other sectors were following a strategy

of bargaining concessions in order to safeguard jobs. However, as the German public sector was not really hit by the crisis, the unions were able to pursue an offensive bargaining round for day care workers, which finally led to an agreement on the introduction of a new separate wage table for education and social workers within the TVöD. For day care workers the new wage table led to wage increases of between €100 and €400 per month (Bispinck 2010). Although the results of the first separate bargaining round for day care workers were widely received as a success for the unions, it was clear that this would only be the first step.



Therefore, in 2014 the unions renewed their campaign under the slogan 'That's really good – now let's have a pay rise [lit. 'upgrade now']!' ('Richtig gut – Aufwerten jetzt!'), focussed around the message that good work requires good pay. For the 2015 bargaining round the unions demanded a further substantial upgrading of day care workers pay of – on average – about 10% (Pieper and Wegner 2015).

The second separate collective bargaining round for day care workers in 2015 was again conflictual and led to another nationwide strike lasting about four weeks (Kerber-Clasen 2017b; Kutlu 2015). After the union members rejected an offer arising from arbitration, a final agreement was reached which led to wage increase of about 3% for childcare assistants, 4.4% for skilled day care workers and up to 11% for heads of day care centres (Bispinck 2016). For many day care workers this result fell far below their expectations, so the upgrading of day care workers' wages is certain to remain on the trade union agenda.

Several lessons can be drawn from recent experiences in day care centres for the future pattern of collective bargaining in the public sector (Kerber-Clasen 2017a, 2017b; Kutlu 2013, 2015; Pieper and Wegner 2015). First of all, a strike in a day care centre does not damage the employer economically, but does harm the clients, in this case the parents. Therefore, it was extremely important for the unions to garner the support of parents' organisations and of wider public opinion. The trade unions were very keen to announce the strikes in advance in order to give parents the chance to make other care arrangements. They also directly addressed parents' organisations and were in many cases successful in gaining their support. Secondly, the unions were largely able to gain public support as they linked the working conditions of day care workers with the quality of care services and therefore emphasised the joint interests of workers and parents. Finally, the unions were able to link their demands for improvement and esteem to the overall goal of modernising childcare and pre-school education.

## 4. Primary education

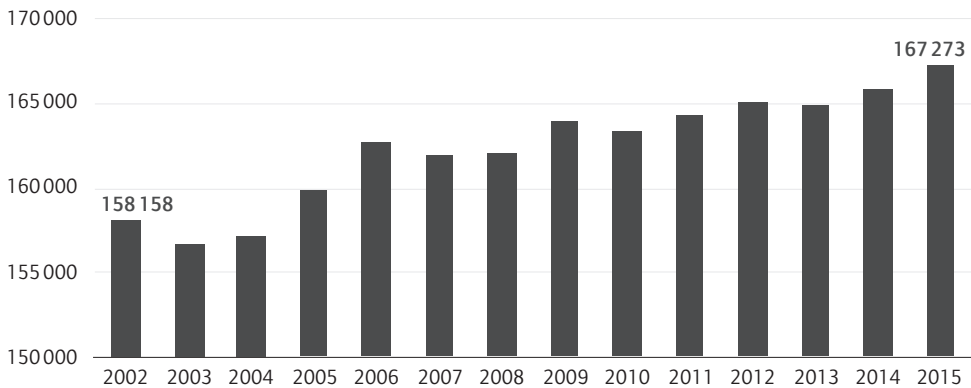
### 4.1 Profile of the sector

Public education in Germany was not affected by the crisis. On the contrary, between 2007 and 2015, public expenditure on schools rose by 21.8% to €63.25 billion (Statistisches Bundesamt 2016). However, in relation to GDP, the share of expenditure on public schools was held constant at 2.1% during this period (Statistisches Bundesamt 2016).

This is also reflected in the development of primary education in the past. In 2015, there were 15 424 primary schools in Germany with 2 715 127 students. A total of 167 273 teachers work at primary schools. Official statistics on the development of primary education reveal that the most relevant indicators for quality of education have improved in recent years. The 10% fall in the number of primary schools from 2002 to 2015 is connected to retrogressive demographic development in Germany. It corresponds to a decrease in the number of primary school students by about 14% during the same period.

Whereas the number of primary schools and students decreased, the number of primary school teachers grew by almost 6% (figure 5). Measured in full-time equivalents, the teaching staff at primary schools increased by 5.2%.

Figure 5 Teachers in primary schools, 2002–2015

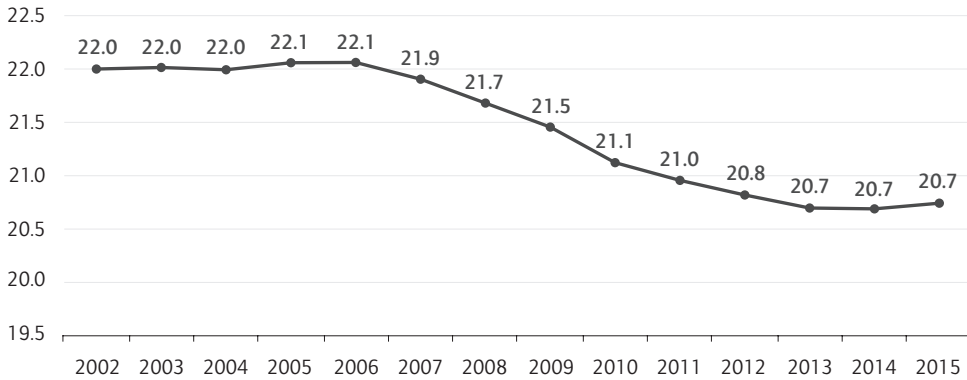


Source: Conference of Federal Ministers of Education.

As a consequence of these developments, class sizes and students-per-teacher ratios improved (figures 6 and 7). The average class size in primary schools dropped slightly, from 22 students in 2002 to 20.7 students in 2015. Furthermore, the number of lessons taught per class and week increased from 27.5 in 2002 to 30.5 in 2015.

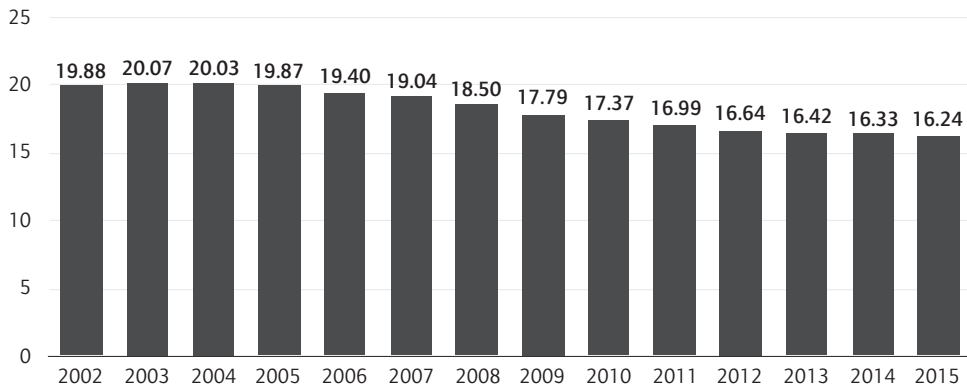


Figure 6 Class sizes in primary schools, 2002–2015



Source: Conference of Federal Ministers of Education.

Figure 7 Students-per-teacher ratio at primary schools, 2002–2015



Source: Conference of Federal Ministers of Education.

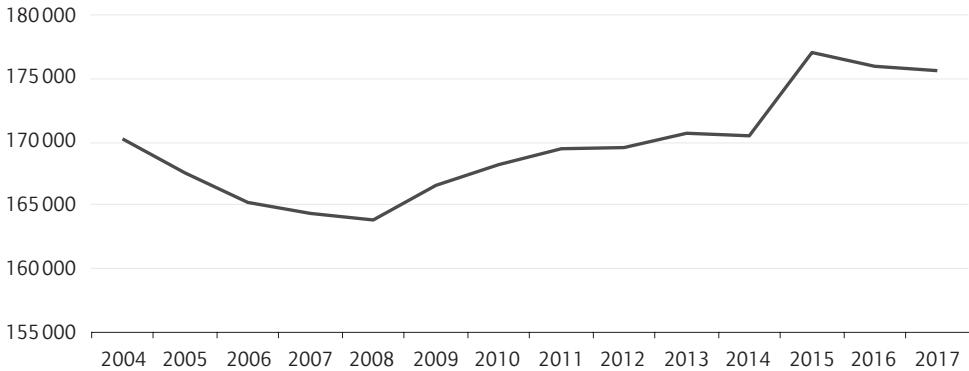
## 4.2 Industrial relations

In Germany, education policy is the exclusive competence of the *Länder* (Keller and Seifert 2015: 10; Vesper 2016: 39). Accordingly, teachers are employed by the *Länder*. About three-quarters of teachers are civil servants. The working conditions of teachers with civil service status are legally regulated by the *Länder* parliaments.

Two trade unions represent the interests of teachers. The Verband Bildung und Erziehung (VBE) within DBB organises mainly teachers with civil servant status but also, to a lesser extent, some with public employee status (Keller 2014: 393). The VBE organises around 140 000 teachers. GEW represents about 175 000 teachers with public employee or civil servant status, among them about 51 000 primary school teachers.

In contrast to civil servants, public employees have the right to strike. As a consequence, teachers without civil servant status increasingly engage in industrial action, first at the *Länder*-level, mainly over issues such as working time, workload and classifications in collective agreements. Since 2009, teachers have been participating in greater numbers in strikes within the context of nationwide collective bargaining rounds for the public sector of the *Länder*. According to GEW, these increased strike activities have boosted its membership (figure 8).

Figure 8 Membership of GEW, organisational area school



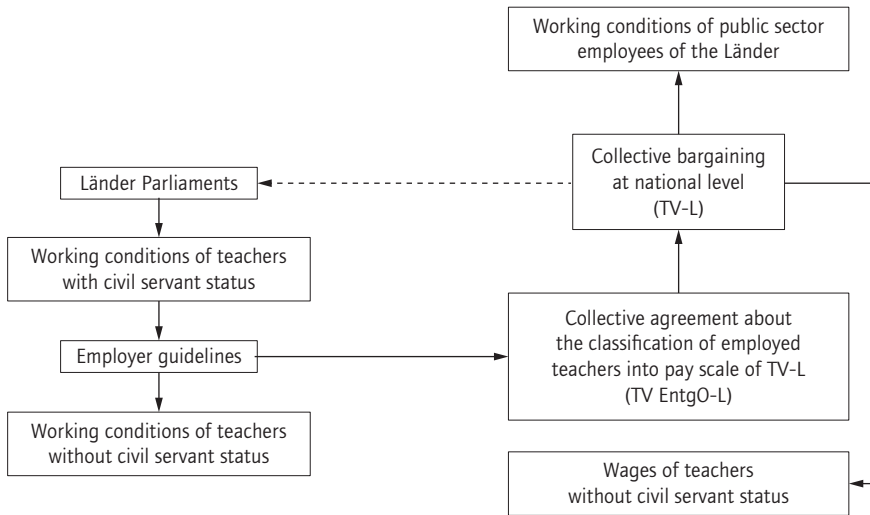
Source: GEW.

In the legislative process, public sector trade unions have only limited participation and consultation rights. But they have several informal channels of influence, such as lobbying or influencing public opinion (Keller 2010: 126–28). Thus, for teachers with civil service status, there is no collective bargaining. However, the wages of teachers with civil service status are loosely connected to the collective bargaining system for the public sector of the *Länder*, which takes place prior to the legislative process. Trade unions usually demand that collective bargaining outcomes for the public sector of the *Länder* are applied to civil servants. Nevertheless, the *Länder* are free to decide. Because civil servants do not have the right to strike, trade unions cannot enforce the legislator to accept their demands by industrial action. Some of the *Länder* comply with the demand, others do not.

Determination of the working conditions of teachers with public employee status is more complicated. Only recently did trade unions manage to obtain a collective agreement for teachers without civil service status within the TV-L (see section 4.4). However, their working conditions are partially coupled with those of teachers with civil servant status by ‘employer guidelines’ decreed by the *Länder*. As a consequence, the working time of employee-status teachers follows the corresponding legislative regulation for civil servants. Before 2016, the wages of employee-status teachers were determined by a reference in the ‘employer guidelines’ to the pay scales of the TV-L. Hence, although the TV-L did not directly cover employee-status teachers, their wages followed the TV-L and their classification in the pay scale of the TV-L followed the classification of civil servants. The classification of employee-status teachers in the TV-L pay scale,

however, corresponds to the qualification levels of comparable civil servants as follows: employee-status teachers who, for example, would be paid according to pay level A13 if they were civil servants are paid according to pay level E13 of the TV-L (with the exception of primary school teachers without civil servant status, see section 4.3). This classification scheme was recently codified by a special collective agreement (Tarifvertrag über die Eingruppierung und die Entgeltordnung für die Lehrkräfte der Länder, TV EntgO-L), which is part of the TV-L. Thus, the ‘employer guidelines’ were turned into a collective agreement on the classification of teachers without civil servant status in the TV-L pay scale (see section 4.4). Figure 9 illustrates how the working conditions of teachers are set.

Figure 9 Setting of working conditions of teachers with and without civil servant status



Source: Authors' composition.

The different treatment of teachers with and without civil service status leads to other differences, apart from employee-status teachers’ lower gross wages. Because of civil servants’ specific legal status, the working conditions of teachers with and without civil servant status differ substantially with regard to net wages, pensions, health care and employment protection. As a rule of thumb, the difference in net wages between civil servants and public employees with the same gross wage is about 20%, in favour of civil servants. Since primary school teachers are paid according to E11 and some in Saxony even according to E10<sup>4</sup> (see below) instead of E12, the disparities are even wider.

4. Interview with GEW, 15 March 2017.

### 4.3 Working conditions

Since radical transformations such as privatisation and market liberalisation are largely absent from the German school system, changes have been much less dramatic than in other public sectors. This is particularly true for the relatively stable industrial relations and the still high degree of centralisation of collective bargaining for the public sector of the *Länder*.

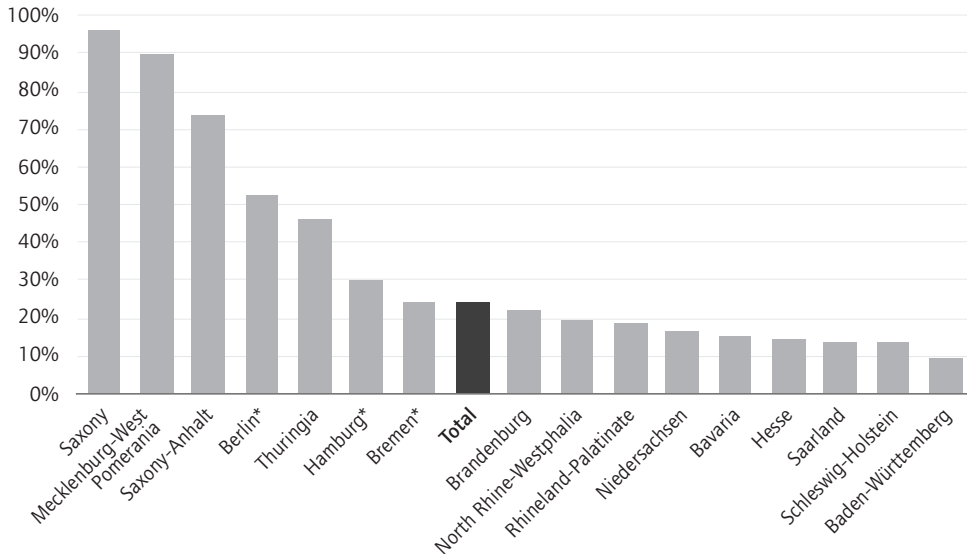
Although the number of teachers at primary schools has increased, their working conditions have not correspondingly improved. However, not all of the changes in teachers' employment conditions since the 1990s can be traced directly to budgetary restrictions; some are the result of education policy reforms (for example, the introduction of inclusion, integrated comprehensive schools and all-day schooling), partly in response to poor results in international evaluations of the German education system. As a consequence, teachers' work intensity has increased (Mußmann *et al.* 2016; Vesper 2016: 60). One reason for this is that primary school teachers' range of tasks has not only been substantially extended, but has also become much more demanding. The inclusion of disabled children and the integration of children with learning disabilities, together with migrants and refugees have increased the need for individual support and consultation.<sup>5</sup> Other developments, however, are more directly linked to fiscal consolidation. It has become common practice to hire young teachers only for a fixed term, creating a more flexible and cheaper pool of replacement teachers (Keller and Seifert 2015: 10). The share of teachers without civil servant status (see below) on temporary contracts is 16.8% (Hohendanner *et al.* 2015: 46). These teachers are often employed only for the school year, that is, from the end of the summer holidays to the beginning of the next summer holidays. For the remaining time, they have to apply for social assistance because they are not entitled to unemployment benefits, having been employed for less than twelve months. The Federal Labour Office reported for 2016 that during the summer holidays about 5 800 teachers more than in the other months registered as unemployed. In 2015, this number had reached 7 000. Young teachers are especially affected: the share of teachers under 35 years old in this group of temporarily unemployed teachers amounts to 64%. Remarkably, this practice is particularly widespread in some of the most prosperous *Länder*, such as Baden-Württemberg, Hesse, Rhineland-Palatinate and Bavaria (Bundesagentur für Arbeit 2016).

One of the major issues concerning teachers' working conditions is that after German reunification the new *Länder* decided not to grant their teachers civil servant status and hired new teachers only as public employees (Keller and Seifert 2015: 10).<sup>6</sup> In addition, Berlin stopped granting civil servant status to new teachers in 2004. Meanwhile, Brandenburg, Thuringia, Mecklenburg-West Pomerania and – partially – Saxony-Anhalt have started to hire teachers as civil servants. In Saxony and Mecklenburg-West Pomerania teachers are still almost exclusively public employees. In Saxony-Anhalt, nearly three-quarters of the teaching staff are public employees (figure 10).

5. Interview with GEW, 15 March 2017.

6. A small share of teachers have always been hired as regular employees when they lacked the specific requirements for becoming civil servants (age limit, health requirements, qualification levels).

Figure 10 Share of employee-status teachers in 2015 (%)



\* Non-pedagogical staff included in total population.

Source: Statistisches Bundesamt, special evaluation of GEW.

In 2015, 175 605 persons worked at primary schools (167 273 teachers), of whom 127 680 were civil servants and 47 925 public employees (Statistisches Bundesamt 2015). Primary school teachers without civil servant status are especially disadvantaged. Even with civil servant status, primary school teachers are paid less than most teachers at secondary schools. Primary school teachers are remunerated according to salary level A12 instead of A13, as at secondary schools, although qualifications and occupational requirements are generally comparable (Kocher *et al.* 2016: 25–28). In Bavaria, for example, the gross starting wage of a secondary school teacher with civil servant status is €4 113, whereas a primary school teacher with civil service status receives only €3 439. Furthermore, in contrast to secondary school teachers, employee-status primary school teachers are paid according to one pay level of the TV-L below the wage level A12; that is, according to E11 instead of E12. In Baden-Württemberg, the gross starting wage of an employee-status primary school teacher is €3 202. Thus, primary school teachers without civil servant status are disadvantaged twice over.

Another change in working conditions is connected to the already mentioned reform of German federalism in 2006. The reform transferred regulatory competence for civil servants' employment conditions from the federal level to the *Länder*. This resulted in differing working conditions across different *Länder* for teachers with and without civil service status. Teachers without civil servant status are affected because the working time and other working conditions (except pay) of regularly employed teachers are coupled to those of teachers with civil servant status. As a consequence, gross starting wages vary between €3 540 for a primary school teacher with civil servant status in Hamburg and €3 191 for a primary school teacher with civil service status in

Rhineland-Palatinate. In periods of high demand, this can favour teachers, especially those with coveted subject combinations. *Länder* compete with each other for teaching staff on the basis of working conditions. Competition between *Länder* for teaching staff is one reason why some *Länder* have decided to hire teachers as civil servants again. Tellingly, Berlin started to grant civil service status for teachers who move to Berlin from another *Land* where they already had civil service status. Moreover, they are paid according to the salary of the *Land* where they worked previously. Furthermore, Saxony recently started to discuss whether new teachers should be employed as civil servants, although only temporarily, for a period of five years. This is because Saxony cannot find enough new teachers for open positions.

#### 4.4 Current developments in collective bargaining

One of the main demands of employee-status teachers was to be integrated into the TV-L – and thus to be directly included in collective bargaining. As explained above, before 2016 the working conditions of teachers without civil servant status were regulated by unilateral ‘employer guidelines’, which coupled the working conditions of employee-status teachers to those of teachers with civil servant status. A reference in the ‘employer guidelines’ linked the wages of employee-status teachers to the pay scales of the TV-L. Thus, although the TV-L did not directly cover employee-status teachers, nevertheless, their wages followed the TV-L while their classification in the TV-L pay scale followed that of civil servants (see section 4.2).

For more than a decade, GEW has been pushing for the inclusion of employee-status teachers in the TV-L. After initial talks about this matter during the collective bargaining round in 2009, the TdL refused to continue negotiations about integrating employee-status teachers into the TV-L. In 2011, 2013 and 2015, the TdL offered a collective agreement on the integration of employee-status teachers into the TV-L, but GEW and ver.di rejected it on each occasion. The reason was that the *Länder* insisted on maintaining the coupling of the pay scales of employee-status teachers with those of civil servants. In practical terms, this offer would merely have transposed the ‘employer guidelines’ into a collective agreement. Since the working conditions of civil servants are determined unilaterally by the *Länder* this would have meant that the *Länder* would still set the working conditions of employee-status teachers, too, generally without trade union participation. In addition, although the employers granted an ‘alignment allowance’ of €30 per month, the two-fold discrimination against primary school teachers would not have been eliminated.

Moreover, accepting the offer would have obliged the trade unions to respect the so-called ‘peace obligation’ (Friedenspflicht), which prohibits strike action as long as a collective agreement is in force; in this case, for four more years. Despite GEW’s and ver.di’s rejection, in 2015 DBB accepted TdL’s offer and signed the new collective agreement on the integration of employee-status teachers into the TV-L (TV EntgO-L). Regardless of the rejection by the other public sector trade unions, the *Länder* decided to apply the collective agreement to all employee-status teachers. However, according to German collective bargaining law, the collective agreement does not formally apply

to members of GEW or non-unionised teachers. Hence, if collective bargaining leads to a deterioration of working conditions, it may not be applied to GEW members. Yet, the *Länder* intended to bypass this provision, implementing the new collective agreement by referring to it in the individual employment contracts of newly employed teachers. In 2017, GEW finally accepted the offer of the *Länder*. In exchange, the employers agreed to introduce a new, additional experience level 6 within the TV-L pay groups applicable to employees with academic education, which raises the wages of employee-status teachers with work experience of 15 or more years. Thus, after years of struggle, the trade unions succeeded in obtaining a collective agreement for employee-status teachers. However, the compromise is rather an ex-post codification of the ‘employer guidelines’ in the form of a collective agreement, which basically reproduces the status quo. In exchange, employee-status teachers are now formally covered by the TV-L. The double discrimination against primary school teachers persists. Accordingly, the unequal remuneration of primary as compared with secondary school teachers remains an important issue. As mentioned above, whereas secondary school teachers are paid according to wage group A13 (E13), primary school teachers are paid according to wage group A12 (E11). Differences in gross starting wages can be up to €695.



The different classification of primary and secondary school teachers is not new; in other words, it is not the result of changes in recent years. However, trade union activities around this issue are interesting because they make reference to discursive frameworks such as recognition, upgrading and gender equality – which trade unions have also achieved in other public sectors. In 2016, GEW started a campaign under the heading ‘JA 13 – weil Grundschullehrerinnen es verdienen’ (YES 13 – because primary school teachers deserve it) in order to lift primary school teachers’ wages to A13 grade.

The trade unions’ lobbying efforts have shown their first important results. Recently, Berlin and Brandenburg decided to upgrade present and future primary school teachers from A12 to A13 starting in 2019. In addition, North Rhine-Westphalia announced that it would follow their example. The conditions for this success were favourable since the current and future projected demand for primary school teachers is massive. A recent study calculated that, under current conditions, the shortage of primary school teachers will reach about 35 000 teachers by 2025 (Klemm and Zorn 2018).

## 5. Hospitals

### 5.1 Profile of the sector

At the end of 2016, Germany had 1 915 hospitals with around 501 000 beds (for the following see: table 3). Hospital capacities in Germany have been steadily declining since the early 1990s. The total number of hospitals fell by more than 20%, while the number of beds decreased even faster, by about 25%. At the same time there was a continuous rise in the number of hospital admissions, paralleled by a drop in the average length of stay, from 14 days in 1991 to 7.3 days in 2016.

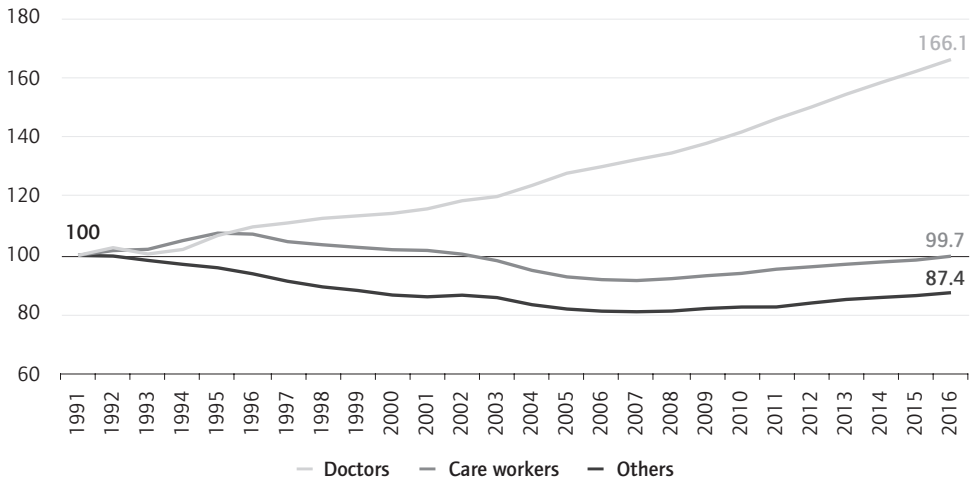
Table 3 The German hospital sector – key figures, 1991 and 2016

	1991	2016	Change 1991/2016
Number of hospitals	2 411	1 915	- 20.6 %
Number of beds	665 565	498 718	- 25.2 %
Hospital admissions	14 576 613	19 532 779	+ 34.0 %
Average length of stay	14.0 days	7.3 days	- 47.9 %
Number of employees			
total	1 111,625	1 215 581	+ 9.4 %
full-time equivalents	875 816	880 519	+ 0.5 %

Source: Statistisches Bundesamt 2017b, WSI calculations.

There are around 1.2 million employees working in the German hospital sector. These account for just over a fifth of all employees in the German health sector, which in total employs some 5.5 million staff. Given the increasing number of part-time hospital workers, overall employment in hospitals measured in full-time equivalents amounts to about 881 000 full-time jobs. All in all, hospitals are a female-dominated sector (Statistisches Bundesamt 2017b): around three-quarters of all hospital workers are women. Among care workers the proportion of female workers is even higher, at 85%, while among doctors it is almost half (47%). About three-quarters of all doctors work full-time, while only half of care workers do so.

Figure 11 Employees in German hospitals, 1991–2016



In full-time equivalents, 1991 = 100

Source: Statistisches Bundesamt 2017b, Simon 2014, WSI calculations.

From the mid-1990s until the second half of the 2000s, there was a steady fall in the number of employees in hospitals (figure 11). The sharpest decline was among non-medical service employees, whose jobs have often been contracted out to other companies. There was also a significant decline in the number of care workers, which reached its low point in 2007. Since then the amount of care staff has started to



increase again, and in 2016 reached almost the level of the early 2000s. The only group of hospital employees that has experienced a sustained increase in numbers is doctors, whose numbers have increased by more than 66% since the early 1990s.

Over the past three decades, the German hospital sector has been subjected to a process of commercialisation and privatisation (Schulten and Böhlke 2012; Greer *et al.* 2013). The commercialisation of hospital services has been implemented mainly through a fundamental change in the mode of hospital financing (Simon 2000, 2016). Up until the early 1990s, all operational costs were financed in line with the ‘cost coverage’ principle, according to which the health insurance funds, which collect revenue in the form of social insurance contributions, reimbursed almost all expenditures incurred by hospitals. Since then a number of healthcare reforms have, first, capped hospital budgets and subsequently shifted hospital financing to the so-called Diagnosis Related Group (DRG) system, under which the costs of a hospital admission are no longer reimbursed on the basis of per diem costs but according to a uniform flat-rate payment determined by a cost schedule for that patient’s Diagnosis Related Group, irrespective of the actual treatment and costs incurred by the individual hospital.

The abolition of full cost-based reimbursement, the establishment of capped budgets and the introduction of the DRG system meant that, for the first time, it became possible for German hospitals to accrue large-scale profits or deficits. It also established a new regime of cost competition between different hospital providers and created the preconditions that allowed for a wave of hospital privatisations and the emergence of some new private for-profit hospital corporations. For several municipalities the privatisation of public hospitals that were in financial deficit has become an important instrument for tackling their wider budgetary problems.

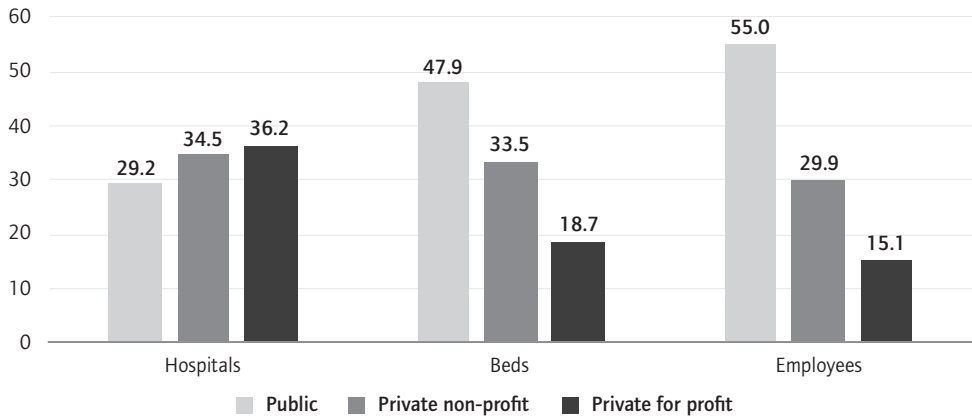
Traditionally, the German hospital sector has been divided mainly into a public and a non-profit segment. While the public hospitals are mostly run by municipalities or – in the case of university clinics – by the *Länder*, the non-profit hospitals are dominated by the two major Christian churches (Protestant and Catholic), but also involve some other welfare organisations. Up until the early 1990s, Germany had only a few specialised and mostly smaller private for-profit hospitals. Since then the ownership structure of the German hospital sector has undergone a dramatic change due to an overall decrease in the total number of hospitals and an ongoing process of privatisation.

Between 1991 and 2016 the number of public hospitals almost halved, from 1 110 to 570. In the same period the number of non-profit hospitals decreased by nearly 30%, from 943 to 674. In contrast, the number of private for-profit hospitals has almost doubled, from 358 to 707, and has now overtaken the number of both public and non-profit hospitals. No other country in Europe has seen such a marked process of hospital privatisation as Germany (Schulten and Böhlke 2012). The private hospital market in Germany is also fairly concentrated, as about half of all private hospitals belong to the five largest private hospital corporations: Helios, Asklepios, Sana, Rhön and Ameos.

Although privatisations have affected almost all kinds and sizes of hospitals (including one university clinic), the private for-profit segment of the German hospital sector

still covers a relatively high number of more specialised and smaller clinics. In 2016, private hospitals represented about 36% of all hospitals in Germany, but only 19% of all hospital beds and 15% of all hospital workers (figure 12). In contrast, public hospitals represented less than 30% of all hospitals, but still 48% of hospital beds and even 55% of all hospital workers. This is because most of the larger hospitals, and in particular university clinics, remain largely in public ownership.

Figure 12 Ownership structure of the German hospital sector, 2016 (%)



Source: Statistisches Bundesamt 2017b, WSI calculations.

## 5.2 Industrial relations

The three-fold division of hospital providers in Germany has also led to the emergence of three different industrial relations regimes (Brandt and Schulten 2008b; Glassner *et al.* 2015, 2016, table 4). First of all, public hospitals are still linked to the public sector industrial relations regime, with all its particular features and specific legal regulations. Most municipal clinics are still covered by the TVöD. Some public hospitals – in particular, university clinics – belong to the *Länder* and are therefore covered by TV-L. In both cases the public sector agreements include some special provisions for hospital staff, including a special pay scale for care workers.

Secondly, most non-profit hospitals adhere to the particular industrial relations regime that operates within organisations run by the Christian churches (see section 3.1; Jähnichen *et al.* 2015). In practice, however, working conditions in church-run hospitals closely follow public sector collective agreements, even though more recently this correspondence has become somewhat looser. Apart from that, non-profit hospitals which are not run by the Christian churches but by other welfare organisations, usually have company agreements either at the level of the entire welfare organisation or at the level of the individual clinic.

Table 4 Collective bargaining structure in the German hospital sector, 2018

Hospital provider	Collective agreements
Public	Nationwide public sector collective agreements for municipalities federal states
Non-profit	'In-house arrangements' (church-run hospitals) Company agreements (other welfare organisations)
Private for-profit	Company agreements for entire hospital corporation at national level individual clinics at regional or local level No collective agreement

Source: WSI Collective Agreement Archive 2018.

The private for-profit hospitals have also developed their own industrial relations regimes. After privatisation, the companies largely withdrew from the public sector agreements in order to undercut existing labour standards (Brandt and Schulten 2008). Since then, however, most private hospitals are again covered by collective agreements as a result of successful organising trade union campaigns (Dilcher 2011; ver.di 2011, 2015a). In some of the larger private hospital corporations – for example, Helios or Sana – there are nationwide company agreements that cover all clinics within the corporation. Other private hospital corporations – such as Asklepios or Rhön – conclude collective agreements only at a regional or local level, which sometimes only cover an individual clinic. There are also some private hospitals that still refuse to sign any collective agreements.

Usually, collective agreements cover all groups of workers in a hospital, who are mainly represented by ver.di, by far the largest union in the sector, organising across all types of hospital provider (Glassner *et al.* 2015, 2016). There is also a relatively well-represented occupational trade union for doctors called the Marburger Bund, which has been negotiating separate collective agreements for doctors since the mid-2000s (Martens 2008).

The diversified structure of industrial relations in the German hospital sector makes it difficult to secure equal conditions for all hospital workers. In view of the growing competition between hospital providers, there is also a need to establish a level playing field in order to prevent downward pressure on working conditions. As a consequence, the trade unions have tried to co-ordinate collective bargaining between all hospital providers and establish public sector conditions as the benchmark for all hospitals (Gröschl-Bahr and Stumpfögger 2008; ver.di 2011, 2015). However, there are still some significant differences in the labour costs structure of the various hospital providers. Considering the average annual labour costs for a care worker, public hospitals pay about 9% more than private for-profit ones (Statistisches Bundesamt 2017b, 2017c). The differences are even larger among non-medical staff (Brandt and Schulten 2008). The only exception are doctors, whom private for-profit hospitals pay on average nearly 5% more than public hospitals.

### 5.3 Working conditions

The commercialisation and privatisation of hospital services has put hospitals under permanent pressure to reduce costs in order to avoid deficits or even to generate profits. At the same time, hospitals have to cope with various challenges, such as a growing need for new investments and the increasing costs of hospital treatment. Against that background labour costs, which still account for about 60% of overall costs in hospitals (Statistisches Bundesamt 2017c), have been the focus of hospitals' restructuring strategies, aimed at improving their financial performance. Hence, the hospitals have developed several strategies to reduce labour costs, with a significant impact on working conditions in the sector (Greer *et al.* 2013; Schulten and Schulze-Buschhoff 2015).

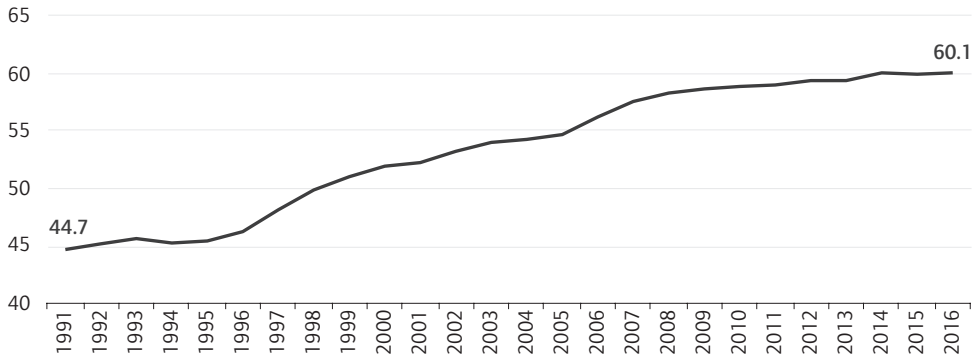
One major issue has been the contracting out of hospital services, which has become widespread over recent decades. It started in the 1990s with laundry and cleaning services but since then has been extended to many different activities, such as pharmacies, catering, and laboratory services, but also medical services, such as radiology or sterilisation (Blum *et al.* 2013). There are at least three different forms of outsourcing. First, hospitals contract a number of external companies. The second form is that hospitals co-operate with an external facility management or service company, which delivers a package of different services, using their own staff or further subcontractors. Finally, hospitals can create their own in-house service companies. The latter have become widespread, in particular in larger hospitals (Lünenendonk 2012). For example, Helios Kliniken GmbH, which is the largest private hospital corporation in Germany, has about 68 000 employees, of whom some 10 000 are employed in separate Helios service companies (Behruzi 2014).

The most important reason for hospitals to contract out services is to cut labour costs (Blum *et al.* 2013: 45). External firms usually have much lower labour costs because they are either covered by different collective agreements or often not covered at all. In areas such as laundry, cleaning or catering the labour cost differences between hospitals and external firms can be up to 25–30% (Lünenendonk 2012: 11). The same is true for hospitals' in-house service companies, which are also often not covered by collective agreements, leading de facto to the establishment of a two-tier employment system within the hospital sector. All in all, the process of contracting out has been accompanied by a significant deterioration in working conditions and growth in precarious employment (Schulten and Schulze-Buschhoff 2015).

Since the 1990s, the increasing cost pressures on hospitals has led to significant staff cuts, not only among employees providing ancillary services, but also core care personnel (Simon 2012, see also figure 11). Although the decline of hospital staff came to a halt in 2007 and the number of care workers and other hospital workers started to increase again, this did not correspond to the faster increase of hospital cases. As a result, the ratio between patients and care staff continued to increase. While in 1991 a full-time care worker had to treat, on average, 44.7 cases, it had risen to 60.1 cases by 2016 (figure 13). The ratio was lower in public hospitals (56.5 cases) in comparison to non-profit and private for-profit clinics (64 cases) (Statistisches Bundesamt 2017a).

The ratio of hospital cases to care workers and in Germany is also one of the highest in the OECD (Böcken and Kostera 2017).

Figure 13 Average annual number of hospital cases per full-time care worker, 1991–2016



Source: Statistisches Bundesamt 2017b, WSI calculations.

The obvious understaffing of German hospitals has led to a sharp intensification of work and growing dissatisfaction, especially among care personnel (Buxel 2011; Roth 2011; Schulz 2017). According to a comprehensive survey on working conditions in German hospitals from 2014, nearly 80% of care workers think that their working conditions have deteriorated over the past five years (Bräutigam *et al.* 2014). There are two major issues behind this assessment: pay and work pressures. On pay, more than 68% of all care workers surveyed felt that they were not paid adequately for the work they do. According to another study, the average monthly pay of a hospital care worker stood at around €2 735 in 2013, significantly below the average pay in other sectors, such as manufacturing (Bispinck *et al.* 2013). In order to give care staff greater recognition, the trade union ver.di has called for every qualified care worker to earn at least €3 000 per month (ver.di news No. 7/2014).

Furthermore, nearly 60% of all care workers think that they do not have enough time to do their job, while more than half are frequently unable to take their breaks. Both are clear indicators of severe work pressures resulting from understaffing. Work pressure is also a major reason for the sharp increase in part-time working among hospital care personnel (Simon 2012). The deterioration of working conditions in hospitals causes employees to express pessimistic expectations for the future. More than 90% of all medical staff surveyed (including doctors, care workers and other medical service staff) believed that work pressure would not decrease in the foreseeable future. Finally, according to another survey, only 43% of care staff would recommend that their friends become a care worker in a hospital (Buxel 2011).

## 5.4 Current issues in collective bargaining

During the 2000s, German trade unions were actively involved in various campaigns against the privatisation and commercialisation of hospitals (Schulten and Böhlke 2012). After most of these anti-privatisation initiatives had failed the unions changed their strategy and focussed more on collective bargaining by setting two main priorities (ver.di 2011; Greer *et al.* 2013). Firstly, the unions tried to ensure that the growing number of private for-profit hospitals would be covered by collective bargaining and provide similar conditions to those laid down in the public sector collective agreement. Trade unions also started to question the special industrial relations status of church-run companies and tried to negotiate genuine collective agreements in non-profit hospitals. While the unions generally have been quite successful in establishing collective bargaining in private clinics, genuine legally-binding agreements still remain an exception in church-run hospitals (ver.di 2015a).



The second priority was a call for more public financial resources for hospitals, accompanied by more fundamental criticisms of the commercialisation of hospital services. In 2008, ver.di started a campaign under the slogan 'Get rid of the cap!' ('Der Deckel muss weg!'), which called for the removal of the cap on hospital budgets and a more fundamental reform of the entire hospital financing system (Behruzi 2011).

The campaign came to be supported by a broad alliance of various social actors, including patient groups, hospital providers' organisations and other medical professions. In September 2008 more than 130 000 hospital employees took part in a demonstration in Berlin, the largest demonstration ever in that sector. The campaign was highly successful, leading to the Federal government setting up a special financial programme to improve care in hospitals ('Pflegesonderprogramm') for the period 2009–2011; in total this has provided about €1.1 billion, allowing the creation of about 15 300 new care jobs (GKV 2013). This new programme has enabled hospitals to at least partially compensate for the loss of care workers during the 2000s (Simon 2014).



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MUSS RAUS!**

Gemeinschaft für bessere  
Arbeitsbedingungen im  
Krankenhaus

Considering the increasing number of hospital cases, however, the newly created care jobs were not at all sufficient to solve the problems of understaffing and growing work pressure. From 2010 on ver.di started a subsequent campaign under the slogan 'Get rid of the pressure!' ('Der Druck muss raus!'). In February 2013, ver.di organised a 'personnel check'. The union visited more than 200 hospitals across the length and breadth of Germany on a single day and asked staff how many additional employees they considered would be needed to maintain services at the required standard. Based on this, ver.di calculated that there was a shortage of 162 000 full-time hospital employees in Germany, among them 70 000 care workers (Paschke 2013).

The lack of hospital staff has become particularly prominent during night shifts. On the night of 5/6 March 2015 ver.di visited 238 hospitals simultaneously in order to analyse the situation of the hospital staff. As a result of its evaluation, ver.di produced a ‘night shift report’, which came to the conclusion that during night shifts two-thirds of all care workers had to oversee a single hospital ward on their own (ver.di 2015b).



From 2013 on, ver.di continued under the slogan ‘More of us is better for everyone!’ (‘Mehr von uns ist besser für alle!’), which put the relationship between the number of care workers and the quality of hospital treatment at the core of its campaign. While agitating around the fact that understaffing might lead to serious problems for patients, ver.di started to demand not only more personnel but a legal determination of minimum staffing requirements.

In addition, the union also addresses individual hospitals at the local and regional level with concrete demands for more hospital staff. In 2015, the union registered a notable success when it concluded a groundbreaking collective agreement at the Berlin university clinic Charité, which is the largest university clinic in Europe, with more than more than 13 000 employees. Having already gone on strike in 2006 and 2011 in order to prevent staff cuts, in 2015 Charité workers held a new strike, lasting ten days, in order to reach a new collective agreement on more staff and concrete regulations for minimum staff requirements at the university clinic (ver.di Berlin-Brandenburg district 2017; Hedemann *et al.* 2017). Finally, ver.di and Charité concluded a new ‘collective agreement on health protection and minimum staff requirements’ (Tarifvertrag über Gesundheitsschutz und Mindestbesetzung im Krankenhaus), which became the first collective agreement in Germany to lay down concrete provisions on minimum staffing of care workers in some functional medical areas (such as surgery, anaesthesia and psychiatry). Furthermore, the agreements define new criteria and procedures for tackling work overload; established a fund of €300 000 for every six months in order to finance measures combatting work overload; and set up a joint health committee – composed of union and management representatives – to monitor their implementation and decide on concrete measures to mitigate work overload.

For ver.di the new collective agreement at Charité became the model that should also be implemented in other hospitals. In early 2017 the union started a pilot campaign in the federal state of Saarland, where it called for a new branch-level collective agreement on the reduction of work pressure (Tarifvertrag Entlastung), which is supposed to cover all groups of hospital providers, including public, non-profit and private for-profit hospitals (Windisch 2017). Throughout the year, the union organised various demonstrations and warning strikes, including the first warning strike ever at a Catholic hospital in Germany (ver.di Bezirk Region Saar Trier 2017). In July 2017, ver.di decided to extend the campaign to selected public and private hospitals in seven further *Länder* with a special focus on university clinics (ver.di 2017a). Especially in larger cities the union campaigns for more hospital staff won the backing of local alliances supported by representatives from medical and patient organisations,

political parties and other civil society organisations. In the cities of Berlin and Hamburg, these alliances have already started to organise a local referendum for more staff in the local hospitals.

The ongoing trade union campaign has already led to a few new collective agreements at the level of individual hospitals. One remarkable example is a new collective agreement on the reduction of workload at the Gießen-Marburg university clinic, which is the only privatised university clinic in Germany and now part of the private hospital corporation Rhön AG. Among other things, the agreement foresees the hiring of about 100 new care workers and new procedures to tackle work overload, with the participation of the works council and trade union. Moreover, the agreement provides a job guarantee for all care staff during the next five years (ver.di 2017b). In 2018 ver.di reached a couple of similar agreements at the university clinics of Düsseldorf, Essen, Augsburg, the university clinic of the federal state of Saarland as well as for the university clinics of the federal state of Baden-Wuerttemberg (ver.di 2018a). In all agreements the hospital providers agreed to hire additional care staff.

With its campaign against the lack of resources and staff in German hospitals ver.di has been highly successful in bringing the issue onto the political agenda. The demand for legal minimum staffing levels has become widely discussed within other health care organisations, as well as by all the major political parties (Simon 2014). The need for additional staff in hospitals has even been officially recognised by the German government. In 2014, a commission of experts was set up by the federal government and governments of the constituent federal states with a remit to draw up a concrete reform plan by the end of 2014 for the future financing of German hospitals and the provision of an adequate number of hospital employees. In March 2017, the commission presented its results, officially acknowledging that ‘sufficient care staff in hospitals is necessary for the quality of patients’ treatment and the working conditions of the employees’. Moreover, the commission argued in favour of legal minimum requirements for care staff ‘in areas of particularly intensive care services’ and demanded that the health insurance funds, together with the German Hospital Federation (Deutsche Krankenhausgesellschaft) develop a detailed concept by July 2018 (Bundesgesundheitsministerium 2017).

After the current German government formed by the Christian Democrats and the Social Democrats had announced an enlarged reform agenda for German hospitals in its coalition agreement from spring 2018 (CDU, CSU and SPD 2018), the German parliament finally adopted a new ‘Law for the Strengthening of Care Personnel’ (Pflegepersonal-Stärkungsgesetz) in November 2018 (Bundesgesundheitsministerium 2018). The new law stipulates some significant changes including:

1. The possibility for hospitals to hire additional care staff which will be fully compensated by state funding;
2. A more fundamental reform of the hospital financing system from 2020 whereby costs of hospital care staff will be excluded from the DRG system and will be fully compensated;
3. A full refunding of collectively agreed wage increases for care staff;



4. The introduction and funding of more vocational training places for care workers;
5. Better legal minimum care staff levels in areas with intensive care services.

Although the new law has been criticised by the trade unions (ver.di 2018b) and others for not going far enough, it definitively represents a reversal in the German hospital policy. The proposed changes to the hospital financing system with a partial return of the cost coverage principle in particular can be interpreted as at least a partial reversion of the former trend toward the commercialisation of hospital services.

## 6. Conclusions

The development of the public sector in Germany during the past decade differs fundamentally from the experiences of many other European countries. In many respects Germany can be seen as a forerunner of public sector reforms in Europe. Austerity driven reforms in the public sector were implemented long before the crisis, starting as early as the 1990s. During this phase, public employment decreased and working conditions deteriorated. Privatisations of public enterprises and commercialisation of public services had the greatest impact of all the measures taken. They led to a substantial shrinking of the public sector, worse working conditions and fragmented collective bargaining in the privatised sectors. In our case studies, the hospital sector is the prime example of the detrimental effects of privatisation and commercialisation on industrial relations, working conditions and quality of services.

However, the development of the German public sector changed in the second half of the 2000s. Since then, public sector employment has increased and working conditions improved. This holds true, in particular, for public care services, such as the three branches analysed in this study: day care centres, primary education and hospitals.

### 6.1 Municipality case - Day care centres

Since the so-called 'PISA shock' in the early 2000s, there has been a broadly shared view that the German education system needs substantial improvements. After initial attempts during the 1990s, when a more substantial expansion of day care centres could not be implemented due to tight public budgets, new nationwide financial programmes supported the extension of the sector from the mid-2000s. As a result, the number of day care centres increased by nearly 15%, while the number of day care workers increased by around 70%.

The transformation of the German childcare sector, however, not only had a quantitative but also a qualitative dimension, as there was a broad consensus for improving and professionalising pre-school education. However, growing societal expectations about the professional work of day care workers have been in stark contrast to their relatively poor pay and working conditions. It is exactly this contradiction that has been articulated in the trade union campaigns for a substantial upgrading of day care work. The campaign has led to new forms of industrial action and collective bargaining,

such as the two first nationwide strikes in public day care, which underline a new self-confidence on the part of day care workers. Moreover, it received broad public support, even among the affected parents. While day care workers have obtained some improvements in pay and working conditions, it is widely believed that the upgrading has to continue in order to promote the modernisation of childcare and pre-school education.

## 6.2 Primary education

Between 2002 and 2015, the number of teachers at primary schools grew, while the number of students decreased. This has led to an improvement of quality-related indicators. As class sizes became smaller, the student/teacher ratio dropped. At the same time, more lessons were taught per class.

Despite these positive developments, some problems concerning teachers' working conditions persist. Workload and work intensity have increased. Some teachers are hired on a temporary basis only for the duration of the school year. Primary school teachers get paid less than teachers at secondary schools. In some *Länder*, teachers are hired as public employees without civil servant status. However, the two latter trends have been halted and even reversed.

Concerning industrial relations, in contrast to civil servants, employee-status teachers have the right to strike. This has led to a higher participation of teachers in industrial actions, which has resulted in a growing trade union membership among teachers. Trade unions have managed to integrate employee-status teachers in the collective agreements for the *Länder*. However, this is only a partial success because it transposes the 'employer guidelines' – set unilaterally by the *Länder* – into a collective agreement. Thus, the compromise between employers and trade unions in fact reproduces the status quo. Successful trade union campaigns – especially the one to establish equality between primary and secondary school teachers, 'JA13' – are framed around the issues of gender equality, recognition and upgrading of educational work. The successes of trade unions in improving working conditions are rooted in a favourable nexus of circumstances: the shortage of teachers under conditions of 'competitive federalism', which results in competition for scarce teachers between the *Länder*.

## 6.3 Hospitals

Since the 1990s hospitals in Germany have faced a broad wave of privatisation and commercialisation, fostered by a new system of hospital financing that abolished the former 'cost coverage' principle and made it possible for hospitals to accumulate profits or deficits. As commercial success became of growing importance, hospital providers were given a strong incentive to reduce labour costs, which are the largest cost factor in the sector. As a result, many hospital activities were contracted out and overall staff were reduced, including the number of care workers. Although the decline of hospital staff was halted in 2007 and the number of care workers and other hospital workers

started to increase again, this did not correspond with the much faster increase of hospital cases. As a result, the ratio between care staff and patients continued to worsen.

Considering the influence of industrial relations, the development of the German hospital sector is an example of how disputes and struggles for good working conditions have a major impact not only on the quality of services, but also on the more fundamental driving forces of the sector. Commercialisation has been the main driving force in the German hospital sector for more than 20 years, but it has produced neither adequate services nor acceptable working conditions. Therefore, the struggles within hospitals have always been linked directly to a more fundamental critique of the logic of commercialisation (Décieux 2017). The various union campaigns for more staff and better working conditions have made a major contribution to reversing the trend and bringing more resources into the hospital system. Thus, industrial relations have become an important driver of the necessary modernisation of hospital services. As collective bargaining in the sector is fairly fragmented and divided among different groups of hospital providers it could only set good examples and practices, which then have to be universalised through new regulation by the state.

## 6.4 Comparison of the sectors

There are several commonalities in the development of the three sectors analysed in this study. First of all, all three sectors have faced an expansion of employment since the second half of the 2000s. In the case of hospitals, this is a reversal of the former trend towards staff cuts. In the case of day care centres and primary education, this is a continuation and partly an acceleration of a long-term trend.

Secondly, the increase of employment is in all three sectors related to the quality of services. In the case of day care centres and primary education, there is a widespread public view that these sectors need upgrading in order to improve the performance of the German education system. In the case of hospitals, it has become obvious that the continuous worsening of the ratio between care workers and patients has detrimental effects on the quality of hospital services.

Thirdly, in all three sectors trade unions have run relatively successful campaigns for the improvement of pay and working conditions or – in the case of hospitals – for more staff. These campaigns have explicitly articulated the link between working conditions and service quality. As a result, the unions have received large-scale support from the broader public and have been able to create new strategic alliances with users of public services, such as parents or patients. Moreover, in all sectors, the campaigns have generally gone hand-in-hand with a proactive demand for care and educational work as a public service and, in the case of hospitals, with a fundamental critique of commercialisation. Trade unions managed to couple popular with trade union demands. A favourable public discourse is a particularly effective bargaining chip when negotiating with public employers, i.e. accountable politicians. In this way, public support enabled trade unions to effectively use collective bargaining in order to modernise working conditions in the three public sectors, thus, contributing to the improvement of the quality of public services.

Table 5 **The role of trade union campaigns in modernising German public services – main findings**

Sector	Employment conditions	Public discourse on the quality of services	Trade union campaigns
Day care centres	High work pressure; Relatively low pay	Higher expectations; Need to improve services	Upgrading of childcare workers' profession via increasing pay
Primary education	High work pressure; Income and status inequalities among teachers	Higher expectations; Need to improve services	Upgrading of teachers' profession in primary education via increasing pay
Hospitals	High work pressure; Highly understaffed	Bad treatment of patients; Need to improve services	More care staff and binding legal minimum care staff levels

Source: Authors' composition.

However, trade union campaigns and strategies alone cannot explain the different trajectories of developments in Germany and other European countries. What also has to be taken into account is the fact that, in contrast to many other European states, in Germany the financial crisis did not lead to a debt crisis. Thus, budgetary constraints were much less severe than in countries with skyrocketing public debt. Accordingly, there were no external interventions from EU institutions of the kind that in other EU member states forced crisis-hit countries to cut public expenditure to the detriment of public services. Furthermore, the German economy not only recovered from the economic downturn relatively quickly but entered an ongoing economic upswing. Since 2010, GDP, tax revenues, social contributions and employment have all been growing (Keller 2016: 208). These favourable macroeconomic conditions have broadened the fiscal leeway of the public authorities and allowed for more public spending on public services. In comparison with the other cases presented in this volume, the absence of rigid fiscal constraints in the German case created conducive conditions for trade unions to put forward their demands.

Taking into account other current trends, such as the widespread public scepticism towards privatisation or the remunicipalisation of previously privatised public services (Matecki and Schulten 2013), the developments analysed in this study can be understood as part of a more general trend against the public sector retrenchments of the past. As the hospital sector shows, public services are particular public goods that cannot simply be commodified, at least not without generating resistance. Apparently, privatising and liberalising public services creates counter-movements. The emergence of these counter-movements might point to limits on the commodification of public services. The same applies to austerity measures that have led to a decay of public services.

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# Chapter 5

## Employment and industrial relations under downward pressures in the Italian public sector

Marcello Pedaci, Marco Betti and Rossella Di Federico

### 1. Introduction

The Italian public sector has changed significantly over the past two decades. Most of these changes, including processes of decentralisation, privatisation and introduction of market mechanisms, have been inspired by New Public Management (NPM) philosophy and, in the discourse, their aim was to increase the efficiency of services (Bordogna 2008; Bach and Kessler 2011). Overall, it was not a linear process of transformation, often with modest results and some unexpected effects (Bordogna 2016; Dell’Aringa and Della Rocca 2017). In more recent years, the public sector has been one of the main targets of austerity measures (Vaughan-Whitehead 2013; Bordogna and Pedersini 2013a; Bach and Pedersini 2013; Della Rocca 2013), chosen and implemented in response to the economic crisis, under the pressures of financial markets and the Troika (European Commission, European Central Bank and International Monetary Fund). As in other countries, reforms and budget cuts have strongly affected numbers and working conditions of public employees and have impacted on industrial relations (Bach and Pedersini 2013; Bechter and Brandl 2015). Several studies evidence a weakening of existing industrial relations institutions, a less prominent role played by social dialogue in designing reforms, including those concerning employment, a more hierarchical decision-making style and a recentralisation of the main decisions (Zoppoli 2009a; Carrieri and Treu 2013; Mattei and Soli 2016). Reforms have redrawn ‘the boundaries between unilateralism and forms of joint regulation’ in favour of unilateral regulation (Bordogna 2013: 523). These tendencies have also been made possible thanks to the support of a fierce anti-public sector workers and anti-unionism rhetoric (Zoppoli 2009b; Bordogna and Pedersini 2013a; Gentile 2016; Braga 2017), cultivated by many policy-makers, opinion-makers, scholars and academics.

This chapter aims to contribute to this scientific and socio-political debate by analysing in greater depth the changes to public sector employment and industrial relations over the last fifteen years and above all since the 2008 financial crisis. Specifically, it focuses on the strategies that social partners, in particular trade unions, have followed in this time period, the specific initiatives they have implemented, their outcomes and developments and factors that have influenced them. With some important exceptions, these issues are scarcely discussed in the Italian debate. The main questions we will try to answer here concern: the effects that reforms and austerity policies have had on the number and quality of jobs and the role of industrial relations actors, in particular trade unions, in shaping the public sector. In other words, with regards to the second question, the analysis will examine thoroughly how and with what results unions have

influenced the design and/or the implementation of reforms and austerity policies and what role collective bargaining and social dialogue have played.

The analysis we will present here is based on the findings of the BARSOP project, which adopted a subsector perspective and has focused on three specific subsectors: primary education, hospitals and municipalities. In the majority of EU countries, these sectors encompass a substantial part of the public sector as a whole, in terms of employment. In Italy, they employ almost 40% of all public workers. Therefore, our analysis is based on the findings of three case studies regarding these parts/functions of the Italian public sector. To carry out case studies we have adopted a multi-method approach; we have drawn on other researchers' publications and reports, statistics from different sources, legislation, collective agreements, official documents, web/social network pages, newsletters and press releases from the social partners in the three public subsectors. As regards statistics, legislation, collective agreements and other official documents, we concentrated on the period from 2000 onwards. In addition, 31 interviews were conducted between April 2016 and March 2017, with experts, trade unions and employers' representatives (mainly at the national level). They involved above all the social partners of the public subsectors, but also representatives of offices and departments of trade union confederations. Interviewees were identified because of their formal representational role and/or particular expertise in the sector. Specifically, we conducted 9 interviews in primary education, 11 in hospitals and 9 in municipalities (see appendix 1); in addition, two other interviews involved experts on the public sector as a whole.

We shall now go on to present an overview of the main developments of the Italian public sector, also in terms of expenditure and levels of employment, and of the characteristics of the social partners, with particular reference to the selected subsectors. Thereafter, for each subsector, we shall examine the most important policies affecting employment and the strategies and initiatives of the actors in industrial relations, above all trade unions, aimed at influencing their design and/or implementation. In this respect, we provide a number of illustrative examples. The final section will present a set of conclusions.

## **2. The public sector – an overview**

Public sector employment relations were profoundly redesigned in the early 1990s. The 1992-1993 reforms (law 421/1992 and legislative decree 29/1993 and the subsequent amendments) abolished the public legal status of the large majority of employees,<sup>1</sup> assigning to collective bargaining a key role in the regulation of employment terms and conditions. The initiative, called the 'first privatisation', marked the superseding of the 'sovereign employer model' (Dell'Aringa and Della Rocca 2007; Bordogna 2016). This process was strengthened by the 1997-1998 wave of reforms, called the

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1. The main exceptions were the armed forces and police; other minor groups excluded from privatisation were teaching staff in universities, top-level state managers (until 1998), judiciary, prison, diplomatic and prefecture personnel.

‘second privatisation’ (Zoppoli 2003; Carinci 2004), again inspired by NPM ideas. It extended the ‘contractualisation’ to top-level state managers, enlarged the role of collective negotiations, especially at the decentralised level, relaxing centralised controls (Bordogna and Neri 2011; Ongaro 2011). Trade unions were key and proactive actors in the privatisation process (Braga 2017); they saw the chance to improve work organisation, job quality, along with the efficiency and effectiveness of public administration. However, as several studies highlight, the redesigning process caused unexpected and ‘perverse’ consequences, with wage drift at the decentralised level higher than in the private sector (Dell’Aringa and Della Rocca 2007; Dell’Aringa 2007) and ‘encroachment on managerial prerogatives on work organisation and HRM issues by trade unions and workplace representatives’ (Bordogna 2016: 92).

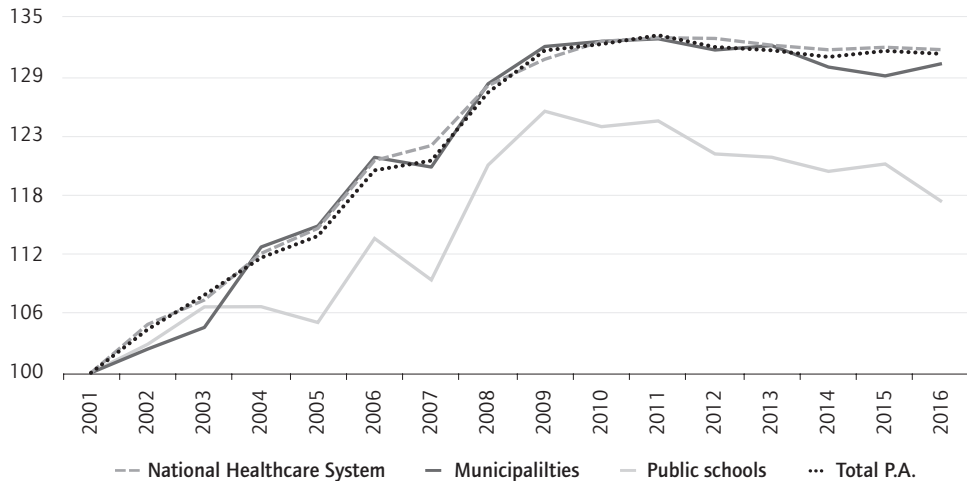
In 2009, the centre-right government intervened again in the regulatory framework of public sector employment relations, mainly with the so-called Brunetta Reform (from the name of the then Minister of Public Administration). NPM ideas provided most of the inspiration for this initiative as well; however, it was also shaped by an anti-public employees and anti-union rhetoric (Bordogna and Pedersini 2013a; Braga 2017), which argues unions are adverse to any changes, constituting an obstacle to innovation of the public administration, and that they defend the interest of privileged groups of workers. The reform reduced the scope of collective bargaining, embedding it within stricter legal rules and constraints and re-juridifying employment relations to some extent, and re-establishing significant differences between the public and private sectors (Bordogna 2016; 2017; Gasparrini and Mastrogiuseppe 2017). It reduced the number of negotiable issues, especially at a decentralised level (for instance, many organisational and HRM issues) and it strengthened the control of the central government and the Court of Accounts over negotiations procedures and outcomes. In addition, the Brunetta Reform introduced more severe controls on absenteeism (notably higher than in the private sector), including economic penalisation in case of sick leave, and cut paid leave for union activities.

The Brunetta Reform worked in tandem with government responses to the economic crisis, largely based on austerity measures. As mentioned above, public sector (employment) has been one of the main targets of these initiatives. We can distinguish: 1) measures targeting wages and 2) measures aimed at reducing employment levels. The former addressed the main factors influencing pay levels: national negotiations were embedded within stricter constraints, in particular with regard to wage increases. Then, with the May 2010 decree, national bargaining machinery was frozen for all public subsectors. Subsequent legislative interventions extended this freeze for several years. However, in 2015 the Constitutional Court declared further extensions to be unconstitutional.<sup>2</sup> Decentralised negotiations, even if not blocked, were subjected to stricter constraints and controls, de facto weakening them greatly (Bordogna and Pedersini 2013a; Bordogna 2016). Government initiatives limited the possibility of wage increases, with the partial exception of the variable components linked to individual merit or performance. Furthermore, they stopped the increases

2. On 30<sup>th</sup> November 2016 the government and trade unions signed an agreement in which they promised to re-establish collective bargaining. In Autumn 2017 they began to renew sectoral collective agreements.

linked to seniority and career progression and reduced allowances and benefits, for instance the end-of-service allowance. As shown by figure 1, since 2010 the dynamics of the average wage for public employees was zero or negative (data are aggregated per macro-function), considerably below that of the private sector and trailing behind price increases (ARAN 2016; De Novellis and Signorini 2017).

Figure 1 Variations in annual average wage, 2001-2016 (2001 = 100)



Source: Authors' calculations from data provided by the Ministry of Economy and Finance, State General Accounting Department.

As mentioned above, other measures approved as a response to the economic crisis aimed at reducing employment levels. Among these, we can include the restrictions on replacement of permanent workers, limiting it to 10% of employees retired in the previous year (20% in 2010 and 2011; 50% in the following years) and the reduction of the expenditure for temporary contracts. In addition, cuts to financial transfers from central government to decentralised institutions also strongly affected employment levels (particularly in the case of regional and local authorities). Finally, it is necessary to consider pension reform. The standard retirement age for all employees (public and private) was linked to changes in life expectancy, with an initial adjustment in 2013, rising to at least 67 by January 2021. The value of pensions was reduced by lowering the protection from inflation and by shifting all employees from an earnings-related to a contributions-based system.

As several scholars argue, the reforms and policies of the late 2000s restored unilateralism: the government reaffirmed its power to make unilateral decisions over employment terms and conditions (Bordogna and Pedersini 2013a; Bordogna 2016). Such reforms resulted in cutting the public sector pay bill, but – as we will discuss below – they strongly affected employment levels and relations and deteriorated many dimensions of the quality of work. Considering this impact, the trade union response was often quite weak and moderate. In this regard, it is necessary to also consider the divisions among Italy's major confederations. CGIL strongly opposed the government initiatives, while the other unions, CISL and UIL, took a more conciliatory attitude.

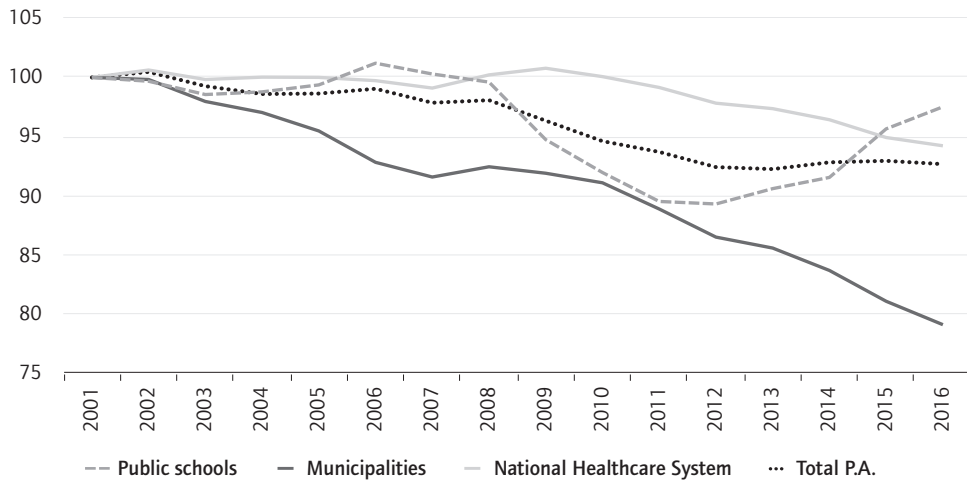
This contributed to reducing their capacity either to ‘threaten’ or ‘seduce’ policy-makers (Culpepper and Regan 2014).

In more recent years, the centre-left government approved another reform, the so-called Madia Reform, from the name of the Minister of Public Administration. It comprises a group of measures approved in 2014, immediately effective, and a larger set of principles approved in 2015, to be implemented through decrees and other government interventions. Amongst other things, the reform includes measures aimed at progressively relaxing turnover cuts over the 2014–2018 period, to facilitate compulsory and voluntary mobility of personnel from one office, territory, or area of administration to another, to cut the amount of working time off and paid leave for union activities (already reduced by the Brunetta Reform).

According to EUROSTAT data, the total public expenditure in 2016 amounted to about €830 billion; it increased after the economic crisis both in absolute terms and as a percentage of GDP (from 46.8% in 2008 to 49.4% in 2016 with higher figures in the period 2012–14). However, if we disaggregate the data by subsectors, only social protection expenditure has increased in a significant way (because of the measures taken to mitigate the effects of the recession). Public expenditure for hospitals has decreased in absolute and relative terms (3.5% of GDP in 2008, 3% in 2016); a similar dynamic has also affected education and in particular pre-primary and primary education (1.6% of GDP in 2008, 1.5% in 2016). Such decreases were produced to a substantial extent by a reduction in the public sector workers’ payroll.

In late 2016, Italian public administrations employed more than 3.25 million people with permanent contracts and 108 900 with non-standard contracts (fixed-term contract, temporary agency work, trainee contract, ‘socially useful work’). Part-timers represented about 5%. Overall, public employees amounted to 15% of the total labour force and 5.5% of the total population, below the level registered in many EU countries (Bordogna and Bach 2016). Public employees are concentrated in three subsectors, which together comprise a little less than the 70% of permanent public employees: schools (34.1%), the National Healthcare System (NHS) (20%) and regional and local authorities (11%). Permanent employees have progressively declined over the 2000s (-5.5% from 2008 to 2016). Public schools experienced a strong drop in employment levels after the crisis, and then more recently (from 2013) there has been a reversal of that trend, mainly due to pressures from the EU Court of Justice, which ruled against Italy for the (ab)use of temporary contracts. Municipalities have had – and continue to have – a very negative trend (-14.4% from 2008 to 2016), while the NHS lost about 6% of stable positions. The decline has been even stronger, in relative terms, in the case of workers with non-standard forms of employment (-23.4% from 2008 to 2016 across the whole public sector), especially in municipalities (-38.2%).

Figure 2 Variations in permanent employees, 2001-2016 (2001 = 100)



Source: Authors' calculations based on data from the Ministry of Economy and Finance, State General Accounting Department.

## 2.1 Representation of workers and employers in the public sectors

Before proceeding with our analysis of the dynamics of the three selected subsectors (primary education, hospitals, municipalities), it is important to highlight some features of the industrial relations system in the Italian public sector. Here union density has always been higher than in the private sectors, around 50% (Visser 2016) and public sector members remain the stronghold of the trade union movement (Carrieri 2011; Bordogna and Pedersini 2013b; Pedersini 2014; Carrieri and Feltrin 2016). However, along with the significantly high union density, Italy's public sector features a great organisational fragmentation due to the presence, as we will discuss below, of 'independent' craft and occupational unions. Finally, the public sector is characterised by the near universal coverage of the workplace-based representational institution, the so-called RSU (Rappresentanza Sindacale Unitaria). This is made up of a variable number of delegates elected by the entire workforce; unions nominate the candidates. RSUs were introduced in the public sector in 1994, with a trilateral agreement, taking inspiration from the model of workplace representation in private companies (see also Focillo 2014), and were partly reformed in 1997.

With regard to the unions' counterpart, i.e. employers, the 1993 Reform established ARAN (Agenzia per la Rappresentanza Negoziabile delle Pubbliche Amministrazioni) for the compulsory and monopolistic representation of all public sector branches in national-level negotiations. The aim was to 'depoliticise' the collective bargaining process and to increase its autonomy and transparency (Bordogna 2016), remedying the intrusion of political parties into the public sector employment relations arena widely experienced in the 1980s. ARAN negotiates with trade unions, following the guidelines of the *Comitati di Settore* (collegial bodies constituted to represent

homogeneous categories of the public sector).<sup>3</sup> As in the private sector, collective bargaining takes place at two levels: in addition to national negotiations with ARAN, there are negotiations at the decentralised level, i.e. at the organisational level. As already mentioned, collective bargaining is the main source of labour regulation, even if in recent years its role and scope has been weakened.

The process of collective bargaining has often been preceded by dialogue and negotiations between trade unions and the government regarding general strategies about the delivery and organisation of public services and the extent of financial resources for the various subsectors. These include resources for the renewal of collective agreements (then allocated by the government in the budget). Trade unions try to influence government choices. Most unionists consider this moment to be the most important and even the most effective negotiation phase in the public sector. However, dialogue and negotiations were weakened in the 2000s, and the few agreements (on financial resources for the renewal of collective agreements) have been often signed in the run-up to elections with the aim of increasing consensus (Carrieri and Ricciardi 2006).

A particular feature of the public sector is the regulation of union representativeness and of their entitlement to participate in collective bargaining and sign agreements with general validity (Cella and Treu 2009). The measurement of union representativeness is based on two criteria: the percentage of members in relation to total union membership in the sector and the percentage of votes out of the total number of votes cast in the election for the employees' representation bodies. According to legislation, workers' organisations admitted to negotiations are those which reach a threshold of at least a 5% average between the percentage of their members and the percentage of votes in the RSU election.

Over the past 15 years, union density has remained stable or has decreased slightly and, in the case of schools, it has even increased (table 1). Unfortunately, data provided by ARAN are aggregated by macro-function; however, according to union calculations, the dynamics in the considered subsectors are quite similar. The growth in union members (both in absolute and relative terms) in schools has been driven by two main factors: on the one hand, the capacity of the main sectoral organisations to readjust and innovate in terms of approaches and practices; on the other hand, the increasing perception of insecurity and uncertainty by workers as regards labour protection and conditions (Carrieri and Feltrin 2016). Participation in RSU elections has been stable almost everywhere. A limited increase, in relative terms, was registered in regional and local authorities, mainly because of the changes in the composition of the workforce, with the reduction of temporary workers, who usually participate less.

3. The government nominates the members of the sectoral committees; they always include representatives of the government, more often the Minister of Public Administration and the Minister of the specific sub-sector involved.



Table 1 Union density and participation in RSU election (%)

Sectors	Union density			Participation in RSU election		
	2007	2012	2015	2007	2012	2015
Schools	47.6	54.4	56.1	78.1	77.2	79.5
National Healthcare System	52.9	51.6	52.8	69.3	68.7	68.2
Regional and local authorities	48.3	42.2	42.9	78.6	83.1	84.2

Source: Authors' calculations based on ARAN data.

As mentioned above, across most of the public sector, including the primary education, hospitals and municipalities subsectors, unionism is characterised by a great organisational fragmentation, considerably higher than in the private sector (Bordogna 2013; Carrieri and Feltrin 2016). The phenomenon, which intensified in the mid-1980s, is due to the presence of craft and professional/occupational unions (not affiliated with the largest confederations) (Bordogna 1989; Cella 1991; Carrieri and Tatarelli 1997). These organisations frequently adopt a 'specific interest' logic of action and representation and tend to represent in a radical way the interests of their often small membership and to foment disruptive disputes. They are more widespread among workers with elevated qualifications and among the professional strata. These public employees (such as teachers and doctors) have traditionally been less keen to accept being represented by the major union confederations which also protect the rest of the workforce. However, some scholars have indicated a tendency among 'independent' unions to merge and to become more encompassing; a tendency driven also by changes to the regulation of union representativeness in the public sector (Carrieri and Feltrin 2016). It is worth noting that between 80 and 100 organisations have participated in the last three RSU elections in the school sector and ARAN records at least 700 different organisations in public hospitals and healthcare structures. As shown in table 2, from 2007 to 2015 the distribution of members and RSU votes between unions has shifted somewhat: the sectoral federations of Italy's major confederations recorded some decreases to the benefit of minor organisations; federations affiliated to UIL are an exception.

Table 2 Distribution of union members and RSU votes among the main workers' organisations (%)

Unions	Members			RSU votes		
	2007	2012	2015	2007	2012	2015
	<b>Schools</b>					
FLC CGIL	23.2	23.4	23.3	30.9	33.1	30.3
CISL SCUOLA	29.2	28.2	25.4	24.6	24.7	22.6
CONFSAL SNALS	20.6	18.2	16.5	16.9	14.9	13.0
UIL SCUOLA	12.2	13.2	14.2	14.3	15.4	16.2
GILDA UNAMS	8.0	9.1	9.5	6.4	6.3	7.7
Others	6.9	7.9	11.2	6.9	5.6	10.1
	<b>National Healthcare System</b>					
FP CGIL	28.8	26.6	24.5	28.6	28.8	26.1
FP CISL	28.4	25.7	24.0	27.6	25.4	25.0
FPL UIL	16.8	16.8	17.7	18.7	18.0	18.3
FIALS	7.9	9.5	9.5	7.9	9.0	10.3
FSI	5.3	5.3	5.9	5.3	5.2	6.0
NURSIND		5.3	7.2		4.8	5.8
NURSIND UP			7.0			4.6
Others	13.0	10.8	4.3	11.9	8.8	4.0
	<b>Regional and local authorities</b>					
FP CGIL	35.6	36.5	35.4	35.3	37.8	36.2
FP CISL	28.6	28.4	27.0	29.9	28.8	27.9
FPL UIL	16.2	16.3	16.8	17.6	17.3	17.9
CSA	1.2	6.1	7.2	5.5	5.3	6.5
Others	18.5	12.7	13.7	11.8	10.8	11.5

Source: Authors' calculations based on ARAN data.

### 3. Primary education

At an aggregate level, public schools employ more than one million people. According to ISTAT data, public primary educational institutions employ about a third of this workforce, including teachers on one-year contracts. School employees are distributed across 15 482 schools, attended by more than 2.6 million students. The large majority of employees in the sector are teachers (80.3% in primary education) (ISTAT 2017). Then we find administrative, technical and auxiliary staff; managers, i.e. school principals, number almost 7 400. About 3% of the whole workforce works part-time (the large majority are women). Women account for almost 80% of all employees. This feminisation extends to all occupational profiles, including school principals (64% of which are women).

The Italian school system has traditionally been quite centralised. Reforms in the 1990s have given some autonomy to schools, however a hierarchical and centralised structure still persists (Ballarino 2015; Pavolini 2015a). Schools are allowed to design their own curricula and study programmes, but they have limited financial autonomy.

Staff are directly paid by the Ministry of Education, which also finances operational goods and services, along with programmes and tools to support children with disabilities and special needs, while the municipalities finance teaching and classroom equipment, construction, renovation and major repairs, sport facilities, textbooks and ancillary services (meals, transportation), also using resources transferred by regional governments, the Ministry of Economy and Finance and the Ministry of Interior (European Commission/EACEA/Eurydice 2014).

### 3.1 The role of industrial relations in shaping the sector

Over the 2000s in Italy, primary education underwent various reforms, promoted and approved by different parliamentary majorities and governments, but with many elements of continuity. The most relevant were the Moratti Reform (law 53/2003) and Gelmini Reform (law 133/2008 and law 169/2008), promoted by centre-right governments. The second strengthened the former, ensuring a wider implementation of its provisions. Both were strongly inspired by New Public Management ideas. They pursued a marketisation of the sector, a significant reduction of the role of the state in the educational system, and the introduction/strengthening of competition between public schools and between them and private schools (Capaldo and Rondarini 2002). In the Gelmini Reform – approved after the onset of the economic crisis – the aim of reducing the role of the state and public expenditure for education became even more dominant. The government tried to bolster it by propagating an anti-school employees rhetoric (including the idea that many teachers were ‘slackers’), presenting the reduction of public spending as a reduction in the waste of taxpayers’ money.

The aforementioned reforms provided for various modifications of primary education, including: the reduction of school hours (from 30 hours per week to 27 or 24) and of full-time classes; the reduction of teaching posts (along with the progressive elimination of the three teachers per class model, introduced in the previous decade and widely used in primary schools); the raising of the maximum class size (up to 30 children); the closure/merger of smaller schools; the reduction of investments in educational experimentation and innovation projects; the reduction of non-teaching staff. In addition, these reforms reinforced the school performance evaluation system and set up the national institute INVALSI (Istituto Nazionale per la Valutazione del Sistema Educativo di Istruzione e di Formazione), with the task of periodically measuring the knowledge and skills of children as well as the overall performance of the educational institutions.

Sectoral trade unions opposed these reforms of the centre-right governments, designed with no (or little) dialogue with workers’ organisations. In that period, another central issue in union debate was accountability and the performance evaluations of institutions and employees of the public education system. Italy’s major sectoral organisations accepted these principles, but they fiercely contested the use of performance evaluations to increase the marketisation of the service and the competition between schools (FLC CGIL 2010; 2014a; UIL SCUOLA 2016; CISL SCUOLA 2017). This ‘dangerous degeneration’, as defined by an interviewed trade unionist, intersected with

gradual cuts to public investment in primary education. Moreover, it was implemented without a wide and effective involvement of the main school stakeholders (managers, workers and their organisations, families, etc.) (Barbacci 2016). Increasingly, unions put on the table the issue of service quality, emphasising the risk of a deterioration of the performance of the educational system and an increase of social and territorial inequalities. With regard to this issue, workers' organisations have often found alliances with other actors, such as parents' movements/associations. The opposition to centre-right government reforms involved not only the major sectoral trade unions, but also many independent organisations, representing specific professions/occupations, in particular teachers.

In that period, social partners' relations deteriorated significantly. They became very conflictive, above all at the national level. In this regard it is worth recalling that the above-mentioned reforms intersected with the Brunetta Reform and austerity measures: i.e. with the freezing of sectoral collective bargaining and the weakening of negotiations at a decentralised level. Union strategies and initiatives first of all took the form of pressuring the government (and parliament) for dialogue, and discussion of policies. These initiatives were accompanied by a number of mobilisations, both at the national and local level, often with the participation of civil society organisations, in particular parents' movements/associations. However, in several cases the main unions acted separately, demonstrating barely co-operative (or unco-operative) relationships, as was also confirmed by their official documents (FLC CGIL 2010; CISL SCUOLA 2013). Moreover, they were not able to consolidate alliances with other actors. All this, in the long run, weakened mobilisation.

As a whole, union initiatives had a very limited influence on the design of the public policies, which did not undergo significant changes. However, unions obtained some positive results in influencing their implementation, partially smoothing the effects of some interventions. For instance, they pressured the regional offices of the Ministry of Education and regional and local governments into evidencing the non-sustainability of cuts, reductions of teaching posts, closures of schools, etc. considering the needs of the local population. And some regional offices (for instance in Tuscany, Emilia-Romagna and Piedmont) appealed to the ministry (and the national government) obtaining a partial revision of the spending cuts and/or of the other interventions into the territorial primary school system. However, these were often temporary solutions.

Initiatives at the school level were more significant; here unions targeted the school principal and the board of teachers, often together with parents' movements/associations, so as to discourage the reduction of school hours (and teaching posts). Sometimes community assemblies, media campaigns and other kinds of information-spreading activity accompanied these initiatives. By using such instruments, the unions obtained positive results. For instance, only a small percentage of primary schools opted for shorter school hours (24 hours per week) as promoted by the reforms. According to the findings of a survey carried out some years after the Gelmini Reform (IRVAPP 2013), in 2012 only 0.5% of primary schools adopted shorter hours. Pressured (also) by unions, schools decided to discard this possibility.

In 2015, the centre-left government (with Prime Minister Matteo Renzi) promoted the Buona Scuola Reform (law 107/2015). It had many elements of continuity with the previous reforms, was inspired by similar principles and had similar aims. This reform too was designed without entering into dialogue (or with poor dialogue) with workers' organisations. All the main sectoral unions strongly criticised this decision-making approach, i.e. a reform 'dropped from above', without a wide discussion involving all the main school stakeholders (CISL SCUOLA 2014). Moreover, the unions considered – and continue to consider – it a further step towards the marketisation of the educational system and the increase of competition between schools (FLC CGIL 2017). The evaluation system, strengthened by the reform, appears unable to effectively improve the quality of education. As an interviewee said: 'it consolidates in a creeping but steady manner a precise idea or ideology: the one whereby school must be progressively immersed in a market mechanism, where families-customers choose the best product' (FLC CGIL representative).

At the same time, this reform provides greater autonomy for school principals in managing human, technological and financial resources. With regard to HRM issues, among other things, the government initiative gives the school principal the possibility of directly hiring a teacher for the different kinds of school activities; the school principal enjoys a large degree of freedom to define requirements and criteria for appointment. The government initiative also introduces a merit-based component for teachers' salaries, leaving a large degree of decision-making power to the school principal in this respect as well. All the sectoral unions oppose this reform; so much so that one can say that the reform has certainly had an (unexpected) effect: stronger co-operation among unions. They contest the weakening of social dialogue, enhanced managerial unilateralism and the lack of general rules and criteria defined by law or collective bargaining (CISL SCUOLA 2015; 2016).

Relations between social partners therefore remained very conflictive, above all at the national level. While at a decentralised level, relations were – and continue to be – very heterogeneous, with cases where co-operation continued and cases of harsh conflict. In any case, the increasing managerial unilateralism, and the reduction of the scope of school-level negotiations in a context of stricter constraints and poorer resources, had and continue to have a strong negative impact on social dialogue and collective bargaining. The above-mentioned trends often interrupted good practices which had led to positive results (and some innovations), beneficial for both school workers and users (Carrieri and Ricciardi 2003). In recent years, 'ritualistic' negotiations often prevailed, without producing any significant change. The most negotiated issue at a decentralised level was the distribution of the increasingly limited school funds (ARAN 2015; 2017).

After the Buona Scuola Reform there has been a high and growing level of protest at the national and decentralised level, involving almost all the sectoral unions.<sup>4</sup> As an

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4. According to the findings of a survey commissioned by the sectoral union GILDA (GILDA-SWG 2016), 77% of teachers considered the Buona Scuola Reform to have little or no positive effect on their working conditions; 81% considered it to have little or no positive effect on the quality of education.

example, one of the most relevant (and successful) cases of mobilisation occurred in May 2015, and was organised by the main sectoral unions (FLC CGIL, CISL SCUOLA, UIL SCUOLA, GILDA, SNALS). 65% of public school workers participated in the strike called by the unions. Other protests have also occurred, some organised by the same unions, others only by the smaller organisations. Also worth noting is a certain innovation in union action, with the growing practice of campaigns carried out by an increasing use of new communication tools. An interesting example is the FLC CGIL campaign *Fai la scuola giusta* (Make School Fair), launched in September 2014. It used different communication instruments (a website, blog, an online game, an online survey on union proposals, a YouTube video explaining the reform and union positions), together with flash mobs, demonstrations and information points at the local level. FLC CGIL also promoted an abrogative referendum. However, this initiative failed because the union was unable to collect the required 500 000 signatures (of citizens).<sup>5</sup>

Despite this, unions did not succeed in influencing the design of the reform, nor the other policies of the government regarding the education budget. The government (as the main counterpart) showed a total unwillingness to listen to workers' organisations, their demands, proposals and pressures; it reaffirmed its power to decide (Bordogna and Pedersini 2013a; Bordogna 2016), or in other words its self-sufficiency, repudiating above all the function of industrial relations (Mattei and Soli 2016; Gentile 2016). A positive result (for workers) was the recruitment on a permanent basis of approximately 90 000 teachers, who were employed on short-term contracts. Such a stabilisation addressed a long-standing problem that has always been a key concern of trade unions. However, rather than union pressures, the government initiative was due mainly to the EU Court of Justice ruling, which reprimanded Italy for the prolonged and repeated use of temporary contracts.<sup>6</sup>

Unions have achieved some (limited) results at the school level, for those cases in which they found a counterpart willing to negotiate. For instance, in some schools they and the school principal have agreed on criteria for the distribution of the merit-based component for teachers' salaries or for the recruitment of new teachers. These initiatives have avoided the deterioration of social partners' relations within the schools. As an interviewee says: 'in some schools we have continued practices of good dialogue on various aspects, finding solutions beneficial for everyone' (UIL SCUOLA representative). However, similar experiences are not widespread, have a patchy distribution, despite the investment of unions. Instead, in a number of schools, managerial (school principal) unilateralism has been dominant, producing a growth of litigations, including complaints of anti-union behaviour in the Labour Courts.

5. According to trade unionists, this was due on the one hand, to the timescale of the initiative, which was too narrow, in a period already saturated with initiatives around the implementation of the reform; on the other hand, it can be seen as a sign of falling participation in protests.
6. It is worth noting that the procedure for the new recruits (based on an algorithm) produced a number of mistakes and discrepancies, multiplying an 'unnecessary and often illogical territorial mobility of the teachers involved' (UIL SCUOLA representative). This is one of the reasons behind the growing number of litigations and legal recourses.

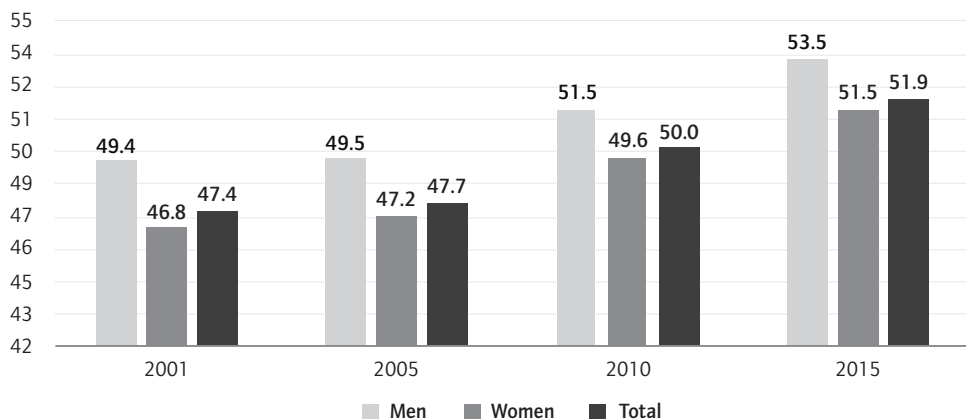
In late 2016, there was a change in national government and the new centre-left government featured a different policy-making approach with more attention to dialogue with workers' organisations, as also recognised by unions (see for instance FLC CGIL 2016). Examples were the agreements on new recruitments and on territorial mobility of public school employees that solved some of the major criticisms of the previous government initiatives, incorporating many union proposals. However, in 2018 the national government changed again.

### 3.2 Job number and quality dynamics

Our case study findings highlight a progressive decline in the number and quality of jobs in the primary education sector. With regards to the quantity of work, as discussed in the previous pages, in less than a decade, from 2006 to 2014, public schools have lost more than 100 000 jobs. The biggest negative changes were recorded in the years after the Gelmini Reform and the austerity measures. These tendencies affected all the segments of the educational system, but primary education was impacted more intensely. In recent years, the number of jobs has once again been on the rise, because of the stabilisation of teachers with discontinuous employment relations. Nevertheless, our case study findings show that many schools are still in a situation of (sometimes serious) understaffing, with a lack of teachers and – very frequently – auxiliary staff.

A strictly linked tendency is the progressive ageing of school employees. This is a long-term trend, which has been accentuated by the economic crisis and government responses, in particular the restriction of turnover. At an aggregate level, the average age of public school employees has grown from 47.4 years in 2001 to 51.9 years in 2015 (figure 3); in primary education in 2015 it was 49 (ISTAT 2017). According to EUROSTAT data, available only for the period 2013-2015, in primary education the incidence of teachers aged 50 years or over increased from 51.4% to 54.6% of the workforce, while the share of teachers under 40 years of age decreased to 7.9%.

Figure 3 Average age of employees in public schools



Source: Authors' calculations based on data from the Ministry of Economy and Finance, State General Accounting Department.

With regards to the quality of work, as previously mentioned, one dimension under strong pressure is that of wages. Wages in Italian public education have always been at modest levels, lower than those of many OECD countries. And teachers' salaries are lower than the earnings of other workers with tertiary education (European Commission 2012; OECD 2016). Several surveys carried out in the 2000s recorded the low satisfaction of public school employees, above all primary school teachers, with their salaries (Cavalli and Argentin 2010). A survey carried out on a large sample of Italian workers evidenced the higher dissatisfaction of teachers in comparison with other occupational groups, in relation to three key dimensions: pay, career prospects and recognition of their professional status (Pedaci 2010). The policies of recent years have further deteriorated the economic dimension. In nominal terms, wages remained – and continue to be – frozen, and in some cases have even dropped. This, as previously suggested, is the consequence of the suspension of the national collective bargaining machinery and of the weakening of negotiations at the decentralised level. In real terms wages have declined, falling below (since 2011) the increase of prices (ARAN 2014; 2016; De Novellis and Signorini 2017). According to a FLC CGIL study (2014b), from 2010 to 2014 teachers recorded an average loss of purchasing power of €8 814: €135 per month.

However, other dimensions of the quality of work have also deteriorated – and are still deteriorating – as a consequence of the policies of recent years. One negative trend concerns working hours, in particular for teachers. Case study findings demonstrate a progressive extension of teachers' working hours, due above all to the increase of compulsory non-teaching activities, such as co-ordination and meetings with colleagues, administrative tasks, production of documents, etc. This phenomenon has a significant impact on the time available for actual teaching; as an interviewee says: 'it is detrimental to the quality of teaching in a context demanding more and more attention and innovation for the preparation of lessons and the assessment of children's skills' (SNALS representative).

Together with the extension of working time, case study findings also suggest an increase in workload. Therefore, we can speak about a process of 'work extensification' (Jarvis and Pratt 2006), a phenomenon that requires more in-depth analysis. The increase of work pressure encompasses all the different profiles of primary school employees, from teachers to auxiliary staff. It is due, on the one hand, to frequent situations of understaffing, and on the other hand, to the aforementioned increase in compulsory activities, above all for teachers. The increasing workload is a key concern for trade unions, together with the huge deterioration of the economic dimension. Indeed, avoiding the corrosion of employment terms and conditions has become the main issue of union strategies and initiatives, sometimes – as an interviewee says – 'at the expense of other issues: one cannot talk about assessing schools' performance if teachers' salaries are completely inadequate' (UIL SCUOLA representative).

To an ever greater extent, a key argument of trade unions is the negative impact which the decline of the number and quality of jobs has on service quality. And this issue continues to be paramount in union campaigns, mobilisations, political pressure, etc. The unions insist on the deleterious consequences of understaffing situations,



increases in average class sizes, persistent (and often worsening) lack of hours for students with special needs and growing workloads. Moreover, unions emphasise the low (and decreasing) level of satisfaction with remuneration and recognition that produces demotivation, demoralisation, decline in commitment, attitudinal rigidities and a decreasing attractiveness of public schools as employers. As an interviewee says: ‘how to get involvement, commitment, creativity, innovation from teachers with such poor conditions; this should be the most important challenge for education policies’ (FLC CGIL representative). Such trends are confirmed by several studies (Cavalli and Argentin 2010; Bertola and Checchi 2010; Abbiati 2014; Gerosa 2014) and comparative analysis (OECD 2016; Mullis *et al.* 2016; 2017). In addition, against this backdrop, it is necessary to consider the growing territorial inequalities as regards the performance of primary education (Barone *et al.* 2017).

## 4. Hospitals

In Italy there are more than 600 public hospitals, with different kinds of structures. The majority are large organisations with more than 120 beds (68%). The number of employees in hospitals amounts to more than 520 000 employees (around 640 000 employees in the NHS as a whole). About 56% are nurses, a quarter are doctors and the remaining share are assistants, technical and administrative staff. According to Ministry of Health data, workers with temporary contracts amount to 5% of the total workforce.<sup>7</sup> Part-time work involves 8% of all workers, mostly women, and is usually voluntary. Women represent about 63% of the total workforce, with a steady increase over the past 15 years; such a tendency is no longer limited to nursing professions, but is beginning to affect all professional profiles and areas of specialisation.

The sector is structured according to different levels of responsibility and management. The central level (Ministry of Health) is responsible for national health planning, including general objectives and annual financial resources, monitoring and taking measures to improve the health status of the population. It defines the *Livelli Essenziali di Assistenza* (Essential Levels of Care), which represent the set of services and provisions that the national healthcare system must provide to all citizens (Ministero della Salute 2016), free of charge or with co-payment. Regional governments are responsible for pursuing the national objectives, i.e. guaranteeing essential care levels, also using regional financial resources. They operate through a network of local health agencies and hospitals. Specifically, regions provide care either directly, through their own facilities (directly-managed hospitals and territorial services), or by paying for the services delivered by accredited providers, such as independent public and private structures.

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7. However, the incidence of atypical contracts varies in a significant way from one hospital to another (depending on its geographical position, size, specialisations, resources, etc.), and, within the hospital, from one department to another. According to sectoral unions, in some departments the share of workers with non-standard forms of employment (excluding part-time work) has reached and often exceeds 30%.

## 4.1 The role of industrial relations in shaping the sector

For several years, especially after the economic crisis, within the constraints and under the pressures of the Troika, the public healthcare sector has been one of the main targets of cutback policies, spending reviews, etc. Against this backdrop, several initiatives, approved by different parliamentary coalitions and governments, have promoted a reduction of employment levels, both permanent and temporary. Furthermore, starting from the end of the 1990s, the sector has undergone concomitant processes of decentralisation (specifically regionalisation), corporatisation and – less prominently – marketisation and managerialisation (Neri 2006; 2009; Pavolini 2015b). An important driver of these restructuring processes has been the pressure to reduce public spending. On that matter, it is worth noting that Italy's national health expenditure has always been lower than in the major OECD countries (Longo *et al.* 2013; OECD 2015). The outcomes of these processes in terms of efficiency have been ambiguous (Vicarelli 2005; Maino and Neri 2006; Maino 2009).

Since the mid-2000s, governments have set up different tools to promote an increase of efficiency in the hospital sector (and in the NHS as a whole) and to tackle budget problems, in some regions in particular. One of the most important of these tools is a solvency scheme, the so-called *Piano di Rientro* (Recovery Plan). Its main targets were/are regions that have accumulated financial deficits for healthcare. It is an agreement between the central government and a regional government. The former undertakes to cover part of the regional debt in exchange for a sustainable plan, proposed by the regional government, aimed at reorganising the territorial healthcare system.<sup>8</sup> Recovery plans frequently include cuts in hospitalisation rates, freezing the hiring of new staff, stricter controls on expenditure, a series of automatic increases in the regional taxation system, as well as new or more expensive forms of citizens' co-payment for healthcare services and provisions (Pavolini and Vicarelli 2012; Pavolini 2015b).

After that, law 68/2011 introduced the *Costo Standard* (Standard Cost). This tool is based on the idea that the financing of the regional healthcare systems has to be defined by using a benchmark mechanism. A group of 'virtuous' regions, with no deficit and good quality healthcare system, are taken as the reference point for defining the amount of resources for the other regions. In addition, law 149/2011 has introduced measures aimed at improving the accountability of local governments by using a mix of incentives and sanctions. Among the incentives there are additional financing for regions able to keep their healthcare expenditure equal to or below the national average. Sanctions are directed above all at managers.<sup>9</sup> After the onset of the economic crisis, governments have increasingly intervened, firstly stopping the hiring of new staff and reducing employment levels, and, on the other hand, increasing revenues through a more extensive use of co-payment (by citizens) for pharmaceutical goods and healthcare services.

8. At the end of 2016 eight of the twenty one Italian regions were under this imposed solvency scheme, including almost all the Southern regions.

9. For instance, the law establishes that local health structure managers have to be removed if their organisation does not comply with the recovery plan or continues to run up large deficits.

Most of these initiatives were designed without dialogue (or with inadequate dialogue) with workers' organisations. Sectoral trade unions have opposed government policies, because, in their opinion, they produce an 'illogical disinvestment' in the hospital sector. As an interviewed trade unionist says: 'government policies have not considered the real and specific situation of the different territories, hospitals, services, provisions' (FPL UIL representative). Unions have always emphasised that the hospital sector suffers from dramatic deficits of (financial and human) resources and many structures have difficulties in ensuring a sufficient (or even essential) level of services. They have fiercely contested the 'indiscriminate cuts', or 'linear cuts', regardless of the specific characteristics and needs of hospitals. In that period, social partners' relations deteriorated, becoming very conflictive, at the national level as well as in several regions and organisations. Union pressure and lobbying initiatives towards government, parliament and political parties, have been accompanied by different kinds of mobilisation and media campaigns. The former have been frequently agreed and participated in by all sectoral unions, including those of a professional/occupational nature. They have taken different forms, such as strikes, marches, sit-downs, blockades, occupations, with a lot of exposure and a great deal of attention from the mass media. However, as a whole, these initiatives have obtained rather limited results in changing national policies on available budget, financing, etc.

During these years a central concern of the trade unions has been – and continues to be – together with the reduction of the number of jobs, the increasing job insecurity of the large number of hospital workers with non-standard forms of employment (Pedaci 2015). A positive result was obtained in 2006-2007, when the centre-left government made an agreement with the major trade unions to stabilise a segment of the fixed-term workers (those with at least 3 years seniority out of the last five) and a partial re-regulation of the use of atypical contracts aimed at limiting their abuse. These initiatives were scrapped by the subsequent centre-right government and the stabilisation process was interrupted.

Unions have disseminated, through different kinds of campaigns, a discourse on the importance of the quality of work in hospitals, insisting on the link between 'good work' and 'good service quality' (which amounts to citizens' right to health). One of the most recent and relevant examples is the campaign promoted by FP CGIL in 2014, *Salviamo la salute* (Save Health), which lasted until 2016. This initiative encompassed most of the Italian regions, with conferences, information points, events, etc.; its main argument was (investment in) 'welfare as a strategic choice for economic and social recovery'; it claimed the need to give up austerity policies and public expenditure cutbacks, to promote new investments in the healthcare system, new employment and improvements to working conditions. Other examples are the recently launched campaigns *La salute non è in vendita* (Health is Not for Sale) and *Una sanità pubblica forte, di qualità, per tutti* (A Strong and Quality Public Healthcare for All), with the involvement of all the major sectoral unions and a number of civil society organisations. The latter initiative led to participation in the European campaign #*health4all*. The main arguments were once again: austerity policies are destroying public healthcare, i.e. a crucial welfare state provision, increasing inequalities and vulnerability.

Sectoral trade unions have achieved some (positive) results in influencing the implementation of reforms at a decentralised level, above all at the regional level. Lack of financial resources and budget constraints greatly limited the scope of collective bargaining at an organisational level; only in a few cases did unions succeed in negotiating measures which safeguard or improve employment terms and conditions. Meanwhile negotiations at the regional level have become more and more important as a consequence of the decentralisation process, as evidenced by many studies (Carrieri 2009; Alessi 2009; Galetto *et al.* 2012; Pavolini and Vicarelli 2012). Regional governments are responsible for the healthcare system, i.e. for its functioning, but also in terms of number of public/private providers and employment levels, and are an important source of funding; for these reasons unions increasingly considered them as important ‘counterparts’. However, there are varied approaches and outcomes of negotiations at the regional level, depending on the economic performance of the region. As highlighted by other studies, sometimes these negotiations have become substitutes for the organisational ones, on other occasions they have entailed an occasional and on-demand shift from two-tier to three-tier bargaining arrangements (Galetto 2017). In several cases social partners have agreed to the revision of budget cuts or even additional funding, stabilisation of temporary workers (for instance in Marche region), increases in average salaries or incentives for overtime and unsocial hours/shifts and the experimentations of new models of work organisation (for instance in Veneto and Friuli Venezia Giulia). Successful experiences in the regions under recovery plans have been rather limited; here protests (not only of the major sectoral unions) are growing (see CGIL 2017).

## 4.2 Job number and quality dynamics

Over the previous pages, we have already discussed the descending trends of employment levels in the hospital sector in recent years. According to OECD data, doctor density per 1 000 population decreased from 6.9 in 2011 to 6.8 in 2016; this reduction was greater in the case of nurse density per 1 000 population, which dropped from 6.5 to 6.1, far lower than the values of other EU countries and the OECD average. Together with the negative trend affecting the quantity of jobs, our case study highlights a worsening of several dimensions of the quality of work, first of all wages, albeit with variations across professional groups. Government initiatives aimed at freezing wages and controlling – de facto blocking – wage increases (Bordogna and Pedersini 2013a) have negatively affected pay levels. This is a critical issue, in particular among nurses and assistants with non-medical duties. Surveys conducted with large samples of workers confirm this evidence. Their findings show that a large percentage of hospital employees, above all nurses and assistants, were dissatisfied with their wages: about one worker in two complained that their wage was not sufficient to maintain themselves and their family members (Carrieri *et al.* 2005; Carrieri and Damiano 2010).

Moreover, in recent years there has been a general trend towards an extension of working time, in particular through overtime, an intensification of work through a saturation of time, and a speeding up of the work process. According to trade unions, these tendencies affect nurses above all, but also a number of doctors. One of the main

drivers is widespread understaffing. The blocking of staff turnover and the consequent lack of personnel ‘imposes’ huge dependency on overtime, in particular in hospitals situated in regions under recovery plans, i.e. most of Southern Italy. Another major driver is internal reorganisations, such as the reduction of the average duration of hospitalisation, which requires carrying out visits, examinations, etc. in less time. In addition, it must be considered that Italian regulations on working time deprives doctors and nurses of their right to a limit on weekly working hours and to minimum daily rest periods. Several qualitative studies and quantitative surveys confirm the progressive extension of working time and increasing workloads (Gagliardi and Accorinti 2014; Carrieri and Damiano 2010). A recent national survey of more than 4 300 nurses, commissioned by NURSIND (the most important Italian nurses’ organisation), carried out in 2012, shows that 80% of nurses complained of high and increasing work intensity and 89% of worsening working time arrangements (NURSIND-CERGAS 2013).<sup>10</sup>

Increased work intensity in hospitals is a central concern of the trade unions and is an important issue as regards their recent initiatives. They emphasise not only the deterioration of the quality of work and workers’ well-being, with a dangerous growth of work-related stress, but also the increasing risk of service deterioration (see for instance FP CGIL 2015). With regard to the issue of workloads, sectoral trade unions promoted a number of campaigns with the aim of denouncing the situation. An important result – also the upshot of union pressure – was the decision of the European Commission to refer Italy to the EU Court of Justice for failing to correctly apply the Working Time Directive to hospital workers. An interesting example of campaigns around this issue was that launched in 2015, *Giusto orario per medici e infermieri* (Right Working Hours for Doctors and Nurses). Along with a wide dissemination of information on the problem, in order to raise public awareness, the campaign provided various services for hospital workers, including free legal support.

As mentioned above, an increasingly key issue in union activity is the negative effect of the deterioration of quantity and quality of employment on the performance of hospitals, i.e. on service levels. Among other problems, they insist on the persisting urgency of long waiting periods that represent an obstacle to accessing medical care. Moreover, unions also emphasise the problem of increasing territorial variations/disparities in terms of healthcare provisions and of the dramatic polarisation between regions with sufficient or good levels and regions – particularly those of Southern Italy – with insufficient levels: a tendency which has been evidenced by several national and international studies (Pavolini 2011; OECD 2014; 2015; ONSRI 2017). In this regard, as already discussed, our case study findings show growing attempts by the unions to build alliances with other actors around the issues of healthcare. A number of demonstrations, campaigns, informational activities, etc. have been organised at the national level and at regional and local levels.

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10. Some interviewed trade unionists insist on the growing number of situations of non-compliance with the legislation on working time, in particular with law 161/2014, which, in line with European directives, defines shifts in the healthcare system. It establishes 11 hours of rest between one working day and the next, with at least 24 hours of rest every 7 working days.

## 5. Municipalities

Italian municipalities number 7 882: about 45% have less than 5 000 inhabitants and their population amounts to 16% of that of the country as a whole; only 0.5% of municipalities have over 100 000 inhabitants, but their population amounts to 23.6% of the country as a whole. In 2016, municipalities employed 393 093 workers; about 4 000 were public managers. Permanent workers numbered 357 579, while workers with fixed-term contracts or other forms of non-standard employment amounted to 35 514. 88.6% of municipal employees worked full-time; among part-timers, only a small percentage (2.9% of the total workforce) were marginal part-time, on less than half the average working week. 53% were women, who more frequently than men had non-standard and/or part-time positions. Unfortunately, these statistics do not include an important group of non-permanent workers, those with contracts for continuous and co-ordinated collaboration (the so-called *co.co.co*), widely used by local authorities, even if there are no precise estimates on their scope (Carrieri and Ricciardi 2006; Bordogna and Neri 2011). Such contracts are considered hybrid work arrangements between autonomous and dependent employment.

Our analysis focuses on municipalities as a totality, even if they are complex organisations providing very different kinds of services. The main reason is that most recent transformation processes and most reforms (including budget cuts) have affected municipalities in terms of general organisation, involving all employees, with similar pressures and effects on their working conditions. And the responses of the trade unions have been (implemented) at the municipal level, i.e. for municipal workers as a whole.

### 5.1 The role of industrial relations in shaping the sector

As well as in other public subsectors, over the last two decades, municipalities have been touched by several NPM-inspired reforms. As discussed above, attitudes and positions (of social partners, scholars, experts, etc.) towards these reforms varied, as they did not always produce the expected outcomes (Bordogna and Pedersini 2013a; Della Rocca and Dell'Aringa 2017). Regardless, it is important to highlight that during the 1990s, in the municipalities sector, there was a more optimistic view towards NPM-inspired reforms, among social partners as well as among scholars. In that wave of reforms, defined 'first privatisation', trade unions were key and proactive actors with regard to both labour regulation and reorganisation of municipal services. Such a consensual context was favoured not only by the relevant power resources of the sectoral unions, but also by unions' commitment to innovating public administration (Matteini 2013; Carrieri and Treu 2013) and the fact that the major federations thought they would be able to negotiate with the New Public Management ideas. As a trade unionist admits: 'at that time we were strong protagonists, we thought that was the horizon and we had to bet on it' (FP CGIL representative).

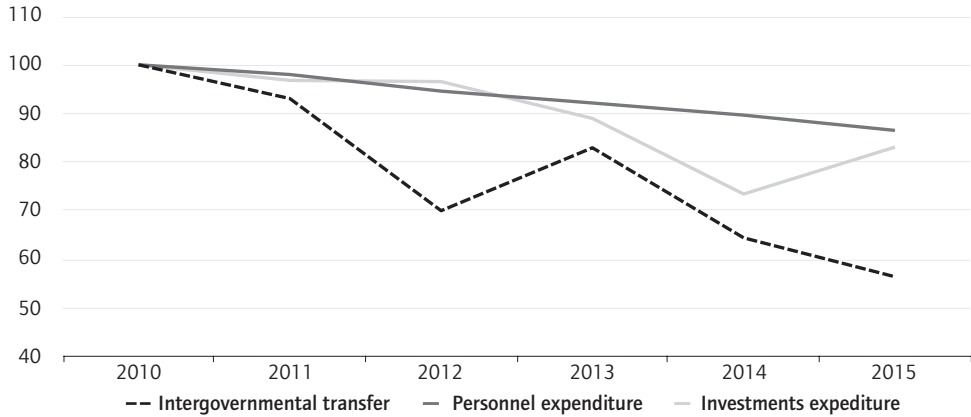
Over the following decades, it was possible to identify two different trajectories of reforms and social partners' involvement and positions. The first, characterised by

increasing constraints on public expenditure, began around 1997-1998 and ended in 2006-2007; the second developed between the financial crisis and the austerity measures approved by the government (Bordogna and Neri 2014; Neri 2017). In the first period, despite some tensions and conflicts at the national level, the relations between social partners were quite co-operative. Moreover, unions affiliated to Italy's major confederations had a high level of co-ordination. To reduce the negative effects of the decrease of financial transfers by the central government, unions accepted and agreed to a rationalisation of municipal work organisation. Specifically, in most local structures longer working hours and functional flexibility were implemented. In addition, municipalities increasingly outsourced a wide range of services (from street maintenance, waste collection, cleaning and catering to core services, such as social care, and residential home services). Such a strategy was strongly supported by central governments, which proactively intervened to incentivise contracting out of services to external providers as a tool to reduce public spending (Da Roit and Sabatinelli 2005; Gori *et al.* 2014; Mori 2015). However, outsourcing was – and continues to be – a key tendency and debate; even more in recent years, dominated by austerity measures that significantly hit local government budgets. Only relatively few municipal employees have been transferred to private enterprises, i.e. to private providers. But contracting out has created a large segment of outsourced workers with worse employment terms and conditions and protections, including collective bargaining coverage, and it has also increased inequalities between workers performing the same activities (Pedaci and Di Federico 2016; Dorigatti 2017; Mori 2017; Neri 2017).

The second period began after the onset of the financial crisis and the national government approved austerity policies. The latter, intended to reduce public debt, decreased still further financial transfers by the central government, limited the power of municipalities to increase taxes, and introduced tighter constraints on personnel expenditure, turnover and recruitment (Bordogna and Neri 2014; Ambrosanio *et al.* 2016). Figure 4 describes how these measures affected personnel expenditure and investments. Indeed, local authorities could only partially compensate for meagre transfers from the state by using tax collection, although this has greatly increased over the last decade (IFEL 2016; Neri 2017). Furthermore, austerity policies have negatively affected not only municipal spending, employment levels and service provisions (see below), but also industrial relations. In this period, trade unions suffered from a decrease in opportunities for dialogue and negotiations at the national and decentralised level. As an interviewee explains: 'the financial crisis and the austerity measures represented the turning point; since then, collective bargaining has not been so relevant' (FP CISL representative).

Against this backdrop, the major unions pressured the national government to discuss policies, in particular austerity measures, but with few results. Sectoral unions partially succeed in influencing the implementation of national policies by using initiatives at a local level, often in alliance with other actors, such as political parties and/or movements. However, as mentioned, social dialogue and negotiations at a decentralised level have been weakened by cuts to financial resources. As a result, co-operative solutions have become less frequent. As an interviewee argues: 'To find solutions in terms of new forms of organisation, you need adequate resources, for upgrading skills and

Figure 4 Municipal revenues and spending, 2010-2015 (€ millions)



Source: Authors' calculations based on IFEL data.

recruitment. These pre-conditions were not there' (FP CISL representative). Obviously, a lot has also been due to the behaviour of the counterpart (the local government), its choices, policy-making approach and orientation towards labour and industrial relations. In some regions, such as Piedmont, Emilia-Romagna, Tuscany and Veneto, social partners have had positive experiences. They have set up negotiation tables that have made it possible, for instance, to agree on a redistribution of employees among regional authorities and municipalities, so as to address the problem of understaffing in many public administrations. In other words, our case study findings show that in several instances co-operative initiatives at a decentralised level, with a pragmatic approach, have reduced the negative impact of austerity measures on both jobs and the range and quality of services provided by municipalities. Finally, even if not strictly related to public employees, it is worth noting that an increasingly key target of the unions has been public procurement, so as to improve the terms and conditions of outsourced workers. Unions have also addressed municipalities, demanding changes to procurement rules (for instance to abandon the lowest price as the major selection criteria in tendering procedures) and the introduction of social clauses. On this issue, agreements have been signed with some municipalities; important examples are the agreements with Milan, Florence, Parma, and Genoa.

## 5.2 Job number and quality dynamics

Because of the above-mentioned transformations, our case study findings highlight a drop in employment levels and a worsening of some dimensions of the quality of work. From 2001 to 2016, the sector has lost more than 130 000 jobs, of which 94 300 were permanent (see figure 2), while a large majority of temporary contracts (from fixed-term contracts to contracts for continuous and co-ordinated collaboration) have not been renewed. This decline has continued in recent years. The ratio of municipal staff to population has decreased: the number of service officers per 1 000 inhabitants declined from 8.0 in 2007 to 6.9 in 2014. In addition, the progressive ageing of the municipal



workforce has also developed. In 2016, the average age of permanent employees was 53, and employees below the age of 34 decreased from 4.3% in the previous year, to 3.7%.

With regard to job quality, we have already discussed wages dynamics and the declining possibilities of career advancement. According to our case study findings, another important change in the working conditions of municipal employees has been an increase in workload and work pressure. This has been produced by a combination of several factors. A fundamental one is widespread understaffing, linked to budget cuts, tight constraints on personnel turnover, difficulties in hiring workers, and reorganising and innovating work organisation and/or service provision. Another important factor is that the economic crisis has produced a growing demand for municipal services by the population, resulting in an increase in the amount of work to be done, but with a declining number of employees.

Moreover, our case study shows insufficient and rapidly diminishing resources for workers' training and then declining skill development opportunities even though there is a strong need for upskilling in order to respond to the demands of the population and to exploit the possibilities offered by new technologies. As some interviewees argue, this appears to be a 'paradox': 'by using new technologies it would be possible to improve the efficiency and quality of a lot of municipal services, but there are not enough resources and investments for the necessary skills upgrading' (FP CGIL representative). Finally, the above-mentioned tendencies of working conditions have had – and continue to have – a strong negative effect on the work satisfaction and motivation of municipal workforce, which is rapidly shrinking, as confirmed by other studies (Ricciardi 2014; IFEL 2016).

Nevertheless, although available resources remain very limited, our findings evidence the emergence of new co-operative initiatives to improve job quality and workers' satisfaction, for instance forms of occupational welfare. As examples, we can mention the (most significant) cases of the municipalities of Crema and Florence, with initiatives specifically aimed at improving the work-life balance of their employees. The municipality of Crema has agreed with trade unions the introduction of a 'company butler': employees can benefit from a wide range of services (such as babysitting, cleaning, laundry and ironing, etc.) at low prices (the administration covers part of the cost); these activities are carried out by other organisations, which have contracts with the municipality. The municipality of Florence has agreed to flexible working hours to the benefit of employees, so as to improve the possibility of a good work-life balance; alternatively, workers (with special needs, i.e. parents with children under 3 years old, etc.) can ask for cash payments.

Moving from the above-mentioned tendencies, sectoral trade unions are, to an increasing extent, promoting a debate about the impact of employment changes on the quality of municipal services. As many trade unionists highlight, the economic crisis has extended/strengthened vulnerabilities and generated new demands for these services that play a fundamental role in the Italian system of social protection and inclusion. Nevertheless, government responses to the economic crisis, largely based

on austerity measures, have limited the implementation of new services and/or the enlargement of existing ones. Against this backdrop, an important debate concerns the 'skills of public workers in the future'; an issue that involves recruitment practices, training opportunities, etc. In this regard, it must be emphasised that about six out of ten municipal employees (56.3%) hold a high school diploma and only a negligible segment (2%) hold a bachelor's degree.

## 6. Conclusions

Over the 2000s, primary education, hospitals and municipalities – as well as other public subsectors – have undergone major reforms, driven by a combination of New Public Management ideas and pressures to cut public expenditure. They have promoted a decentralisation of powers and responsibilities for services provision, introduced market mechanisms and spurred competition between sectoral organisations, either public or private. Moreover, in all the examined subsectors, reforms have supported a process of managerialisation and an increase of employer/manager unilateralism in the regulation of many issues, including employment relations. In more recent years, after the financial crisis, austerity pressures have risen, leading to severe cuts to public budgets. Public employment (of all subsectors) has been one of the main targets of this kind of policy, with measures aimed at reducing the number of jobs and measures centred on working conditions.

Our case studies' findings show that recent policies, and in particular austerity measures, have had a significant negative effect on the number and quality of jobs in primary education, hospitals and municipalities. Firstly, significant job losses emerge, mainly achieved through the non-replacement of retiring employees (or those leaving for other reasons) and the non-renewal of temporary contracts. The decline of the number of jobs has multiplied the cases of understaffing, and intensified existing ones. In addition, the analysis shows a deterioration of several aspects of job quality, in particular wages and workloads. As regards pay levels, in nominal terms they have remained frozen or decreased slightly, but in real terms they have suffered significant losses, with primary education being the most striking case. Furthermore, high and increasing workloads emerge. This tendency arises in all three subsectors and has been driven by similar factors. One of the most important is the above-mentioned widespread understaffing; then, it is necessary to consider the enlargement of activities and tasks, tighter deadlines, the new/growing demands for services (in particular in the case of municipalities), i.e. an increase in the amount of work to be done in a situation of a declining number of employees. In short, one could say that, in the examined public subsectors, work has become more demanding, but given less recognition. These findings confirm that employees in public schools, hospitals and local authorities, as well as those of other administrative branches, have shouldered a significant part of the burden of budgetary pressures and fiscal consolidation.

Sectoral industrial relations have been profoundly affected by the reforms, austerity policies related to the crisis and their effects on the number and quality of jobs. In all three examined subsectors, our case study findings confirm an increasing unilateralism

on the side of government. Trade unions had little room to discuss and negotiate reforms, budget measures, etc. Successive governments adopted a policy-making approach based on the ‘marginalisation’ of workers and their organisations, reaffirming their power to make decisions on employment terms and conditions (Bordogna and Pedersini 2013a; Bordogna 2016), which represented an important ‘break’ with previous, more participative, approaches (Dell’Aringa and Della Rocca 2017; Braga 2017). Pressures from the Troika (European Commission, European Central Bank and International Monetary Fund) and from financial markets, threatening negative sentiments, were considered inescapable, and the resulting policies and the unilateral decision-making approach were presented as unavoidable. A fundamental role was also played by the spreading of anti-public sector union rhetoric, arguing that unions were obstacles to public administration changes and innovations, defending the interests of privileged groups of workers. Within this discourse, dialogue with the unions has become unnecessary, ineffective, and ‘a waste of time’.

With regard to all three examined sectors, existing institutions of social dialogue and collective bargaining were weakened. The former, at the national level, was almost entirely suspended. In the meantime, sectoral collective bargaining was frozen, resuming only in 2017 after a change in the government. Decentralised negotiations have been subjected to stricter constraints and controls, *de facto* greatly destabilising them. In some cases, at this level, trade unions succeed in influencing the implementation of national reforms and policies, by negotiating measures with individual schools, hospitals or municipalities that mitigated their impact. This happened more frequently in the last two subsectors, with greater financial autonomy and where more ‘political’ actors, such as local governments and regional governments (in the case of hospitals), tried to mediate national pressures so as to maintain a consensus among citizens, and non-conflictive relations with ‘their’ workers. However, unlike in the past, these cooperative experiences at a decentralised level developed in a more problematic context, characterised by stricter constraints and limited financial resources. Summing up, the economic crisis brought about an unfavourable context of conditions for industrial relations. And social partners, in particular trade unions, did not have the possibility or capacity to participate in the design – but also in the implementation – of reforms; in other words, they had a very limited role in shaping the sectors, including employment quantity and quality.

An important development of sectoral industrial relations, evidenced by case study findings and closely related to those discussed above, is that social partner relations have become very conflictive, with an increasing level of protest. The latter has taken a variety of forms, such as campaigns, demonstrations, strikes, occupations, etc. Protests have been directed at employers and more frequently governments, and have addressed declining employment levels, worsening working conditions, cuts in public expenditure, and lack of investments. Against this backdrop of increased protest, in all three considered subsectors, our analysis highlights a growing fragmentation of unionism, with the emergence and/or the strengthening of new actors, of new workers’ organisations. In the majority of cases, these are professional/occupational organisations, often with small memberships, representing workers in a radical way, and fuelling disruptive disputes in public services. They have taken advantage of

workers' increasing dissatisfaction with their working conditions and the disappointing attitudes and positions of the 'traditional' unions, i.e. those affiliated to Italy's major confederations, which have sometimes appeared too weak, too moderate. Protests have garnered mixed success, even if they have often enjoyed high levels of participation and attention from the mass media; greater results have been achieved at decentralised levels.

Table 3 Summary of the case studies' findings

	Primary education	Hospitals	Municipalities
<b>Scope and shape of recent reforms/policies</b>	NPM reforms Reduction of the scope of collective bargaining (in part. at decentralised level) Increasing employers' unilateralism Budget cuts	NPM reforms Reduction of the scope of collective bargaining (in part. at decentralised level) Increasing employers' unilateralism Budget cuts	NPM reforms Reduction of the scope of collective bargaining (in part. at decentralised level) Increasing employers' unilateralism Budget cuts
<b>Role of SPs in reforms/policies</b>	Marginal role of social dialogue; sectoral CB frozen (2010-2017) → Very limited influence of TU in the designing of reforms Uneven and limited influence of TU on reforms implementation	Limited role of social dialogue; sectoral CB frozen (2010-2017) → Limited influence of TU in the designing of reforms Some influence of TU on reforms implementation	Limited role of social dialogue; sectoral CB frozen (2010-2017) → Limited influence of TU in the designing of reforms Some influence of TU on reforms implementation
<b>Changes in quantity and quality of jobs</b>	Decline of employment level Nominal wages frozen; decline of real wages Extension of working hours (not formalised) Increased workload Decline of job satisfaction, motivation, etc. Decreasing attractiveness of public school as an employer	Decline of employment level Nominal wages frozen; decline of real wages Long working hours - overtime Increased workload Increased work-related stress	Decline of employment level Nominal wages frozen; decline of real wages Decline of career prospects Reduction of training opportunities Increased workload

Source: Authors' own elaboration.

Increasingly, a key argument of protests has been the negative impact of the decline in the number and quality of jobs on service quality. In other words, the link between 'good public services' – which amounts to citizens' right to have (adequate) access to quality education, health and municipal services – and 'good jobs' emerges as a central issue of the initiatives of (old and new) workers' organisations. In this respect, they emphasise the worsening of pre-existing critical difficulties with the availability and quality of public services and the growth of social and territorial inequalities. Around these discourses, unions have tried and often succeed in establishing alliances with civil society organisations, such as parents' associations, patients' associations, customers' groups and social movements. Such kinds of initiatives – pursued to varying degrees and with different levels of attention, investment and effectiveness – have emerged as a key challenge for unions in a time of limited options; as argued above, these actions shape a fundamental strategy with which to conduct a 'battle of ideas', subverting

the dominant framework and reinforcing workers' resources of power (Gumbrell-McCormick and Hyman 2013).

The growing concern of workers' organisations also as regards the quality of public services, shared by a number of scientific studies, adds further important indications on the reforms, austerity policies and decision-making approach of recent years. Generally speaking, one could observe that the two fundamental objectives of any policy concerning public administration, i.e. high(er) availability and quality of the services and satisfaction of the employees engaged in their production (Pavolini *et al.* 2013), have not been achieved. More specifically, having relevant theoretical and political implications, our case study findings show first of all the limits of NPM-inspired reforms and austerity policies. Second, they support evidence showing the importance of preserving the scope for collectively agreed solutions, also in times of crisis (Glassner and Keune 2010; Marginson *et al.* 2014). The study findings show that the weakening of industrial relations institutions, in particular social dialogue and collective bargaining, has not enhanced 'better' restructurings of the public sector, able to produce efficiency gains, higher performance, etc.; while relations have deteriorated, conflicts have exacerbated and, in many cases, the trust between employers and workforce has diminished.

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## Appendix

### Interviewees

	Primary education	Hospitals	Municipalities
<b>Unions</b>	FLC CGIL x 3 (2 national level, 1 local level) UIL SCUOLA x 1 (national level) SNALS x 1 (national level)	FP CGIL x 2 (1 national level, 1 local level) FP CISL x 1 (national level) FPL UIL x 3 (2 national level, 1 local level)	FP CGIL x 2 (1 national level, 1 local level) FP CISL x 4 (1 national level, 3 local level)
<b>Employers</b>	School head x 2	Hospital manager x 1 Representative of regional government x 2	
<b>Others</b>	Expert x 2	Expert x 2	Expert x 3

# **Chapter 6**

## **Bargaining and quality of work under increasing strain: the case of the Netherlands**

Sabina Stiller and Klara Boonstra

### **1. Introduction**

This chapter analyses the evolution and role of industrial relations in the public sector in the Netherlands in the period 2000-2015, focussing on three subsectors: hospitals, primary education and municipalities. Since Dutch municipalities perform a great number of tasks, we chose their role of reintegrating jobseekers because of the considerable amount of reforms in that area and related challenges for municipal employees. We start with a brief discussion of the Dutch public sector, public sector reforms, and general features of industrial relations in the sector. Then, for each subsector, we discuss the following interrelated research questions:

1. How have industrial relations changed?
2. What shape has public sector reform taken and to what extent (and how) have the social partners influenced these reform processes and their implementation?
3. What effects have reform policies had on the number and quality of jobs in the public sector?

Furthermore, we briefly outline the debate on whether public services in the subsectors might be affected by the changes to the numbers and quality of employment. In answering our research questions, we pay particular attention to the role of the financial and economic crisis.

Our data includes nearly 30 semi-structured interviews with stakeholders across subsectors as well as various types of policy documents and publicly available statistics. Unless stated differently, the information presented is based on interviews. An in-depth analysis of the various subsectors is followed by a comparative section highlighting several key themes. We conclude with a summary of our findings, followed by brief reflections on what they imply for the reasons underlying changes in the three subsectors (New Public Management, austerity-related or other), and the role of the state.

### **2. The public sector - an overview**

The Dutch public sector in its narrow definition includes: central government, regional and local government (municipalities), the judiciary, the district water authorities, education, the security forces and police, and university hospitals. In addition, not-for-profit organisations are providing services in the areas of education, health and

housing (Noordegraaf 2009). Schools are government funded and supervised by the school inspectorate and regarded as part of the public sector as they serve a public goal. Within healthcare, the hospital sector consists of teaching hospitals, which are legal entities appointed by law to carry out particular public duties for which they receive government funding, and general hospitals, which tend to be foundations or private corporations for which public law does not cover (Yesilkagit and Van Thiel 2012). Both types of hospitals are financed by government and collective funding, denoted as semi-public: private organisations with a public goal.

## 2.1 Special status of public sector workers and the standardisation process

In terms of the distinctiveness of the public sector, the most important features are its formal characteristics: regulation by public law (for most organisations), government funding, and the public goals of its organisations. In 1929, the ‘public statute’ of public sector workers was established by the civil servants’ law (*Ambtenarenwet*) based on Article 109 of the constitution, similarly to other countries with a *Rechtsstaat* tradition. The public employment statute is accompanied by distinctive employment conditions, which include: the unilateral appointment of public employees, appeal procedures in the case of employer decisions such as disciplinary measures and dismissal, and unilateral binding determination of employment conditions by the employer. In 2016, the public statute applied to about 900 000 employees in the central, provincial and municipal governments, the police, the armed forces, the judiciary, the water authorities and to a large extent those employed in education (Leisink 2016:160-165). Since the 1980s, governments have taken measures to reduce the differences between civil servants and ordinary employees in terms of applicable labour law. This process is referred to as standardisation and is still ongoing (Barentsen 2016), culminating so far in legislation approved by parliament in late 2016. The Ministry of Interior Affairs expects it to be fully implemented by 2020.

## 2.2 Employment effects of the crisis

When looking at employment data from 2003-2013, the influence of the economic and fiscal crisis on employment becomes discernible. Over this period, public sector employment (in per capita terms) declined from 12.3% of the total Dutch labour force in 2003 to 11.3% in 2013 (OECD 2012). Patterns differ considerably across subsectors (Leisink 2016: 166-167). While, for instance, employment in central government went up and down, declining from 2009-2013, employment in provincial and municipal governments declined every year over the full period (except for 2009). In both primary and secondary education, employment increased until 2009 (with some fluctuations), it then declined modestly but steadily from 2009 onwards. In contrast, the number of employees in healthcare (teaching and general hospitals) increased steadily over the whole period with small fluctuations from 2009. Overall, since 2009, when the crisis struck, employment has been in decline in all subsectors except for healthcare, which has seen a slight increase.

### 2.3 Features of public sector industrial relations

The organisation of industrial relations in the public sector today is at first glance relatively similar to the private sector, due to standardisation having been underway since the 1990s. However, one major difference is the government's presence as a core actor in the public sector through its financing and regulating role. This unique role, in addition to the presence of the social partners, allows it to determine the degree of freedom and space for industrial relations actors to decide on wages, employment and working conditions, as well as to regulate top managers' wages. As this theme of the government as a powerful 'third actor' traverses the various research questions we address, we will return to this theme over the course of this chapter.

The overall unionisation rate of employees in the Netherlands has shown a declining trend, from 28% in the mid-1990s to 20% in 2011, falling to just above 18% in 2013. Compared to the private sector, public sector unionisation has been higher. Data on the subsectors of government, education and health and social care show an overall declining trend. Since 2006, the total number of union members across all sectors has declined, from 1.87 million to 1.73 million in 2015 (CBS 2016a). Nearly all employers in the hospital sector are organised in the Dutch Hospital Association (Nederlandse Vereniging van Ziekenhuizen, NVZ) and municipalities are voluntarily organised in the Association of Dutch Municipalities (Vereniging Nederlandse Gemeenten, VNG).

Wages and working conditions are determined at the national sectoral level. There, trade unions represent employees' interests through collective bargaining with employers' associations. Importantly, in contrast to the private sector, the government takes a major role as a third party through its considerable budgetary and regulatory influence. For publicly financed sectors that are covered in this study, budgets are determined at the central government level. However, the allocation of the budget differs between the sectors. In primary education, a lump sum is available, and the actual share of this budget for working conditions is open for negotiation. For general hospitals, within the limits of the budget made available by the ministry, collective negotiations are subject to a sectoral agreement to control healthcare costs (see section on hospitals). Finally, the budget available for municipalities' personnel costs depends on the amount allocated by central government through the municipality fund (Gemeentefonds), but negotiators are also bound by additional public sector agreements (e.g. banning wage increases). The resulting collective agreements typically cover all (public organisation) employers, making them generally binding. Of the subsectors covered, only in the semi-public hospital sector has the instrument of extending collective agreements, subject to approval by the Ministry of Social Affairs (Algemeen Verbindend Verklaring, AVV), been used.

Collective bargaining typically brings three to five unions to the bargaining table, usually after some sort of co-ordination of union demands, with the Dutch Federation of Trade Unions (Federatie Nederlandse Vakbeweging, FNV) as the largest umbrella organisation often taking the lead. Although they often do, not all unions sign all agreements under all circumstances. Collective agreements usually run between 1-2 years although exceptions exist. They bind all employees in a specific sector, featuring

some exceptions such as public top-level managers or general hospital medical specialists, many of which are self-employed. The law regulating collective bargaining stipulates that the validity of the current agreement is prolonged automatically if no new agreement is concluded before it expires.

It is hard to specify the role of the crisis concerning industrial relations for the entire public sector. The sectoral analyses address whether it increased tensions, affected negotiations or prompted industrial action or provoked unilateral decisions by governments or employers. Furthermore, it certainly had some effects on wages and, partially, working conditions (e.g. sectoral pension schemes and schemes regulating pre-pensions) across the sector, wherever pay freezes had been agreed and government budgets had been affected by the crisis. We cannot tell what effects the crisis had on trade union membership levels or employers.

### 3. Hospitals

Our analysis focuses on general hospitals, which are financed by the Ministry of Health and by collective insurance funding. We therefore exclude teaching medical centres, which receive additional funding from the higher education ministerial budget, as well as privately financed and specialised clinics, which are not covered by the collective agreements for general hospitals.

#### 3.1 Changes in characteristics of the social partners

Three trade unions operate in the area of hospital care: FNV (Zorg en Welzijn), belonging to an umbrella organisation FNV, CNV (Zorg en Welzijn/Connectief), belonging to the Christian umbrella organisation (Christelijk Nationaal Vakverbond, CNV) and the smaller union NU'91, representing mainly nurses. Another small trade union, De Unie (Zorg en Welzijn), is no longer active since 2009. FNV has seen a long and conflictive process of reorganisation with internal organisational changes, including a sub-division into 'sectors' introduced in late 2014 and renaming some members. The other unions, CNV and NU'91 have also gone through internal organisational changes and processes of professionalisation. FBZ is a federation of professional organisations rather than a trade union, representing different care professions present in hospitals at the collective bargaining table, while their members tend to represent their interests vis-a-vis policy-makers themselves. One important change for FBZ during this period has been to represent medical specialists employed by hospitals (*artsen in loondienst*), who are covered by collective agreements. For self-employed medical specialists with practices located in hospitals, other regulations and legislation apply. Represented by the Federation of Medical Specialists (Federatie Medisch Specialisten, FMS), their employment conditions are negotiated by the National Association of Salaried Doctors (Landelijke Vereniging van Artsen in Dienstverband LAD), which is affiliated with FBZ. As the only employer association, the Dutch Hospital Association (Nederlands Vereniging van Ziekenhuizen, NVZ), represents nearly all general hospitals in collective bargaining with unions/professional organisations. After 2008, the NVZ re-organised

its former department of social services into several distinct teams to improve and intensify support for their members.

### 3.1.1 Relationships and dynamics of collective bargaining and social dialogue

During the period 1999-2015, ten collective agreements have been put in place (varying from 12 months to 36 months), introducing numerous changes to primary and secondary working conditions. Here, we highlight some trends regarding a number of themes with relevance for employment relations. Attention to sustainable employability has increased by introducing instruments like a careers scan, a personal life-stage budget (to promote work-life balance) and annual performance talks. At the same time, schemes to protect older employees (e.g. from working night shifts) have been cut back. Both developments led to greater individual differentiation of working conditions. In terms of promoting personnel mobility, the focus has been on internal mobility, as most of the time there was a threat of staff shortages rather than surpluses (SEO 2014: 86-87). To mention only some contentious issues between the social partners (i.e. not being exclusive), collective agreements (and preceding agreements on some main issues by the negotiating parties) show that the replacement of vested regulations on older employees - long defended by the unions - by the personal life-stage budget (introduced in 2009) was a long drawn-out issue. Another issue was how to deal with flexible and temporary employment contracts - resisted by the unions which demanded job security - given the intention by both social partners to avoid staff shortages and safeguard the provision of qualitatively good healthcare. In a protracted negotiation round, the threat of strikes was looming when unions rejected the NVZ's offer of wage increases, demanding more guarantees for increased job security and training (ETUI and AIAS 2015).

A general picture emerges of sometimes troubled negotiations, in which social partners try to modernise and adapt working conditions to the demands of the labour market. Similarly, earlier research found a moderate degree of conflict over the extent of wage increases as compensation for increased work pressure (Keune, Boonstra and Stevenson 2014). Respondents confirm this picture: overall, unions indicate that their relations with the NVZ have been somewhere between conflictive and consensual, with unions stressing the contentiousness more than employers do. While such judgements are necessarily subjective, looking at the extent to which negotiation deadlocks were met by industrial action shows that this was hardly the case. Only at the beginning of the period (2001) were hospital strikes staged in support of higher wages, and in early 2015, an extended strike threat after the breakdown of negotiations ended in a compromise after talks resumed (ETUI-AIAS Collective Bargaining Newsletter Archive, LexisNexis, various dates).

Turning to the dynamics of collective bargaining, collective agreements for general hospitals have been negotiated since 1999. Their coverage is very high. In order to extend coverage to (the small numbers of) private hospitals, which offer a substantial share of collectively insured services - and in that sense compete with general ones - one collective agreement (2011-2014) has been extended by the Ministry of Social Affairs and Employment (Ministry of Social Affairs and Employment, n.d.).



As for changes to the bargaining process during 2000-2015, the following aspects were significant:

- increasing limits on the possibilities of bargaining: the NVZ became more cost-aware than before 2006, when hospitals' deficits were habitually covered by the ministry;
- decentralisation tendencies: since the 2010s, social partners have come to think of collective agreements as general frameworks to be filled in locally by hospitals in view of increased diversification;
- more variation in and attention to the preparation and starting phases of collective bargaining rounds: sometimes negotiations begin without initial offers, sometimes following previous co-ordination between unions although due to diverging union strategies this became less common;
- more variation in the duration of collective agreements: specifically, a trend towards longer agreements (2-3 years rather than 12-17 months since 2009) that offer more financial stability and predictability to the signatories' various collective agreements.

The Sectoral Social Dialogue (Regulier Overleg Ziekenhuizen, ROZ) is formalised in a designated organisation under that name which oversees regular monthly meetings of the unions with the NVZ, also in the context of the allocation of the Sectoral Labour Market Fund (Stichting Arbeidsvoorwaarden Ziekenhuizen STAZ). The NVZ talks about the two different fora in neutral manner, while unions are on the whole positive about them.

### 3.1.2 Role of the crisis

The economic and financial crisis exacerbated the already present cost-containment pressures in the healthcare sector generally. Since the introduction of the Health Care Act (see next section), hospitals are under constant pressure to work more efficiently and reduce costs while increasing the quality of care (Keune, Boonstra and Stevenson 2014). Policy documents and interviews alike indicate that the crisis was met with ongoing co-operation between social partners to solve the additional problems it presented to the sector rather than increasing disagreements and conflict.

More specifically, the NVZ reported much stricter government demands for budgetary discipline compared to the pre-crisis period, and the necessity to contain macro-level costs. Importantly, the government did not downsize the statutory package of collectively insured services, forcing hospitals to deliver care as previously, but with a lower total budget. Trade unions note different aspects of the crisis, including: delayed crisis effects compared to the private sector and more attention to cost containment at the expense of investments in staff. With a view to government-sector relations, ministerial policy-makers add that the crisis was an important factor in intensifying their relationship with some sectoral stakeholders (employers and professional organisations, patients' organisations), but less so with trade unions. This is because a decrease in spending for healthcare appeared to be paramount, leading to increased efforts to win those stakeholders able to curb spending through sectoral agreements,

while the trade unions seemed less important in this context - with the exception of their involvement in a separate agreement on healthcare employment (*Zorgakkoord*) in 2013.

## 3.2 The role of industrial relations in shaping the sector

### 3.2.1 Reforms and reasons for change

During the last decade, numerous developments have been affecting the hospital sector. Prominent challenges affecting organisational and working practices in the hospital sector include:

- demographic changes (ageing of the population), resulting in an increase of chronic illnesses and the overall demand for health care;
- more acute patient diagnoses, because the threshold for patients to be hospitalised had been considerably raised;
- increased complexity because of technological innovations, more complex treatments, more protocols etc.;
- an ageing working population of nurses and doctors, while pressures to increase their pension age is problematic given work pressures;
- more emphasis on education and the need for continuing training for existing personnel as a result of the changes listed above; ensuring the attractiveness of the sector for incoming personnel.

In 2006, the government introduced the Health Care Act, which marked a shift from a public budget-financed and fully government-regulated system to a semi-public system of regulated market competition, with private insurers playing an important role vis-à-vis suppliers of health services, such as general hospitals. That systemic change involved market competition between insurers to curb endemic increases in healthcare spending (Helderman and Stiller 2014), limiting cost increases to keep care affordable alongside ensuring high quality and accessibility.

However, healthcare costs continued to rise more than anticipated (6-7% annually) at a time when the financial crisis started to trigger austerity measures across ministries. With its large share of the overall budget, in 2011 the Ministry of Health concluded the first of several financial agreements (*Bestuurlijk Hoofdlijnenakkoord 2012-2015*) with healthcare providers such as general hospitals and teaching medical centres and healthcare insurers. Agreements capped structural growth rises at 2.5%, excluding wage and price adjustments, or 5.3%, including wage and price adjustments, with downward adjustments after 2014 (Ministry of Health 2011, National Court of Audit 2016). Their effects on collective bargaining remain unclear, however, as explicit guidelines about the development of wages (and prices) are lacking (National Court of Audit 2016).

### **3.2.2 IR actors and ways of influencing reform processes and implementation of reforms**

Collective bargaining activities played no role in influencing reform processes. Rather, negotiators typically dealt with the consequences of legislative changes if reforms had ramifications for wages or employment conditions. Similarly, discussions in the social dialogue fora focussed on the implementation of policy objectives and regulations, some of which dealt with the effects of government policies and legislation. For instance, following the 2013 Health Care Pact, a role was given to both the ROZ and the STAZ in an active labour market policy that would help retain well-trained employees, encourage investments in training and development, and career trajectories (collective agreement 2014-2016).

### **3.2.3 Relationships with central government and the role of lobbying in reform processes**

Efforts to influence government legislation took place through lobbying efforts, although to varying degrees if comparing employers and employee organisations. The NVZ maintains close contact with ministry circles, and describes its role as a lobbying organisation, representing their members' interests in the light of new rules and legislation and keeping policy-makers informed of the consequences of their plans. Apart from their links to ministries, employers and other professional organisations reportedly keep in touch with the Parliamentary Commission for Healthcare, another common venue for political lobbying. Several respondents indicated that the FMS (Federation of Medical Specialists), which represents self-employed specialists in hospitals, is closely involved when legislation impinges on their interests such as the regulation of their income.

On the whole, unions' lobbying efforts have been less consistent and widespread over the period in question, partly due to organisational change and priorities, changes in internal leadership and limitations of staff capacity. Consequently, any clear successes are hard to pinpoint. For some, policy advisors and directors are responsible for lobbying activities of the central government in The Hague, but their achievements are perceived as limited. In addition, negotiators maintain regular contact with the department monitoring labour market issues at the Ministry of Health (MEVA) on issues relevant to collective bargaining, but their impact remains unclear.

From the perspective of policy-makers, unions have overall been much less visible in lobbying efforts than professional organisations, as the FMS and NVZ, which habitually keep strong links with the ministerial department for healthcare are regularly consulted on the process of initiating new legislation. Also, the unions were not involved in the Health Care Pact and the financial agreements from 2011 onwards.

### 3.3 Effects of reform policies on employment

#### 3.3.1 Number of jobs

A sectoral employment report (UWV 2015) stresses that the healthcare sector was still growing in the post-crisis period from 2008 to 2012, unlike the private sector. After that, some factors led to an overall decline of employment in the health sector of 4% (49 000 jobs) between 2012 and 2017. Hospitals, however, were said to be less affected. The development of total employment in general hospitals in the post-crisis period (table 1) shows a general upward trend in employment with an increase of nearly 2.5% between 2010-2014.

Table 1 Total personnel employed in hospitals 2010-2014

	2010	2011	2012	2013	2014
Total	254 778	256 419	261 195	260 068	262 530
General hospitals	185 648	185 491	188 348	185 523	190 268
Change general hospitals	NA	-157	+2 847	-2 825	+4 745

Source: [www.dutchhospitaldata.nl](http://www.dutchhospitaldata.nl), Kengetallen NL ziekenhuizen 2013, 2014. Row 'total' includes teaching hospitals.

The picture is different when focussing on the core of hospital personnel such as medical and care staff, as shown in table 2. Taking into consideration total numbers and full-time equivalents, there has been a declining trend in employment since 2012. Interestingly, during the last 5 years, the initial growth in total numbers has decreased on average while the data on full-time equivalents (FTE) shows an average increase. The NVZ interprets this contradiction as an increase in average working time per employee (NVZ 2016).

Table 2 Total personnel employed in hospitals (1) and personnel in general hospitals (2) in FTE (in thousands)

	2010	2011	2012	2013	2014	2015
(1)	176.7	177.4	179.1	177.2	175.9	175.3
change in %	NA	0.4	0.9	-1.0	-0.7	-0.3
(2)	123.9	125.4	127.0	125.8	124.6	125.2
Change in %	NA	1.2	1.3	-0.9	-1	0.5

Numbers exclude trainees and non-salaried personnel.

Source: NVZ Brancherapport 2016, p. 61, 62.

It is unclear to what extent the 2006 Health Care Act affected this downward trend and if so, how. Regarding the separate employment effects of the crisis, the NVZ doubts a direct (and additional) effect on absolute numbers of personnel.

#### 3.3.2 Quality of jobs

The hospital sector has seen a number of trends that affect the quality of jobs including types of jobs, qualifications needed (especially for nurses), etc. In general, these trends

are specific to the healthcare sector and are partially related to austerity, that is, cost-containment pressures that had already been present before the financial-economic crisis, but were likely exacerbated in its aftermath. Looking at the period 2006-2016, wage increases based on collective agreements declined from around 3% before 2009, becoming relatively modest (1-2%) during the immediate crisis years 2009-2012, only to recover somewhat after 2014 (collective agreements, various years and Loonwijzer n.d.).

Most recently, the distribution of contract types in hospitals was as follows (AZWInfo databank, n.d.), showing more than 85% open-ended contracts. This figure is higher than for the whole health and social care sector (73.9% open-ended and 15.7% flexible contracts in 2016).

Table 3 Contract types in hospitals 2015-2016

	2015	2016
Open-ended contract, fixed hours	85.9%	85.6%
Fixed-term, fixed hours	4%	5.3%
Flexible contracts	3.8%	4.5%
Self-employed	4.5%	4.6%

Source: AZWInfo database, n.d., figures do not add up to 100% because of an 'other' category.

Respondents note the creation of many more flexible contracts and an increase of outsourcing facilitating jobs in recent years (e.g. in administration, ICT, catering), resulting possibly in lower pay if those jobs are covered by less generous sectoral collective agreements. Also, the increase in patients' 'own risk' payments may have increased the demand for flexible staff. This is due to increased economic risks (effects of less treatments consumed) being met by hospital boards through diversifying their personnel composition, using more flexible and temporary contracts than before. Greater financial uncertainty also manifested itself through the introduction of a new funding system for treatments based on *diagnose behandelcombinaties* (DBC's – Diagnosis Treatment Combinations), leading hospitals to use their financial reserves to cover expenses before getting reimbursements, with potential effects for personnel policy. In addition to more flexible jobs, employees tend to work more hours. The part-time factor for hospital personnel has been slowly increasing over time from 0.72 in 2004 to 0.77, being closer to four days a week in 2015 (0.77) (AZW info databank/CBS n.d.).

Along with changes in types of contracts and working hours, patient-related staff have been confronted with changing demands on the shop floor, translating into higher requirements for competences, education and ongoing training. Dealing with more serious conditions of in-house patients and shorter stays necessitates more responsibility and resilience for caring professionals. Furthermore, we can discern an increasing level of qualifications towards higher professional education. Employers also see more diversification in job positions compared to the pre-2006 situation. How to facilitate and fund continuous training has been on the agenda of the social partners throughout the period, with labour shortages looming on the horizon, supported by

a ministerial programme called *Kwaliteitsimpuls Personeel Ziekenhuiszorg* and co-financed by the Ministry of Social Affairs since 2014. The 2014 collective agreement directed attention towards training facilities, budgets and securing permanent contracts, but putting these objectives into practice is another issue.

Turning to trends in some key indicators of the quality of employment, we see that work stress, and ways of reducing and handling its risks for employees' well-being, has been a recurring issue in the healthcare sector as a whole, including general hospitals. Trade unions have been consistently pointing to the problem and putting it on the (collective bargaining) agenda. An FNV survey (2016) reports no improvement since 2014, summing up that 50% of hospital employees have considered looking for another job outside the sector (especially for those aged 25-44), and 75% of all hospital employees rate their work pressure as high or too high (Nursing 2016). Moreover, absenteeism amongst hospital personnel was 4.35% cent in 2015, somewhat higher than the Dutch average across the whole economy.

Taking a broader look at working life, sectoral labour market fund STAZ and the ministerial research programme AZW have been monitoring areas such as work experience, feeling secure at work and sustainable employability of employees since 2013. Despite reportedly high work pressures and moderately high absenteeism, the NVZ (2016: 69-71) reports improvements compared to benchmarks from other subsectors and the general Dutch workforce. At the same time, the nature of patient-related work in hospitals regarding the level of demandingness, long and irregular working hours and rising complexity continually poses challenges for employees' work-life balance, especially for older employees. After 2009, when the collective agreement opened up possibilities to expand the deployment of older employees in irregular shifts, and following research into the risks of such working patterns for patient safety (IGZ/Ministry of Health 2011, IVA 2011), the social partners worked together to explore efficient ways of enabling safe night shifts. More recently, techniques such as 'self-scheduling', have been deployed as promising tools: innovative scheduling methods have advantages such as respecting the preferences of employees, contributing to control over workload and pressure, and helping to save costs by attuning personnel to fluctuations in demand for patient care and the intensity of care (STAZ 2017).

### 3.4 The debate on changes in employment and public service provision

These changes in employment may potentially have an impact on the provision of care services, but whether this is actually the case is up for debate. We limit ourselves here to presenting some data on the evolution of Dutch hospital performance, and to providing an outline of the views of social partners and policy-makers on the matter.

In its 2010 sector report, the NVZ reported on the performance of Dutch hospitals in a comparative perspective in terms of quality criteria. Then, Dutch hospitals scored highest within the Euro Health Consumer Index, (8.75 on a scale from 1 (lowest) to 10 (highest)) in 2009, ahead of nine other European countries. Looking at accessibility and quality of hospital care, there are numerous indicators for the former, included

e.g. in consumer surveys, while the aspect of quality is much harder to measure, both on a national scale, and with an international perspective (NVZ 2010: 22-23). As for regular international comparisons, judgements on countries' performance are greatly dependent on the types of indicators used. For instance, the OECD's annual Health at a Glance report has separate indicators on 'access to care' and 'quality of care' (OECD 2015a), amongst others, while the Euro Health Consumer Index (Health Consumer Powerhouse, n.d.) offers indicators on 'accessibility/waiting times for treatment' and 'outcomes', among others.

In general, systemic change in 2006 increased cost pressures on hospitals, leading to organisational changes based on efficiency considerations as well as pressure from health insurers through contracting to keep treatment costs low. At the same time, demands on and complexity of healthcare have increased, adding extra pressure to the workload of hospital staff. Any employment effects of the latter will have negatively influenced availability. Although there has been an overall reduction of staff in hospitals since 2012, it is unclear whether this comparatively small change has affected waiting times and by how much. However, in cases where hospitals downsized or even closed down whole departments due to mergers or specialisations, in the absence of alternatives, patients are probably left with longer travelling and/or waiting times than before, meaning reduced accessibility of health services. Respondents offer different opinions, with policy-makers (for instance, a former Ministry of Health official) observing an upward trend in quality in general terms, while recognising the danger of waiting lists in some specialised areas. Trade unions seem more pessimistic about the effects of changes in employment on quality, partially as a result of the system change, speculating that higher qualified personnel does not mean better quality services, and that health insurers having a greater say on services may put pressure on employment in some hospitals.

## **4. Primary education**

### **4.1 Recent changes in industrial relations and public sector organisation**

The collective labour agreement that covers the primary education sector was last concluded for the years 2016-2017. On the employers' side, there is only one signatory, the Primary Education Council (Primair Onderwijs raad, PO-raad). On the workers' side, there are five signatories: firstly, two so-called categorical trade unions, i.e. trade unions that represent a specific occupation, and secondly three unions that represent specific categories of school personnel, including school management. All industrial organisations are private law associations with legal personality, which is a condition to conclude collective agreements under Dutch law. Their statutes are public.

In several ways, the school population has changed. In many urban areas, due to immigration and the influx of refugees, the population has become less homogeneous. Immigrant and refugee children not only have a linguistic disadvantage, they also come from very different cultural backgrounds. As schools are obliged to provide primary schooling to all children, it is mandatory they cater to all these different

needs. In many rural areas, the population is shrinking because young people are moving to urban areas. Over the years 2012-2017 there was a decrease of 63 400 pupils (PO-Raad 2017). In urban areas, segregation by socioeconomic status and/or ethnic origin has increased. Teachers report that they sometimes feel pressured by parents of higher socioeconomic status to give more attention to their child or introduce higher qualifications for entry to secondary schools. Although these issues are on several agendas, both in the sector and the government, no actual programs that counter these developments have emerged.

#### **4.1.1 The merger of organisations on the employers' side and its effect on industrial relations**

Prior to the 2007 merger into one single organisation, the PO-raad, four administrative bodies existed on the employers' side, either with a public character or organised by religious, philosophical or education-doctrinal denomination. The merger followed from a tripartite agreement in which the government and the social partners expressed commitment to professionalisation, autonomy and increasing efficiency of (public) school boards. Centralisation and professionalisation was the aim of this operation, which should lead to a wider range of a larger number of schools covered by a more professional board. The number of school boards diminished subsequently from 2 800 to 1 000, of which 500 boards cover only one school.

A longstanding tradition in the Netherlands is the constitutional doctrine of 'freedom of education'. This implies that parents have the constitutional right to establish a school and run it in line with their philosophy of life, be it religious or otherwise. Obviously, schools are required to deliver on cognitive subjects, but this equality principle to establish schools according to conviction or belief has always been very prominent. Although the basic principle underlying this practice is in general not widely contested, it does have some drawbacks. In the past, whenever a budget was made available to one of the denominations or the non-denominational schools, the idea was that the same amount had to be given to the other(s). The merger of the administrative organisations was intended to allow the government to increase efficiency and issue budgets as a response to actual needs, instead of the equality per denomination principle.

#### **4.1.2 The social dialogue structure, collective bargaining and other joint processes**

IR are relatively consensual in comparison to those in the private sector. Ultimately, the parties have no alternative than to start the same negotiations with the same partners. Notwithstanding, collective bargaining processes do regularly come to a standstill, sometimes over matters that could be solved by the social partners themselves, other times directed at the government as the budget provider. A striking example of such practice is the recent 2017 collective action, that included one-day strikes, called *primary education in action*. Although this was spontaneously organised through social media outside the realm of the trade unions, these picked up on it fast, and even the employers embraced the initiative, at least initially. Parties bargain in the shadow of the government as the provider of the budget. The bargaining margins are therefore



not very flexible, which sometimes unites both sides. Some changes in this mutual attitude seem to have taken place from 2006 however, when lump-sum financing was introduced (see below for more details).

Apart from the collective bargaining process between the PO-raad and the trade unions mentioned above, in which the government determines the budget but does not participate, many other formal and informal negotiation structures exist. There is some discontent on the workers' side that the PO-raad, which represents the school boards, is too closely associated with the government, excluding the input of the workers.

IR have shifted, with the employers' side gaining more weight. They speak with one voice and can consequently operate with more strength, both in the direction of the government and the unions. There is a potential risk in this shift in power relations. An imbalance of power between the employers' and the workers' side can easily occur. On the workers' side the interests potentially differ more between the five unions with different rank and files, including one union representing school management.

## 4.2 The influence of the social partners on public reforms of a financial nature

### 4.2.1 Governance of the sector and funding; from centrally allocated to lump-sum funding

The government provides 100% of the funding for the sector. Between 2001 and 2016 the budget was raised from €6.3 million to almost €10 million (Ministerie OCW, Rijksbegroting 2018). Until 2006 the whole detailed allocation of the budget for primary education was determined at the central level of the Ministry of Education, up to the spending on different posts in the schools (building, personnel, materials, etc). As a result, there was not much room to bargain. In order to allow schools to allocate the attributed funds more according to their own needs, convictions and opportunities, in 2006 this method of central allocation was changed to lump-sum financing.

The change to lump-sum financing potentially allows school boards to spend and pursue financial management according to their own discretion, allowing greater diversity in the distribution of the budget. And accordingly, more room for negotiation with the trade unions. There is some discontent on both sides however. The employers feel they cannot properly claim this attributed power, because the trade unions are unwilling to grant them the possibility to diversify labour conditions in a more flexible manner. The employers' side has not yet been successful at using the increased flexibility to allocate funds. The unions for their part are not confident that working conditions will be improved. They seem suspicious that funding will be spent on areas other than personnel costs. The effect of the lump-sum method is unclear as the Court of Audit states: 'The introduction of lump-sum funding in education gave school boards more discretion over the use of their budgets. Owing to the combination of discretionary spending powers and the great variation in how school boards account for their performance, no direct link can currently be made at a macro level between the funds and the goals. Furthermore, the policy information received by the government is

extremely fragmented. Insight into the relationship between budgets, expenditure and results has therefore disappeared' (Algemene Rekenkamer 2015).

#### 4.2.2 'Silent cuts'

On its website, the PO-raad stated in 2012 that schools had to deal with what it defines as 'silent cuts'. It claimed that the costs per student have risen over the years, while funding per student has declined consistently. In fact, expenditure per student has not decreased but increased in the research period. As the ratio between teachers and students remained largely steady, there is no indication that the number of students per class has increased (Rijksoverheid 2018). However, more tasks were required from the schools, indirectly increasing the costs per student. School boards have indicated that as a result they could no longer provide the quality they want, as well as the quality expected from them by society, including politicians.

To summarise, over the last ten years the government has allowed the sector a major opportunity for greater differentiation in the allocation of funds according to needs. Obviously, this does not imply that these developments could start with a clean slate, as all the items included in the budget were already determined by history. It is not easy to shift funding from for instance buildings to personnel or from personnel to computers for the students. The sector has as yet not been able to translate this budgetary reform into effective action. The social partners hold each other somewhat in a deadlock situation, where the employers' side wants to differentiate the allocation of funds further, and the workers' representatives stipulate that this should not lead to deterioration in working conditions. The situation was not helped by the fact that the budget was frozen during the years of the crisis, while at the same time the government made unpredictable budget rises and cuts for specific reforms during the crisis period and the following years (Tweede Kamer 2013).

#### 4.2.3 Compulsory inclusive education (Passend onderwijs)

From August 1st 2014 a new system for inclusive education was launched for special needs children. The aim was not only to integrate special needs children into the mainstream school system, but also to decrease the demands for expensive forms of special needs education. Every primary school administration carries a 'duty of care', which implies that they have a legal obligation to provide suitable education to all children, according to their needs. However, not all schools have to provide all forms of suitable education. When a school is unable to provide a particular service, it can, or rather shall, enter joint co-operatives with other schools that can do so. Schools can develop themselves into special needs providers and can jointly agree which school is best suitable for a specific child. On both the workers' and the employers' side, the general opinion is that this process is insufficiently facilitated and that the result is a strong intensification of every school's tasks. Not enough money is available and regardless of the number of special needs children, all schools have to reserve teachers' hours for this complex task. However, due to the lack of transparency and justification of how the budget is spent that was noted by the Netherlands Court of Audit, it is not possible to establish objectively the extent of the alleged intensification.

## 4.3 Quality of work and contracts

### 4.3.1 The increase of professional qualities in teachers' education and jobs

The primary education sector has a history of alternating staff shortages and surpluses. Prior to the period of this research, in the early nineties, a shortage of available teachers was resolved by hiring underqualified personnel. Even though strict causality cannot easily be substantiated, a common understanding is that this caused a deterioration of the quality of the workforce and, consequently of primary education. When this became apparent, additional mandatory tests at a higher level for arithmetic and Dutch grammar were introduced at the teachers' colleges.

Recently trade unions have challenged the situation that wages in primary education are lower than pay in secondary education. Their argument is that the level of required schooling is the same (higher vocational education). Over 37 000 teachers in primary education recently (2017) organised themselves in a movement that is independent from all the other parties, that do however, as a 'coalition-of-the-willing', support the initiative. It is called 'PO in Actie' (Primary education in action), and aims to put pressure on the government. Its goals are fair wages and diminished work-related stress. They have convened and announced strikes. This initiative was strictly speaking organised outside the trade unions, however it was quickly adopted by them. If this initiative successfully continues down the track of collective action, it will necessarily become part of the traditional industrial relations, as only trade unions can make legitimate use of the law and open strike funds.

### 4.3.2 Improvement of skills in the workforce

Primary schools were always characterised by what is described as a 'flat' or 'horizontal' organisational structure, meaning that traditionally, apart from the school principal who taught the highest grade and was responsible for the administration, all staff did the same work. The only way to pursue career advancement in primary education was to become a school principal.

To provide more career opportunities, the 2009 collective labour agreement introduced a new job structure. More differentiation in functions were intended to increase career prospects and increase the attractiveness of becoming a primary school teacher. The government stated its willingness to invest substantially in the new system. The changes did not concern the main educational tasks, but additional tasks like pedagogy and materials development, and supervision and coaching of junior teachers. The targets of the policy seem to be hindered by resistance among teachers to job diversification, maybe because of a perception that it would imply more hierarchy in schools. An analogous development aimed at improving the quality of schools and increasing opportunities for teachers was the introduction of a teacher's degree at university level, not replacing the standard professional training at college level. No conclusions can yet be drawn on the effectiveness of this program.

### 4.3.3 Individual labour relations

The use of fixed-term contracts for teachers is less than 10%. This is relatively low, compared to their use in the general working population. It should be noted, however, that temporary contracts for substitute teachers are not taken into account in the data. Part-time work is widespread, for women it stands at 83% (Stamos 2017). Male teachers are not only under-represented and a small minority, they are also relatively older. Although the gender ratio in management is becoming more equal, it is still male-dominated and therefore not equitable when we take into consideration the under-representation of male teachers in general. The share of young teachers is limited. Only 2% of teachers are younger than 25, while a little over 25% are between 25 and 35 years old. There is serious concern that young people, especially young men, do not consider a career in primary education to be an attractive option. Research shows that, although teachers in general state that they enjoy their work, they are unsatisfied with their pay and career possibilities in relation to the workload (Arbeidsmarktplatform Primair Onderwijs 2017).

As in many other sectors, it is very difficult for young people to obtain a permanent contract. Often, they start their career as a substitute teacher. School boards seem unable or willing to provide contractual security. Notwithstanding the already existing shortage of teachers, which is growing, teaching is not regarded as a solid career choice. This may be caused by the above-mentioned volatility of employment in schools.

The employers stipulate they need flexibility in contract types, because they have few other instruments with which to control their budget. The instability of student numbers is countered by using non-standard contracts. The collective agreement is too detailed, according to employers who claim there is a fundamental difference in opinion between the social partners. The employers feel the collective agreement should allow more flexibility, while the teachers' unions wish to maintain existing rights, and are reluctant to allow more room for manoeuvre to employers, potentially risking a deterioration of the quality of jobs and working conditions. They argue that while perhaps some school boards would be sufficiently professional to deal with broader competencies, others would not.

### 4.3.4 Sector plans related to unemployment during the economic crisis

During the economic crisis all sectors could adopt sector plans and claim government funding under the condition that the sector would also provide part of the funding. The education sector (although it was not directly hit by the crisis like the market sector, but rather by a decrease in the number of students) also adopted a sector plan that aimed to enable transfers from unemployment to a job, or from one job to another. The social partners were responsible for the development of the plan and its administration. School boards received 20% of the wage costs. Regional transfers and mobility centres were organised, as well as substitution pools for unemployed teachers. A total number of 2 240 teachers were beneficiaries of the sector plan (SEO Economisch Onderzoek 2014).

### 4.3.5 Work-related stress and workload

The discussion around working hours per week, workload and annual leave has been ongoing for years. In 2002 it was legally confirmed that a full-time teacher (1 659 hours per year) would have to work 4 hours extra every school week to compensate for holidays (Hoge Raad 2002). The idea of shifting tasks to holiday periods proved difficult to organise. Quite a few research projects investigating work pressure have been carried out; national media picked up on the subject and it gained wide attention. A striking finding was that it is not primarily the teaching process that is considered a burden, but rather secondary conditions around the work. Nevertheless, the trade unions have issued a claim for smaller classes (23 students instead of 25) and fewer contact hours (22 instead of 25 per week). A significant portion of the work pressure is caused by administrative obligations, defined as regulatory pressure. The perceived pressure is closely connected to the exigency of the administrative requirements. The burden is considered as excessive and is perceived as merely a duty to justify one's actions, while it is unclear what the benefit in the actual practice is, for the teacher or the school. This is especially the case when the obligation to keep records is complicated and requires complex formats. Teachers indicate that repetitive registration of class results, rather than those of the individual students, is burdensome. An additional difficult task is the extensive administration of mandatory suitable education for special needs children. Teachers indicate that even when they consider registration useful, they are often hindered by the complexity of the process and inadequate communication between administrative systems. Research shows that often the pressure does not result from mandatory legal obligations, but from agreements within the school system (Tweede Kamer 2017). This is labelled internal regulatory pressure. The government has stated that it recognises the need to co-operate with the social partners in facilitating relief from internal regulatory pressure.

## 4.4 The effects of reform policies on the quality of jobs and of the public service

This chapter shows that in this sector there are not only multiple ways to organise reform policies, but also multiple ways for the social partners to react to government reform policies. To summarise, on the issue of labour relations in the larger picture of industrial relations, it can be noted that the social partners often step aside from their role as opponents at the negotiating table in order to formulate joint demands directed at the government. The government is quite willing to facilitate the liaison and co-operation between the social partners, either through the collective bargaining process or by the establishment of specific agencies, plans or programmes. The structures and choices of how to regulate and 'arrange' initiatives are somewhat unclear. The interconnectedness of the roles of government, social partners and other forums in which they organise matters, is consistently strong. However, it is difficult to disentangle when these links are part of the formal collective bargaining process, or of lobbying, bi- or multilateral contacts or haphazard ad-hoc connections between all parties.

A lot of attention, both within the sector and in the public media, is paid to teachers' job quality. The notion that their workload is too heavy and that the budget for the sector needs to be increased, in order to pay higher wages and limit work pressures, is generally supported. Public support for these issues is substantial, which is also reflected in the debate in parliament. It is likely that this attention, along with the shortage of teachers and the difficulty of filling job vacancies, will enable the sector to improve working conditions. On the other hand, if it remains difficult to fill these vacancies, pressures on the workers will remain high.

The question of whether the quality of primary education has been impacted negatively by the problems related to job quality mentioned in this chapter is difficult to answer. No clear objective facts are available that suggest that students' education has suffered from the additional tasks that were attributed to schools. The same is true for the developments concerning working conditions. Although the Netherlands shows a slight decline in quality results in the PISA scores, it still holds an above average position (OECD 2015b: 11). A similar development can be detected in other European countries. Research shows that the decline is most prominent concerning vocational secondary schools (PISA assesses 15 year olds). That could raise the question of whether teachers' job quality issues have impacted certain groups of children more than others. That question, however, falls outside the scope of this study.

## **5. Municipality case - re-integration of jobseekers**

### 5.1 Changes in characteristics of the social partners

Three Dutch trade unions are active in the area of municipalities: FNV Overheid, as part of the umbrella organisation FNV, CNV Publieke Zaak, as part of the Christian umbrella trade union CNV and one smaller union (Centrale van Middelbare en Hogere Functionarissen, CHMF) representing a mix of employees in different layers of government, education, the care sector and in the commercial sector.

Following internal conflict amongst its member unions, FNV has undergone important changes in its internal organisation and working practices since 2011, with a new organisational structure introduced at the end of 2014. CNV and CMHF have also experienced internal changes and/or professionalisation in view of membership losses. On the employer side, the Association of Dutch Municipalities (Vereniging Nederlandse Gemeenten, VNG) represents Dutch municipalities as a whole (along with other organisations that represent the interests of the four largest municipalities and those larger than 100 000 inhabitants). Gradually, and following a conflict with the central government about financing and early retirement reforms in 2004, the body dealing with employee relations and collective bargaining, the VNG's College voor Arbeidszaken (CvA) has been adopting a more assertive position than previously.

### 5.1.1 Relationships and dynamics of collective bargaining and social dialogue

During the period 2000-2015, nine collective agreements have been implemented (varying in length from 12 months to 36 months), introducing numerous changes to working conditions in the sector. Rather than listing the numerous changes, here we will describe a number of trends related to themes considered important in employment relations and HRM. Attention to sustainable employability has increased in municipalities as their tasks have broadened, necessitating in their view a more flexible and universally employable workforce. Instruments such as personal budgets, a career scan, and a generic contract have followed, and the collective agreement pays more attention to employee well-being. In contrast, schemes to protect older employees have been reduced to a minimum while regulations on reducing working hours were scrapped. These developments have led to greater individual differentiation in working conditions. The extent of differentiation and decentralisation has been relatively high as the collective agreement offers room for customised arrangements for individual employees, e.g. for training (introduction of a personal budget in 2013), and municipalities had significant leeway to negotiate local arrangements, for historical reasons. In the 1990s, when municipalities started sectoral negotiations, they attached value to local autonomy and their 'own' regulations on remuneration. VNG has become increasingly critical of this in recent years, as differences in local working conditions constrain external mobility. VNG thus demands more centralisation on this point, that is, more uniform working conditions across municipalities (SEO 2014a: 81).

There have been several contentious issues between the social partners, based on the analysis of collective agreements (and the provisional agreements preceding them). The replacement of early retirement regulations and benefits for emergency service employees (*functioneel leeftijdsontslag*, FLO) by less generous rules in 2006 and a compensation arrangement agreed in 2008 left its mark on (and delayed) the negotiations for as many as three collective agreements (2004/05, 2005/7, 2007/9). In the post-crisis years, several bargaining rounds included strike action to put pressure on employers. In 2010, employers offered a zero wage increase for 2010-2011, which was rejected by unions as it did not allow the increase in purchasing power envisaged in the 2009 Social Pact. Another confrontation in 2011 revolved around efficiency savings, less bureaucracy and modernised employment conditions on the part of employers against demands to protect purchasing power, ensure greater job security and focus on the quality of work by the unions. Finally, in 2014 (coinciding with strikes in other parts of the public sector), unions clashed with employers over demands for better pay, steady jobs and more respect for their work. Then, strike action speeded up a compromise after a long period of one and a half years of negotiations resulting in the 2013-2015 collective agreement (Lexis Nexis, AIAS Collective Bargaining Newsletter, various dates). After that, a basic collective agreement (2016/17) was concluded rather rapidly to implement earlier promises of wage increases and of working out modernised regulations on holidays and remuneration amongst the social partners and their constituencies (VNG 2016a).

The picture developing is one of regularly confrontational negotiations, often leading to collective agreements concluded long after the expiration date of the previous one. A

possible common thread here was the desire by VNG to modernise working conditions, adapting them to the changing role of municipalities in the face of financial uncertainty that was intensified for many by the crisis, threatening tax and other sources of income. Overall, unions (FNV, CNV, CMHF) indicate that their relations with VNG have been tense, being characterised by regular confrontations during negotiation rounds and, sometimes, union action against VNG proposals. In this context, unions stressed the contentiousness to the same degree as employers did. While such a judgement is necessarily subjective, and considering the extent to which threats of industrial action occurred – especially in the post-crisis years – we argue that relations have become more troubled in the second half of the period 2000-2015.

In the municipal sector, agreements on employment conditions are concluded on a different legal basis than the Act on Collective Agreements that defines procedures for the private sector. The agreement concluded is formally a collective agreement (Collectieve arbeidsvoorwaardenregeling en Uitwerkingsovereenkomst, CAR-UWO) based on administrative law. Procedurally, for the agreement to apply to employees of a particular municipality, the municipal council has to approve it first. Processes of collective bargaining may be characterised in the following ways over time:

- focus on modernising employment relations starting in 2000-2008 and continuing during the post-crisis years;
- a tendency towards protracted and retrospective negotiations, sometimes accompanied by industrial action before concluding an agreement;
- procedural changes in preparing negotiations, such as pre-discussion of positions on salient issues among social partners before the start of negotiations since 2010;
- centralisation of employment conditions: unions note and welcome a movement away from concluding one central agreement plus up to 100 locally differentiated agreements on some employment conditions, towards one central agreement covering as many employment conditions as possible at the national level.

Despite the changes above, union negotiators note particularities in the municipality sector compared to other government sectors and the private sector such as processes being characterised by large groups of negotiators (representing, on the part of VNG, different groups of municipalities) and long periods needed to accommodate procedures allowing cross-checking of VNG positions with their members.

The municipal sector has different fora for social dialogue: first, a country-wide social dialogue body (LOGA) discussing issues connected to the implementation of collective agreement regulated issues, second, local variants with aldermen (municipal council members) and trade union officials, and third, meetings under the auspices of the sectoral labour market fund (A+O fonds Gemeenten), which finances projects supporting employee training and other employment conditions related issues. In general, respondents are positive about the way social dialogue facilitates problem solving related to collective agreement issues for municipalities. Beyond these sector-specific fora, since 2013, there is another body, the *Werkkamer*, where the VNG, trade unions, and the employers' association (Verbond van Nederlandse Ondernemingen



en het Nederlands Christelijk Werkgeversverbond, VNO-NCW) meet, including delegates from the Ministry of Social Affairs and the Employee Insurance Agency (Uitvoeringsinstituut Werknemersverzekeringen, UWV) as observers. The results of the *Werkkamer*, a relatively new social dialogue institution, will be further discussed in section 5.2. The body's activities included reaching agreements between social partners on some important details regarding the implementation of sections of the 2013 Social Pact, and clarifying practical details of the Participation Act, including the definition of the target group for specific reintegration measures.

### 5.1.2 Role of the crisis

The period 2009-2015 saw very low salary increases that only kept up with inflation (1-2%) in subsequent collective agreements (Leisink 2016: 183). This had to do with the municipalities being subject to the 'zero line' wage policy (zero wage increase) that was in place in all public sectors at the time. The first 'post-crisis' collective agreement (2016-2017) was concluded unusually fast, as a wage increase of 1.4% in 2016 had previously been decided in the framework of a public sector agreement between the cabinet, most unions (except for FNV) and VNG (2015). Moreover, crisis-inspired austerity measures led to a substantial reduction of municipal reintegration budgets. Apart from posing a real challenge for municipalities, this issue fuelled the perennial discussions between central government and municipalities about the method of budget financing in relation to the increase of their statutory tasks.

## 5.2 The role of industrial relations in shaping the sector

### 5.2.1 Reforms

After 2000, Dutch municipalities have seen many changes to their responsibilities regarding social welfare and reintegration of long-term unemployed and welfare recipients (see box below), underlining the influence of central government that social partners have to deal with. Following the crisis austerity measures, the 2013 Social Pact between central employers and trade union organisations represented in the Labour Foundation (Stichting van de Arbeid) and central government was an important step, as it laid down common positions and set out policy guidelines regarding the future of the labour market and social security. This implied a more active approach to preventing unemployment and helping jobseekers with job-to-job transitions, preferably before applying for unemployment benefits (Hemerijck and van der Meer 2016). Notably, although the pact concerned issues related to municipalities' reintegration tasks, it was concluded without consulting the VNG, but followed by the establishment of the *Werkkamer*, which did include VNG delegates.

The reform which received most publicity was the 2015 Participation Act (Participatiewet), as it fundamentally and speedily transferred responsibilities for the provision of social services and youth care away from central government. Regarding reintegration, it deepened municipal responsibilities already in place since 2004 for administering benefits and supporting jobseekers in finding employment, including

disabled young people previously covered by special legislation. What made these changes controversial was that available budgets for reintegration (and for the other new tasks) experienced substantive cuts at the same time (Leisink 2016: 183). For instance, the municipal ‘participation budget’ was cut by €740 million out of the €2.9 billion earmarked in 2015, before decentralisation (van Nijendaal 2014: 87).

#### Overview of legislative changes affecting municipal reintegration tasks

- 2002: SUWI Act: municipalities remain responsible for reintegration of clients, keeping tasks associated with implementation of ‘protected’ and ‘additional’ jobs; outsourcing of tasks to private reintegration firms)
- 2004: Work and Welfare Act replaces General Welfare Act of 1996
- 2009: Investing in Youth Act (annulled in 2012)
- 2010: Cabinet Rutte I envisages introduction of checks on household income (in effect as of Jan 2012)
- 2012: Working According to Capability Act stopped due to the sudden end of Cabinet Rutte I in April 2012
- 2012: Cabinet Rutte II envisages further changes to Work and Welfare Act
- 2013: Additional legislation to step up monitoring and sanctions for welfare recipients
- 2014: Parliament approves Participation Act
- 2015: Participation Act: decentralisation in the domain of work & income along with care services and youth policy

Content-wise, in terms of reintegration the ‘work first’ principle had been established, considering any work as preferable over granting welfare benefits, and jobseekers are to be directed towards paid work as quickly as possible. Since 2015, municipalities have been implementing the Participation Act and determine - within budgetary responsibilities and legal limits - their own policies in terms of reintegration, with a vested interest in preventing new inflows to the pool of welfare recipients and maximising outflows. Generally, there is a sense of dissatisfaction from municipalities over the allegedly insufficient government contribution to municipal finances and, more generally, the relationship between municipalities and central government is under debate (e.g. RFV 2017, VNG 2016b).

#### 5.2.2 IR actors and ways of influencing reform processes and implementation of reforms

As with the hospital sector, collective bargaining activities played no role in influencing reform processes. Rather, negotiators dealt with the consequences of legislative changes if these had consequences for wages or employment conditions. Similarly, discussions in the social dialogue fora focussed on the implementation of collective agreement regulations. The *Werkkamer* represents an important exception to this, as its activities were crucial in working out points agreed to in the 2013 Social Pact and in clarifying the application of the 2015 Participation Act - including the definition of the target group for specific reintegration measures. Turning to the VNG, aldermen delegates stress difficulties in the start-up phase, when trust had to be re-established between VNG and the social partners following its exclusion from the 2013 Social Pact,

typifying consultations so far as ‘learning by falling and getting up again’. In terms of substantive issues, they see the *Werkkamer* as a forum that works together co-operatively, although it has been more occupied so far with ‘repairing’ mistakes and filling in voids in the Social Pact and the Participation Act than looking ahead to the future. In this vein, consensus has been reached over the target groups for different reintegration services under the Participation Act and related aspects.

### 5.2.3 Relationships to central government and the role of lobbying in reform processes

Next, we consider how the social partners related to central government, how they have tried to influence government reforms and what the results were. Starting with the employers, interviews with the VNG indicate that the relationship has been in a process of transformation over time, being dependent on societal developments and changes in government coalitions. While it reached a low point in the early crisis years under the Rutte I cabinet, currently it is described as varying between co-operative and sometimes confrontational, and characterised by searching for a new balance in mutual relations. Particularly after the multiple decentralisations of tasks in 2015, VNG aldermen representatives in the *Werkkamer* see the relationship with the central government as being dominated by discussions around the level and method of calculating municipal finances. VNG’s influence on legislation through lobbying is judged to be moderate.

Trade union officials are generally positive about the relationship during the past five years. Ministerial policy-makers, on the other hand, clearly differentiate between different types of relationships with the social partners, seeing the employer’s associations (i.e. not VNG) as more important than trade unions. In addition, they consider VNG to be the representative of a government layer which should be involved only if legislation gives them a role in policy implementation. As for social partners’ lobbying efforts, policy-makers indicate that unions were less visible in their lobbying efforts compared to employers, who have a strong standing in consultations on the initiation and implementation of legislation, and Divosa, the association of municipal directors of social services. The latter is valued as a knowledgeable partner concerning municipal working practices and the potential applicability of new rules and practices in the social domain. However, respondents note a more intensive exchange both with trade unions and employers in the realm of reintegration and participation since the 2013 Social Pact, thanks to State Secretary Klijnsma. VNG, as the formal employer in the social domain, is allegedly consulted and asked for administrative advice by ministerial staff, yet a notable difference with Divosa is their political character and quite diverse membership. There seems to be a double-edged approach here, as their consultative role was apparently disregarded by ministerial chiefs when VNG (to its great dismay) was excluded by the few individuals who, on behalf of the social partners and the central government, concluded the Social Pact.

## 5.3 Development of employment in municipalities

### 5.3.1 Numbers of jobs

This section presents data on total employment in municipalities based on annual employee surveys. The trend was an overall slight growth in employment of around 1.2% from 2000-2008. Notably, from 2009-2015 a decrease of almost 13%, or 21 317 in total numbers, occurred (table 4, *Personeelsmonitor 2015*).

Table 4 Development of total employment in municipalities after the crisis (2009-2015, in persons)

	2009	2010	2011	2012	2013	2014	2015
Total (persons)	184 340	181 550	177 640	174 290	168 490	157 980	155 960
Change (from previous year)	+2.8%	-1.5%	-2.2%	-1.9%	-3.3%	-3.5%	-1.9%

Source: A+O fonds *Personeelsmonitor 2009-2015*.

Looking into the reasons for the large decrease in employment (in 2013: 3.3%), a survey of those municipalities with the most pronounced decrease yielded the following: privatisation or splitting off organisational parts, e.g. of formerly municipal transport services (which means that these jobs were not necessarily lost), but also real cuts in staffing because of budget cuts, reorganisations and/or merging of departments (*Personeelsmonitor 2013*). Moreover, the A+O fonds annually publishes data about the extent of staff reductions due to budget cuts (that are not specified further as stemming from central government cuts or decisions at the local political level or management-induced). Table 5 shows the consequences for reductions in personnel, which occurred most frequently during the years 2012-2014, when more than two-thirds of organisations implemented staff reductions. Coinciding with the post-crisis period, an indirect effect of the economic crisis on these developments seems to be plausible, although a direct effect cannot be proven.

Table 5 Municipalities affected by budget cuts and translation of cuts into decrease of personnel, in percentages

	2010	2011	2012	2013	2014	2015
Affected by budget cuts	66	86	90	86	79	68
Cuts translated into less personnel	33	59	66	69	68	50
Average personnel cuts	2.7	3.9	3.1	3.9	4.0	2.2

Source: A+O fonds *Personeelsmonitor*, various years.

Municipalities made staff reductions by selectively filling up vacancies, putting partial caps on new vacancies and not extending fixed-term contracts (A+O *Personeelsmonitor*, various years). Despite a lack of data, these measures may have indirectly led to work intensification for the remaining staff and a negative effect on the quality of work, to which we turn next.

### 5.3.2 Quality of jobs

The municipal sector has been exposed to developments affecting the quality of jobs negatively, including wage development, diversifying types of contracts and the need for continuous training. For instance, central government austerity measures brought cost containment pressures, which had been present already before the economic-financial crisis, but certainly intensified in its course. Table 6 shows a slowdown of wage rises for municipal employees from 2009 onwards with wage decreases in 2011 and 2013.

Table 6 Annual changes in wages based on collective agreements 2004-2014, in %\*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Municipalities	0.00	0.58	3.38	2.60	3.61	0.92	1.77	-0.39	2.50	-0.50	0.95
Public Administration	0.33	0.57	3.16	3.01	3.16	1.88	2.31	-0.20	1.33	-0.22	0.50

\*Including spill-over effects from previous years. 'Public Administration' includes the average change for the subsectors, central government, municipalities, provinces, judiciary, and water authorities together.

Source: Report Trends en Cijfers, Werken in de Publieke Sector, Ministry of Interior Affairs 2015.

### 5.3.3 Working time and contract types

During the period 2000-2015, the percentage of employees working part-time (less than 36 hours) has risen steadily. In 2002, 36% of municipal employees worked part-time, in 2009, 40.5% and in 2015 42% (A+O fonds 2013). The proportion of flexible contracts in the sector has risen since 2011 by 4% (2011: 11%, 2015: 15%). In addition, hiring external staff, like self-employed and temp agency workers has been a controversial issue for years, with municipalities pledging to reduce their numbers against the background of shrinking budgets and making better use of the staff that are already there (Winthagen and de Leede 2012). Lately, numbers of external workers have increased again due to the decentralisation reforms, which called for specific expertise that municipal staff often do not have (A+O fonds 2015: 12).

### 5.3.4 Work pressure and absenteeism

Work pressure and resulting work stress for municipal civil servants has been a long-known and persistent problem. As a frequent consequence of work stress, sick leave seems to be persistent too. Already during 2001-2004, occupational health and risks at work were high on the agenda after an Occupational Health Covenant (*Arboconvenant*) was signed between the Ministry of Social Affairs and the sector. Evaluations of awareness-raising and actions taken were cautiously positive about the results (A+O fonds Gemeenten 2004). After interventions, several employee groups reported a slight decrease in the signs of work stress (A+O fonds Gemeenten 2005). However, ten years later, work pressure in the municipalities is still high. The 2016 national employee survey found that 56% qualify measures taken by employers to combat work pressure as either insufficient or not forthcoming at all. Employees in public administration, including municipalities, score highest on work pressure along with employees in education and the health and social care sector (Binnenlands

Bestuur 2016). In 2015, absenteeism stood at 5.3%, considerably higher than the national average of 4%. Amongst the reasons were work pressure and stress, but also organisational changes and staff retrenchment. Many municipalities apparently have too few incentives to limit the problem (A+ O fonds Gemeenten 2015).

#### 5.4 Changes in job quality and the debate on services

To examine changes in job quality, we will zoom in on one important municipal activity: the reintegration of long-term job-seekers and social assistance recipients. As data on the overall quality of employment in social services departments (or the organisations in which several municipalities co-operate) is unavailable, the original report gave a snapshot of the social services of three larger (100 000+ inhabitants) municipalities (Leeuwarden, Amersfoort, Apeldoorn) and of one inter-municipality co-operation, *Werkplein Drentsche Aa* (Assen). This snapshot – we limit ourselves to the conclusions here – included an overview of changes in several aspects of job quality based on the accounts of social service managers and of aldermen responsible for social services. Next, we add some observations about possible consequences for service provision.

The illustration of developments in four municipal organisations signalled some likely sector-specific tendencies with an impact on the quality of work. First, while job numbers may not have changed greatly over time, flexible contracts have been used to some extent. Second, there is a tendency for staff working in reintegration to be more highly educated and to be required to provide more emphatic and problem-solving competences rather than strictly bureaucratic application of rules and legislation. Third, work pressure (and work-related stress) is potentially a problem dependent on client numbers per employee.

Associating these qualitative changes in employment to changes in service provision by social services is not straightforward. In part this is because - in the wake of the 2015 reforms - differences in social service provision across municipalities have increased due to different political choices made by local councils. Moreover, many municipalities underwent reorganisations and organisational changes that impacted on how central government reforms were implemented. Last but not least, there are - sometimes sizable - differences in local circumstances including (regional) labour market opportunities for job-seekers and varying numbers of welfare recipients per capita.

## 6. Conclusions

Before presenting answers to our initial questions, it is worth reflecting on developments common to most or all public subsectors presented in the previous three sections. Regarding *changes in sector industrial relations* we found that for hospitals, primary education and municipalities, the landscape of actors has remained stable overall. At the same time, the patterns of interaction between social partners varied across cases, being somewhat more consensual in the hospital sector than in the municipal sector

where collective agreement negotiations were drawn-out and sometimes held up by industrial action. The latter was also the case in the primary education sector, which culminated over the last year in widespread collective action. This was not initiated by the trade unions, but they adopted these actions speedily. For all subsectors, social partner relations with the central government seemed more intense and continuous on the part of the employers than on the part of the trade unions. The government relinquished powers to the sector, but effectively more to the employers in their capacity as service providers. Moreover, the effect of the crisis on industrial relations was comparable: in the hospital sector, it added an extra focus on cost containment after the 2006 Health Care Act, which initiated a switch to regulated market competition. For municipalities, the crisis exacerbated an existing scarcity of funding for reintegration budgets. In primary education, the budget was not limited, but schools had to take on many more tasks with the same amount of money.

A strong theme that arises from the comparison of sectors is a *shift in the relationship between social partners, with possible effects on industrial relations*. This was certainly the case for primary education, where power relations formally changed due to a process of unification on the employers' side, leading some to expect to increase their clout in social partner relations over time. Moreover, social partners were confronted with a new group called 'Primary Education in Action' (PO in Actie), which emerged as recently as 2016. Since then, the debate on substantial wage claims has intensified. PO in Actie, a collective consisting of a large group of teachers, issued a manifesto for higher wages (comparable to secondary school teachers) and less work pressure. They called upon all collective agreement signatories to support their initiative and urged the government to provide the necessary funding. On the one hand, they do not consider the social partners' approach and the regular collective bargaining process to be a sound enough strategy to promote their interests. On the other hand, the past has shown that the sector tends to find new organisational frameworks to deal with particular problems. Yet, teachers have the wind in their sails because a major labour shortage is looming, and there is an increasing consensus that public sector workers are entitled to higher wages upon economic recovery. By spring 2019, teachers had achieved some financial concessions from the minister on lowering work pressure, but not yet on wage rises. Strike actions continued until and including 2018, although on a regional basis rather than country-wide. The PO in Actie initiative exemplified that the actions of social partners and the regular collective bargaining process were not considered as viable strategies to promote these teachers' interests. In contrast to primary education, changes of a similar kind had not occurred in the hospital and municipalities subsectors (neither on the side of employers nor on the side of unions), where only small changes occurred, e.g. regarding the internal organisation of sectors within trade unions.

Concerning *the shape of public sector reform and the extent (and forms of) influence by social partners on reforms and implementation*, all subsectors saw major systemic changes during 2000-2015, although at varying speeds. Municipalities saw incremental reforms in reintegration over the whole period, ending with a major decentralisation reform in 2015. Hospitals saw a systemic change in 2006, with gradual implementation ever since. In primary education, the financing method changed from government

responsibility for budgets to lump-sum financing. In all cases, the most prominent strategy used by the social partners was lobbying the central government. However, we saw more intensive lobbying activities in the hospital sector by employers and professional organisations than by trade unions. In the primary education sector, the employers were the frontrunners in lobbying. However, the trade unions often implicitly expected employers to defend their interests as well. This was particularly the case concerning budget cuts, or the attribution of additional tasks without extra budget. In the municipal sector, only after 2012 did both employers and trade unions take on an active role in lobbying (while before mostly employers were active). In response to the crisis, both sectors saw agreements with a ministry or the central government to help counter the crisis effects. In the hospital sector, trade unions were excluded from these, while in the municipal sector social partners were included but not the VNG.

We note that *decentralisation processes* have occurred in all three subsectors. For hospitals, this is noticeable in the character of the sector's collective agreement, which has been increasingly seen by the social partners as a framework agreement, with more detailed regulation of issues such as the organisation of working hours left to the level of individual hospitals. For municipalities, a gradual process of decentralisation has been a common feature of central government reforms regarding the area of reintegration since the beginning of the 2000s, meaning a constant process of adaptation to new competences and changing working processes. Moreover, unlike hospitals, in the realm of collective bargaining decentralisation had been the rule for employment conditions, leading to a variety of arrangements across municipalities. Municipal employers (VNG) in particular, but also unions, have been working on achieving a more centralised mode of regulation in the form of a central agreement, keeping additional local rules or exceptions to a minimum. In primary education, a major shift took place in 2006 with the switch to lump-sum financing of schools, whereas previously school expenses would have to be requested of, and granted by, the central government. This renouncement of distributive power aimed to put the government at a distance and can accordingly be considered part of a decentralisation process. Nevertheless, the public (and also the sector) will still regard the central government as the ultimately responsible actor.

We noted that one of the three subsectors, hospitals, has also experienced a *new form of sectoral regulation*. Following the introduction of regulated market competition across the entire healthcare sector, it has seen a shift in relations among healthcare providers including hospitals, healthcare insurers, and the government. Under the auspices of government regulation and control, competition around prices and quality of healthcare services is encouraged between healthcare providers. In this system, healthcare insurers have gained considerable power and are supposed to enforce efficiency and effectiveness by contracting services with providers on a regular basis. Although this system does not incorporate industrial relations intentionally, employers, in their role as health care providers have been affected directly by being exposed to financial and organisational pressures stemming from renewed systems of financing services etc. These pressures have carried over into the collective bargaining sphere, also forcing trade unions to think about implications for working conditions. Finally, no comparable shift in sectoral regulation has taken place in the municipalities and primary education subsectors.



A fourth theme is *crisis-related austerity measures and their consequences*, especially for working conditions. In absolute numbers, funding for the primary education sector has increased, but there have not been any wage increases. The sector has been on the so-called ‘zero-line’ for five years, from 2009-2014. During this period, there has been a decline in the number of full-time equivalent jobs and a decrease in pupils. The budget for the sector, however, increased. Apparently, the budget increase was not allocated to wages or other working conditions. Municipalities were also affected by the public sector ‘zero-line’ on wages, although some of them tried to deliver a modest wage rise for their employees anyway. Only the hospital sector felt no immediate crisis effects, mainly because it was more difficult to include them in the government’s zero-wage policy because of the sector’s semi-public character. Only the cost containment agreements (after 2011) between the ministry and sectoral actors (excluding unions), motivated by general cost pressures in the entire health care sector, started to introduce an additional cap on spending in the sector.

A further observation that is visible in all three subsectors, is the *intention to improve working conditions via collective agreements*, with the government being an important extra player in industrial relations as the ultimate provider of (part of the) budgets. In primary education, over the last ten years several initiatives have been developed and incorporated into the collective agreement that aim to improve the sector’s image as a career option for young people. These included several initiatives to improve career prospects for primary school teachers. These policies were at first mostly initiated at the teachers’ request and, consequently, supported and promoted by both the joint employers and the government. The most prominent example is the introduction of the *Functiemix* system, introducing three different salary scales instead of one. The aim is to apply that system to 40% of the primary school teachers by 2020. Notwithstanding this and other initiatives to improve career prospects in the sector, the general image of the sector in the media is that teachers have to work too many hours for too little remuneration. As for hospitals, comparable initiatives to make working in the sector more attractive for incoming employees have been proposed through collective agreements. One significant change has been the introduction of a personalised budget to all employees independent of age, for extra hours to be spent according to individual wishes (on training, additional leave etc.). This change was meant to stimulate the mobility and employability of ageing employees. Equally, in the municipalities subsector, collective agreements have gradually introduced more instruments to stimulate both the mobility – across organisations – and the employability of employees.

There are *debates on the actual quality of employment and, related to this, the appearance of new actors and strategies to achieve improvements*. There are large differences here between subsectors: primary education stands out here, hospitals and municipalities much less, as the latter have not seen new actors mobilising for higher quality of work, although continued high work pressure has been featured in the media, especially in the health sector. In primary education, a long-running debate on the quality of work has until recently been centred on work pressure and the possibility of performing all the required tasks in the time given. Although the debate is longstanding, it intensified in the crisis period during which a ‘zero-line’ for wages followed. Teachers successfully claimed that their work pressure had become too high due to a number of

factors. This was not really contested by the government and employers, who showed willingness to tackle the problem by applying the administrative tasks with far more leniency and by working with trade unions on research into solutions to decreasing work pressures and implementing these on the shop floor.

As for the effects of government reform on employment (question 3), establishing such effects on employment levels has proven difficult. Yet we can say that employment in general hospitals slightly increased from 2000-2015, whereas employment in primary education decreased slightly and employment in municipalities decreased more substantially over the same period. In terms of the quality of employment, in all subsectors (and the Dutch labour market in general), the use of flexible contracts has increased, entry qualifications are expected to increase in the future, and continued education and training have become more prominent. In terms of wages, we found that austerity resulted in zero wage growth for the crisis and post-crisis period in municipalities and the primary education sectors, while hospitals experienced reduced wage increases. Work pressure is seen as a problem in all three cases and can be partially attributed to efficiency gains and a sizeable growth of productivity in the hospital sector. In primary education and also in hospitals, the administrative burden is considered to be a major driver of work pressure. Professionalisation is much more entrenched in the hospital sector and primary education than in municipalities, where awareness of the need for more professional working practices has not yet been followed up by implementation everywhere.

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All links were checked on 19.12.2019.

## Appendix

### List of interviewees

#### General hospitals

1. NVZ, 8.12.2016
2. FNV, 15.12.2016
3. FNV, 24.01.2017
4. CNV, 17.02.2017
5. former MinVWS official, 24.02.2017
6. former FBZ official, 24.02.2017
7. FBZ, 14.03.2017
8. NU'91, 16.03.2017
9. former MinVWS official, 05.04.2017

#### Municipalities/re-integration

11. former FNV official, 14.03.2017
12. FNV (2 officials), 23.03.17
13. former CMHF official, 28.03.17
14. MinSZW (2 officials), 29.03.17
15. CNV, 04.04.17
16. VNG municipal delegate, 18.04.17
17. VNG municipal delegate, 21.04.17
18. VNO-NCW, 02.05.17
19. Rotterdam University of Applied Sciences, 03.05.17
20. Werkplein Drentsche Aa, 04.05.17
21. Divosa, 04.05.17
22. former VNG official, 10.05.17
23. Municipality of Amersfoort, Social Services, 07.06.17
24. VNG, 27.06.17

#### Primary education

25. AOB, 27.01.17
26. AVS, 08.03.17
27. PO Raad, 08.03.17
28. Ministry of Education, Culture and Sciences, 10.04.17
29. Idem, 10.04.17



# **Chapter 7**

## **Erosion of bargaining in the world of vital actors: industrial relations in the aftermath of public sector reforms in Slovakia**

Marta Kahancová and Mária Sedláková

### **1. Introduction**

The development of a public sector in the independent Slovak Republic went hand in hand with the economic and political transition in Czechoslovakia after the 1989 Velvet Revolution and the separation of Czechia and Slovakia in 1993. Reforms in central and local government during the 1990s were an integral part of the transition to democracy, while in healthcare and education reforms were delayed to the early 2000s and the post-crisis years (Kahancová and Martišková 2016). These periods also significantly influenced the formation of industrial relations (IR) in the public sector over the 1990s and 2000s. The most important influence on IR first came through the introduction of distinct employment regulation for public service and for the civil service in 2002; and second, through the loss of the status of public servants for the majority of healthcare/hospital employees with the healthcare reforms (2002 – 2004).

The most important reforms regarding the education system concerned the introduction of school self-governance and recent initiatives of reorganising particular responsibilities and school financing between the local government and central government. In local government, the 2012 ESO reform brought organisational restructuring with possible consequences of changed working conditions due to changes in bargaining coverage and organisational hierarchy. Since our case study of pre-primary education as a service provided by local government was not explicitly affected by this reform, it remains beyond the scope of this chapter to discuss this particular reform effort. Finally, in healthcare, hospital corporatisation was the most important reform effort over the course of the 2000s. Corporatisation excluded hospital workers from public servant status and from 2006 onwards shifted hospital management competences for smaller regional hospitals from central government to local governments. Although through corporatisation hospitals remained in public ownership, in later years local governments in many cases engaged in long-term renting out of hospitals to private entities. This way, despite remaining in public ownership, many hospitals operate under private service providers and face management prerogatives and reorganisations to improve performance like in the private sector. Furthermore, a very important part of hospital development was the fact that as a result of pressure from doctors, corporatisation stopped after 2011, and that the wages of healthcare personnel are now regulated via legislation instead of collective bargaining at hospital and sectoral levels.

The aim of this chapter is to examine the evolution and role of public sector IR in Slovakia in shaping the above reforms, working conditions and the provision of public services. Rather than analysing overall trends, we focus on IR in the post-crisis period



(since 2009) in three subsectors of the public sector: primary education, hospitals and local government. Within local government, we focus on the role of IR in the provision of preschool childcare facilities. The policy of preschool childcare facilities is closely related to overall education policy in Slovakia, but at the same time, it is part of the local government subsector and not the education subsector. This leaves the provision of preschool facilities somewhat distinct from other subsectors of local government in terms of wage policies, working conditions and financing, despite its importance as a public service related to many pressing issues, i.e., population growth and work-related migration within the country.

Our analysis is informed by an actor-oriented perspective where we not only describe the interaction between IR and post-crisis public sector reforms, but we also aim to understand the role of involved actors, most notably employers, trade unions and the state, in shaping similarities and differences in IR outcomes across the three subsectors. This chapter centres on the following research questions. First, we aim to analyse the main trends that characterised public sector reforms in the post-crisis period. Second, we focus on what role IR played in shaping these trends. In other words, we study how IR actors (trade unions and employers' organisations) have influenced reform processes and their implementation through collective bargaining, social dialogue, industrial action, lobbying, influencing public opinion, and other forms of action. Third, we examine what impact the changes facilitated by IR actors and processes had on the quality of work in the public sector and on the quality of public services in general.

The chapter is structured as follows. In section 1 we outline the main public sector developments and introduce the key characteristics of public sector IR. Sections 2 to 4 focus on the three subsectors. We present and analyse the main developments in IR and their role in primary education, pre-primary education as a public service provided within local government and in healthcare with focus on hospitals. In section 5 we compare the findings across the three examined sectors. The concluding section 6 summarises the main findings and answers our research questions.

We base our evidence on documentary and data analysis as well as on semi-structured interviews (see appendix) with policy-makers at the national level and social partners' representatives at national, sectoral and local levels. The table in the appendix lists the original interviews conducted in the education and local government sector. In addition, our evidence draws on research we previously conducted on IR in public services, interviewing more than 60 stakeholders in education, healthcare/hospitals and local government in Slovakia.

We develop an argument that while the public sector underwent important reforms in the 1990s and 2000s, IR played a vital role in shaping post-reform sector-specific developments. The role of particular IR actors is especially relevant for understanding sector-specific similarities and differences. The 2008 crisis facilitated the fragmentation of IR actors and a shift away from bargaining to influence through legislation, public action and memoranda of co-operation. Established bargaining structures are currently challenged by the fact that legislative solutions undermine the importance of bargaining in determining public sector working conditions.

## 2. The public sector – an overview

The literature distinguishes four periods that helped redefine and reform the public sector (Kahancová and Martišková 2016). First, the democratisation and decentralisation period (1990-1998) defined the new foundations of the public sector. The second phase (1998-2002) resembled the pre-accession period and was influenced by adjustments to public sector operation driven by the need to comply with EU regulations. This refers mostly to decentralisation of public service provision and further modernisation of the sector following the principles of New Public Management. The third phase (2004-2009) was marked by intensive reforms, mostly in healthcare (corporatisation) and education (self-government principles). The fourth, post-crisis phase (2009 onwards) introduced principles of efficiency into the sector.

Despite reforms and austerity measures, public sector employment in Slovakia remained relatively stable. In the crisis year 2008, public sector employment stood at 20% of total employment, before reaching the historically highest share of 24% in 2015 (Eurostat<sup>1</sup>).

The most important developments that shaped public sector IR during the above reform periods include:

1. distinct employment regulation for public service and civil service (2002);
2. loss of ‘public servant’ status for the majority of healthcare employees including those in public hospitals (2002 – 2004).

After the separation of regulations for the public and civil service, the 2000s showed a remarkable stability in public sector IR. Regular social dialogue rounds produced annually renegotiated collective agreements separately for the civil service and for public service (Barošová 2008). These collective agreements were and still are negotiated in the national tripartite forum with seven representatives from trade unions, employers and the relevant ministries. In healthcare, corporatisation reforms and the loss of public servant status enabled the rise of a distinct multi-employer bargaining system in the hospital subsector, where collective agreements are negotiated separately for large state hospitals and for smaller regional public hospitals.

Along with the most encompassing public sector trade union SLOVES, there are several active representation organisations in healthcare and education. The stable landscape of public sector social partners broke down after 2010 when particular occupational groups increasingly showed their dissatisfaction with the established actors and systems that had failed to introduce wage increases after the crisis (Kahancová and Martišková 2016). This trend led to the emergence of new actors, both trade unions and professional organisations, that partly replaced the role of trade unions in healthcare and education. Although these new actors are not necessarily part of the established bargaining channels, they play an important role in influencing the established actors’

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1. Source: LFS Eurostat: <http://ec.europa.eu/eurostat/ramon/statmanuals/files/KS-RA-07-005-EN.pdf>, accessed: 1 July 2017.

structures and bargaining procedures at the micro level. Fragmentation to some extent also affected the employers' associations in healthcare/hospitals after the mid-2000s corporatisation reforms.

Despite these fragmentations, collective bargaining is well established and reaches a high coverage rate. Multi-employer and single-employer collective agreements are signed across the whole public sector. One of the most important and debated issues related to public sector collective bargaining concerns pay regulations. The dual structure of public sector pay regulations (including legally based remuneration of employees in central and local government and in education, and collective bargaining as a relevant addition to the legally established pay system) has been subject to heated debates and tensions between trade unions, employers and the government. Between 2005 and 2012, collective bargaining was the exclusive source of pay regulation in healthcare after the majority of healthcare/hospital workers lost public servant status. Since 2012, actors' pressure for legal regulation has crowded out the role of collective wage bargaining in healthcare as well. In the fragmented system of legal regulation of pay for various occupational groups in public services, trade unions now support a unification of public sector pay regulations. In healthcare, new legal regulation has been introduced from 2016 which attempts to address the remuneration of all healthcare personnel. In education, the tensions have not yet been resolved and have also pervaded the existing collective bargaining system.

### **3. Primary education**

The Slovak education system has been facing a gradual implementation of reforms since 1989 (IIPE 2005). However, experts, professionals and even teachers often argue that the education system lacks systemic changes and reforms often provide only 'cosmetic changes'. Slovakia's efforts to join the EU increased pressures and calls for a major education reform after 2003.

The education system was largely influenced by reforms in public administration: the 2001 reform established higher territorial units (VÚC), which strengthened local self-governance and influenced the governance of education. While the new regional units gained management and governance of upper-secondary schools, municipalities became responsible for pre-primary and primary education (OECD 2015). In line with decentralisation efforts, the system of school self-governance and user involvement was strengthened by the introduction of voluntary student councils in 2003.

New governance structures influenced the flow of finances, which are distributed according to: first, original, and second, transferred competences. Original competences refer to the performance of self-government functions by municipalities and self-governing regions. Transferred competences refer to the implementation of state administration in education, governed by the Ministry of Education, municipalities and self-governing regions. While transferred competences are financed directly from the state budget (Ministry of Education and Ministry of Internal Affairs), original competences are funded by municipality budgets (municipal income tax). Original

competences of the municipalities include financing of basic art schools, kindergartens, school clubs, leisure and hobby centres, language schools and school canteens for kindergartens and primary schools. Within the transferred competences, the state budget allocates finances to school founding bodies (municipalities, churches, etc.) according to a per capita funding rule. According to the law, the founding bodies allocate financial resources to individual schools at the level of 90% of the fixed amount for wages (wage norm) and 80% of the fixed amount for operational costs (operational norm). The difference between the compulsory minimum and the fixed amount can then be freely allocated to different schools under the same founding body. Thus, although the central government provides around 70% of funding, schools enjoy financial autonomy and their budget is managed by school principals (OECD 2015).

Compared to other countries, the level of government expenditure on education in Slovakia is relatively low. In 2015, the government spent 4.2% of GDP on education, which is below OECD and EU averages. Slovakia also underperforms in education spending as a percentage of total public expenditures (OECD 2015). The OECD noted that in 2013 government investment in primary education remained below 1% of GDP, similar to Austria, Czechia, Germany, Hungary and Lithuania. This figure correlates with lower birth rates in these countries (OECD 2016).

An important milestone was the implementation of a new School Act in 2008, replacing the 1984 regulations. The Act, also referred to as ‘Mikolaj’s reform’ after the Minister of Education Jan Mikolaj, introduced a unified National Education Programme in primary and secondary education. The programme is mandatory for all schools and stipulates the exclusive use of Ministry-approved textbooks. In addition, it provides schools with greater freedom to develop their curricula, limiting state involvement in the School Education Programme to one-third of the curriculum. The Act also set the maximum number of pupils per class and established a compulsory foreign language from the first grade of primary school and a second foreign language in the sixth grade (Act No. 245/2008 Coll.; OECD 2015).

In the following years, Slovakia introduced standardised national assessments, aiming at improving the quality of education with measurable and comparable student outcomes. Building on the 2002/2003 “MONITOR 9” which monitored skills and knowledge in maths and the language of instruction, in 2009 ‘*Testovanie 9*’ (Examination 9) became a full cohort national assessment of all ninth graders in primary schools, testing their mathematical and reading literacy. Similarly, in 2016, ‘*Testovanie 5*’ tested students’ skills in the fifth grade of primary education (NUCEM 2017a; 2017b).

The latest efforts to reform education started in March 2017 after the Ministry of Education introduced a new reform plan ‘*Učiace sa Slovensko*’ (Learning Slovakia). However, the new Minister of Education in office since September 2017 declared this reform strategy unfeasible due to the lack of a timetable, financial strategy, action plans and prioritisation (SME 2017d).

### 3.1 Wages and employment

Overall employment in the education subsector has been stable since 1999, with a steady increase after 2013. During the crisis, employment decreased in 2009 but in the following austerity year increased back to 2008 levels. These trends coincided with the implementation of the ESO (Effective, Reliable and Open Public Service) reform package in 2012, calling for effective, reliable and open public services (Kahancová and Martišková 2016).

The number of teachers in state primary schools, although decreasing in the period between 2000 and 2009, has been stable for the last five years with around 32 500 pedagogical employees. However, the picture is different in state primary schools. The decrease in the number of state primary schools from 2 350 in 2000 to 1 914 in 2017 corresponds to a dramatic decrease in the number of students attending state schools (also the overall number of students in primary education). Over the last 15 years this number plummeted, from 625 625 students in 2000 to 397 369 students in 2015. However, during the last two years, this number has rebounded to 406 790). At the same time, although still marginal, the number of private and church-run primary schools has been increasing since 2000 along with the number of students attending those schools (CVTI 2017a).

The majority of teachers in primary education are employed on the basis of standard, open-ended employment contracts (CVTI 2014). Feminisation of the sector, although less pronounced than in pre-primary education where it is 100%, is above the OECD average. In 2014, 90% of teachers in primary schools were women, compared to the OECD average of 82% (OECD 2016).

The education sector is one of the most equal in terms of remuneration of its employees (Kahancová *et al.* 2016). However, wages are among the lowest in the OECD when compared to other tertiary educated workers (OECD 2015; OECD 2016). In 2017, teachers in primary education earned on average €1 160 which was slightly above the national average of €954 in 2017 (CVTI 2017a). Salaries are set by the government and are regularly subject to heated discussion among social partners within the national tripartite council. Separate wage tariffs (standardised wage rates) regulate the salaries of non-pedagogical employees, pedagogical and professional employees and pedagogical employees in higher, university education. Wage tariffs take into account the level of education, workload and difficulty of the job, and years of experience with a maximum of 32 years. Due to the large number of workers with more than 32 years of experience and the increasing effective age of retirement, this is planned to be extended to 40 years of experience in 2019 (SME 2018). Teachers are further motivated to increase their wages by taking on class supervision, extra-curricular activities, field trips and additional professional training (earning credits for gaining expertise).

### 3.2 Industrial relations in education

IR in the education sector are well established in terms of its actors and rules. Nevertheless, new actors without official bargaining status have emerged in recent years as a result of continuous struggles for higher wages and the need for reforms in education. The largest sector level union with around 48 000 members is the Union of Workers in Education and Science of Slovakia (OZPŠaV). About 1 000 teachers are affiliated to the Association of Employees in Education and Science (ZPŠaV), which is part of the Independent Christian Trade Unions of Slovakia confederation (NKOS). In addition, after a series of teachers' strikes in 2012-2013, a new trade union emerged – the New Education Trade Union (NŠO). Another vocal actor in education, although not a trade union, is the Initiative of Slovak Teachers (ISU). In 2016, its subsection, the Initiative of Bratislava Teachers caught public attention after it organised a series of strikes calling for higher wages in education. Both actors, NŠO and ISU, are not official partners for negotiation with employers, and their membership base is unknown.

There is no exclusive sector-specific collective agreement for the education sector, but social partners participate in general public sector social dialogue and collective bargaining. Of the three above-mentioned unions, only OZPŠaV as a member of the Confederation of Trade Unions of the Slovak Republic (KOZ SR) takes part in collective bargaining in the public sector and signs a higher-level collective agreement valid for public services. The public sector multi-employer collective agreement is signed between the employers represented by the Association of Towns and Municipalities (ZMOS) and all presidents from higher territorial units, KOZ SR, NKOS and General Free Trade Unions (VSOZ). For the government, the ministers of the interior, finance, labour, social affairs and family, education and healthcare sign the agreement. Sectoral bargaining coverage is estimated to be 100% (Eurofound 2011b).

Representation on the side of employees has been increasingly more conflictive in recent years, reflecting frustration over low wages in the sector and the lack of political will to reform education. From the beginning of their functioning, the new trade union NŠO collaborated with the teachers' initiative ISU, partly because some members are active in both bodies. However, official collaboration with the main trade union OZPŠaV is non-existent. One of the reasons for this is that ISU is very critical of OZPŠaV's activities in education, calling them political puppets of a ruling coalition government led by the social-democratic party SMER-SD. In fact, KOZ SR, of which OZPŠaV is a member, signed a memorandum of co-operation with SMER-SD in 2010, valid for an infinite period. Furthermore, in December 2016 another memorandum over wage increases valid for central administration and non-pedagogical employees in the public sector was signed between the government and social partners, and another memorandum valid for teachers was negotiated at the end of August 2018. ISU also pointed out that some OZPŠaV members stood in a regional election for SMER-SD, which in their view explains their loyalty to one political party (ISU 2017). However, OZPŠaV rejects any claims about political links and argues that everyone has the same political right to stand in elections (SME 2017a). On the other hand, two unions, OZPŠaV and ZPŠaV NKOS co-exist in a non-conflictive environment, both members of the national confederation

KOZ. OZPŠaV lists several other co-operation agreements on its webpage, for instance with professional associations, employers or unions in Czechia.

ISU made a statement in June 2017 claiming that low trade union density among teachers is one of the reasons why the status of teachers and their wages are stagnating in Slovakia, and encourages all teachers to join existing unions, or establish new ones. They also call for a common platform of trade union organisations that would act in a united way around basic questions of the status of teachers in society: ‘Such a strong platform could eliminate the current monopoly of representation of teachers through OZPŠaV’ (ISU 2017).

On the side of users, parent and student organisations have played a more important role in school governance for the last 15 years. At the same time, their involvement in issues and processes relevant for social dialogue actors in education remains limited (Kahancová and Sedláková 2015). While individually students and parents tend to express support for trade unions, e.g. via expressing solidarity with teachers’ protests, parent and student organisations as collective actors have stayed out of trade union organised initiatives.

### 3.3 Role of industrial relations in shaping the sector

Social partners focus their attention on shaping two strategic areas. The first is connected to education funding, including the system of finance and its management, the amount of money in the sector and most importantly, wages, wage tariffs and wage increases for employees in education. The second area concerns the quality of education. This includes debates on teachers’ working conditions, which influences in turn the quality of education as a public service. This section describes the social partners’ role and position in the above-mentioned two key areas: financing and wages in education, and working conditions and overall quality of education.

#### 3.3.1 Financing in education

IR actors criticise the system of financing in regional education, which derived from the public administration reform in 2001 and from the introduction of per capita funding in 2003. The decentralisation which divided the competences in education into two types, original competences of municipalities and transferred competences of the state in education, resulted in confusion and disagreement among the social partners. While all three unions call for unified financing from the state, where wages and personnel costs are financed from the state budget as part of its transferred competences, employers grouped in the Association of Towns and Municipalities (ZMOS) generally agree with the distribution of competences between the state and municipalities, but call for an increase of funding for regional education. Trade unionists argue that the dual system of financing, where teachers in primary schools are financed by the transferred competences of the state and after-school teachers are subjected to the original competences of municipalities, creates chaos and confusion. In addition, it creates problems with the allocation of money, because there is no explicit regulation of the amount of money to be allocated.

Additionally, the state allocates money for the performance of transferred competences to the founding bodies of primary schools (municipalities) and not directly to the schools. The founding bodies can keep part of the budget and allocate it freely to any school established by them, which is perceived as unfair by many employees (EDU1; EDU2). Trade unions would rather the finances went directly to schools, while employers are strongly opposed to it (EDU1). All trade unions also call for an increase in public finances allocated to education, to the level of at least 6% of GDP which would be comparable to other OECD countries.

### 3.3.2 Wages and wage regulations

Calls for increased public funding for education are usually accompanied by demands to increase wages. Trade unions have been very vocal in addressing the remuneration of their employees and mechanisms of wage rises, either within the collective bargaining rounds for the public sector, or by organising protest actions, strikes, and demonstrations. The first significant teachers' strike was organised by OZPŠaV in 2003 as a response to changes in the system of financing, and resulted in a 7% increase of wages in the public sector. Following the successful campaign by medical doctors in 2012, teachers embarked on one of the biggest strikes which resulted in a 5% wage increase. Similarly, in January 2016 ISU, with the support of the Slovak Chamber of Teachers, organised one of the largest teachers' strikes, which enjoyed broad public support. The strike not only called for higher wages, but aimed at opening up a broader debate about the quality of education in Slovakia. The 2016 strike was not supported by OZPŠaV whose representatives collectively agreed on a wage increase with social partners at the end of 2015 and thus felt that taking strike action in early 2016 would undermine the established institution of collective bargaining.

An interesting development was observed in 2017, when the government offered wage increases upon the condition that the trade unions committed to avoiding strike action. This deal was anchored in a memorandum, which had been signed at the end of 2016 between the public sector social partners. It affected employees in state service (central government) and selected types of employees performing work in the public interest (public services, e.g. education and parts of local government). In the memorandum, social partners agreed not to 'engage in activities aiming at additional wage increases in 2018' in exchange for a 2% wage increase (in the form of a bonus payment) in the period between September 1 – December 31 2017 and another 2% increase in the period September 1– December 31 2018, plus an additional increase in wage tariffs of 4% on January 1 2018. Only non-pedagogical employees are affected by this memorandum (Memorandum 2016).

Pedagogical employees should have had their 6% wage increase starting September 2017 too. However, Prime Minister Robert Fico bound it to another memorandum, in which social partners again would have to agree not to strike until 2020 in exchange for a wage increase. He stated that if social partners do not agree to the memorandum, wages would be increased according to the initial plan, with no wage increase at all for 2017. A representative of the OZPŠaV union argued that such actions could be seen as a form of pressure by the government. Hence OZPŠaV did not sign the memorandum,



stating that trade unionists planned to continue with collective bargaining in 2017-2020 (TV Noviny 2017).

We argue that this new strategy in which the government pushes for memoranda, endangers collective bargaining across the whole public sector. Specifically, it diminishes the power of trade unions to organise strikes and accurately reflect on any positive economic development in Slovakia, which allows for timely increase of wages in the education sector and is not constrained by pre-set time frames specified in these memoranda.

In addition to wage increases, social partners also call for changes in the system of wage tariffs, which is also set by the government. Overall low wages in education are even more pronounced for the non-pedagogical category of workers in education, whose wage tariffs start below the minimum wage level in Slovakia (Kahancová *et al.* 2016). Employers particularly stress this issue when negotiating the national minimum wage, pointing out that the state ‘forces’ other employers to increase wages without any predictable mechanism, while at the same time fails to increase wage tariffs for its own employees at least to the level of the minimum wage. Similarly, the low wages of young, less experienced teachers do not motivate fresh graduates to stay in the sector (*ibid.*; OECD 2016). At the end of 2018, social partners and the government reached an agreement and in 2019, wage tariffs for public sector employees will begin above the statutory minimum wage (SME 2018).

### 3.3.3 Working conditions

The second strategic area that social partners focus on concerns issues related to teachers’ working conditions, which in return influence the quality of education. Neither reforms in primary education nor the financial crisis influenced the number of jobs in the sector and employment remains stable. Nonetheless, IR actors believe that a lack of systemic reforms and the stagnation of the whole education system negatively influences not only working conditions but also the quality of services in the sector.

Even though teachers’ working conditions are frequently discussed among actors, evidence of an increased workload or work intensity in education is scarce. The ETUC’s survey on the impact of the crisis on teachers in Europe, based on a survey among its members (OZPŠaV), reports neither increased teaching hours for teachers in Slovakia nor increased working hours overall. Nevertheless, OZPŠaV reported an increase in the number of dismissals of teachers and closures of schools (ETUCE 2013).

Trade unions fight for the improvement of working conditions mainly through positive wage development and continuous wage increases. Nevertheless, their programmes include several proposals for improvement in the areas of job security, pensions, and health and safety. Trade unionists for instance call for increased protection of union representatives in the workplace, but also teachers in general. Specifically, OZPŠaV calls for legislation reinforcing the protection of pedagogical staff in relation to increased aggressiveness from pupils and parents, and legal regulation of mobbing (group bullying) in the workplace. Teachers’ personal development should also be strengthened

via better support and use of new forms of continuous education, including teacher mobility and life-long learning.

### 3.3.4 IR actors on quality of education

Two important issues related to the quality of education identified by social partners stand out: changes to school self-governance and changes in the content of primary education. First, the system of school self-government involves students, parents and teachers in the management of schools. While the daily functioning of schools is managed by a school principal who is also responsible for the school's budget, the highest controlling body in the school is a school council which elects and dismisses the school principal. Even though the composition of school councils secures equal representation of students, parents, teachers and employers, the founders (i.e. municipalities) can dismiss candidates nominated by the school council twice, which strengthens their role to the detriment of other actors. Teacher and trade union representatives have criticised this step, claiming that it leads to politicisation of schools, lowering the quality of education (principals should be experts with professional credentials) and weakening the democratic principles of self-governance (EDU3+LOG1).

In turn, both politicisation and management problems can influence the quality of services provided by schools, as well as the daily life of teachers under increased work-related stress. Secondly, frequent reforms to educational programmes (both national and school educational programmes) and the content of education influences teachers' daily life and the quality of educational process in schools. According to social partners, reforms are often prepared at the last minute during the summer, and are expected to be implemented without any proper training in September, with problems exacerbated by a lack of materials and low quality of books (EDU1; EDU2; EDU3).

Trade unions and employers try to influence changes related to the quality of education via legislation. The main trade union is often invited to discuss legislative proposals with the Ministry of Education. Social partners also meet during other unofficial meetings, such as round tables and public debates. The 2016 introduction of the document Learning Slovakia (Učiace sa Slovensko) was exceptional in this regard, with an unprecedented amount of amendments submitted to the Ministry of Education within the public consultation period. To illustrate, out of more than 3 900 comments submitted, the main trade union in education OZPŠaV submitted 145 comments and ZMOS 29 comments.<sup>2</sup>

## 3.4 Impact of reforms on the quality of primary education

Primary education in Slovakia also lacks a unified system of quality evaluation beyond a few reports published by the Ministry of Education (OECD 2015) that systematically evaluate primary education and measure the performance of schools and teachers. Employers (ZMOS) in particular call for these qualitative indicators. The State School

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2. See the comments at <http://uciacesaslovensko.minedu.sk/>, in Slovak.

Inspection (Štátna školská Inšpekcia, SSI) publishes only limited findings with regard to quality assessment. In its annual report on conditions in all levels of educational institutions, only 6.8% of primary schools were examined and the assessments mostly focussed on the learning process including compliance with legislation rather than the quality of education (SSI 2016). As a result, evaluation of the quality of primary education remains a part of NGO activities. The Institute for Economic and Social Research INEKO, a non-governmental research institute, regularly publishes a ranking of primary schools largely based on students' results. While this ranking is influential and often referred to in policy debates and the media, the most important criticism is that it does not take into consideration factors other than the skills and knowledge a school provides through the learning process. Hence, it sparks debates, especially from the employers' side, who argue that the rankings are unfair (The Slovak Spectator 2015). While INEKO's initiative focuses on the quality of education from the students' perspective, Slovakia lacks scientific evidence on the quality of teachers, even though the public considers this to be a more salient issue than their wages (TREND 2016).

The scientific community often argues that low wages have an impact on the quality of education. The OECD shows that a 15% pay raise for teachers increases students' performance by about 6 to 8% (OECD 2015). Although there is no research testing this hypothesis in Slovakia, the results of the international PISA examination as well as standardised national assessment *Testovanie 9* show the opposite trend for Slovakia. Even though teachers' wages have increased, the performance of students in PISA testing has declined. The results of OECD PISA 2015 show that student outcomes are below the OECD average in all three tested categories including science, mathematics and reading.<sup>3</sup> Furthermore, low wages negatively impact the quality of newly hired teachers, and also perpetuate the high feminisation of the sector, which influences the overall quality of education (OECD 2015).

#### 4. Pre-primary education

Public pre-primary education, or childcare (ISCED 0) is provided and financed by local government (municipalities) as part of their original competences. Kindergartens provide education for children aged two to six years, while nursery schools accept even younger children. It is free of charge for children one year before compulsory school attendance, and in all other cases except for children with special needs tuition fees without an upper limit can be charged. Since pre-primary education belongs to regional education along with primary education, the majority of the acts and policies described in the previous section also cover and are applicable to childcare.

Contrary to the development in public primary schools, the number of children in public kindergartens has been increasing since 2009, but when looking at a longer period of 15 years this number is fairly stable. Nevertheless, enrolment in pre-primary education of four and five-year olds was below the OECD average in 2012, and at the level of 88% in 2015 remains below the 95% desired threshold (MŠSR 2017a). In addition, the average

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3. Source: OECD PISA Testing, available at <http://www.oecd.org/pisa/data/>, accessed November 1, 2018.

participation rate in pre-primary education of children between the age of four and attending compulsory education has stagnated in Slovakia, while in the EU it has been rising (Šiškovič and Toman 2015).

According to the prognosis of the ministry, the number of newborn babies in Slovakia is expected to decrease in coming years from approximately 59 000 in 2015 to only 46 000 in 2030. Similarly, the number of children aged 3-5 is expected to decrease by approximately 30 000 in 2030. However, the current capacities of public kindergartens are not sufficient, and the number of unsuccessful applications has increased from 1 679 in 2004 to 12 486 in 2016. More than 37.5% of unsuccessful applicants are in the Bratislava region, with the worst situation in the municipal districts of Bratislava V, Bratislava II, and Senec (MŠSR 2017a). The state does not guarantee capacity for children, even though education is mandatory upon reaching six years old in Slovakia.

The content of pre-primary education was specified in the state educational program, approved in June 2008, which defined the curriculum and requirements for all children attending kindergartens, including the basic minimum required competencies that children must achieve. In July 2016, the Ministry approved a new educational program for pre-school education (No. 2016-17780/27322:1-10AO), valid for all kindergartens since September 1, 2016 (Štátny pedagogický ústav 2016). Along with a detailed description of the curriculum, the state guarantees the quality of all pre-primary institutions which are part of the school network (schools formally accredited by the Ministry of Education, Science, Research and Sport to provide education and care in the country) (OECD 2015).

In 2013, Prime Minister Fico introduced a pilot programme to increase the capacity of kindergartens and school canteens with the aim of increasing overall enrolment of children to 95%, with a budget of €5 million. A similar program was introduced in 2015, with a budget of €14.5 million. According to the Ministry of Education, of 687 applications, 185 were successful and 227 new classes were opened for approximately 5 000 children with 460 newly created jobs for teachers (MŠSR 2017b). According to critics, it had several problems with a long procurement process (including fake companies applying for the grant), administration and outcomes that were undetectable (LOCG2). The lack of capacity in kindergartens has led to a new proposal on nursery schools, the 'Nursery Act' (*jasličkový zákon*) within the amendment to Act No. 448/2008 on social services, which governs the facilities for young children aged 0-3 years. Public nursery schools are virtually non-existent (approximately 20 state nursery schools in the whole country) and day care activities are offered by private providers. Since kindergartens offer services for children starting from two years old, there is a one year overlap between the two facilities and parents can thus choose between them. This, nevertheless, does lead to a disadvantage for children in nursery schools, since the new proposal does not establish any mandatory educational programme in nursery schools for children aged 2-3 years, while one does exist in kindergartens.

The lack of regulation for nursery schools in Slovakia meant that without a legal definition, anyone could open a nursery school. The Nursery Act changes this situation. The Slovak MP Simona Petrík who led the petition against the Act in its initial form

in 2016, argues that the current draft is still too strict and may even destroy existing nursery schools as a consequence of its overly stringent requirements. After the proposal went to a constitutional court, unemployed parents also have the right to apply for space in a nursery school; nevertheless, children of employed parents and student parents are given priority. The amendment later went through several rounds of further modifications when the Act entered into force in November 2018.

In early November 2017, a representative of the government for Roma communities initiated a proposal to increase the period of compulsory pre-primary education in Slovakia, which according to the first news reports could be supported by the Ministry of Education (SME 2017c). This is in line with a proposal in the reform document ‘Learning Slovakia’ (Burjan *et al.* 2017), which also includes a chapter on pre-primary education.

#### 4.1 Wages and employment

Employment in public kindergartens increased from 13 784 in 2012 to 14 975 teachers in 2017. In 2012, feminisation in the sector reached 100%: no male teachers were employed in pre-primary education (OECD 2015). This trend continued after 2016 (CVTI 2017b). One factor contributing to feminisation of the sector is teachers’ low wages. In 2017, the average wage of a teacher in kindergarten was below the national average by more than a hundred euros (€878 vs. €954). The situation is even worse for teachers in richer regions such as the capital city Bratislava, where the average wage was approximately €1 300 in 2017. Similarly, in primary education wages are set by the government that specifies wage tariffs for the public sector.

#### 4.2 Industrial relations in pre-primary education

At a higher level, pre-primary education falls under the IR structures of the whole education sector. However, not all three trade unions have members from pre-school establishments, but the exact information is scarce. The organisational structure of OZPŠaV has three sub-sections (trade union bodies), an association of primary schools, association of secondary schools, and an association of tertiary level schools. Nevertheless, the issues of pre-primary education fall into the category of primary schools, and the association of primary schools has a separate sub-section representing pedagogical employees in pre-primary education. At the establishment level, collective bargaining takes place between the representatives of trade unions in education and the employer, in this case, kindergarten directors.

#### 4.3 Role of industrial relations in shaping the sector

Increased demand for childcare facilities on the one hand, coupled with post-crisis austerity measures in local government on the other hand, increased pressures for changes in childcare provision and working conditions therein. Since workers in pre-

primary childcare are reasonably unionised, we expect IR to play an important role in shaping this subsector.

The most salient issue in pre-primary education is the system's financing structure and generally low wages. The second challenge relates to insufficient capacities for child placement and no guarantee of places for children. Third, transparency of the pre-primary education system is contested especially when related to the selection procedures of accepted children. The financial crisis did not significantly reverse these challenges in the sector; instead, the challenges became more visible due to the growing demand for childcare facilities and therefore the growing discrepancy between demand and childcare placements available.

Funding of public pre-primary education is the responsibility of municipalities who are their founders. Only schools and facilities that are part of the official network of schools can receive public funding. Although all state kindergartens are automatically in the system, private and church-operated kindergartens can ask to be part of the school network. In turn, non-state childcare facilities are entitled to receive a state contribution covering 88% of the costs per child, whereas the costs of publicly owned facilities are fully covered. But even when they pass the obligations necessary to be part of the network, the municipality needs to approve it. Thus, the role of municipalities is central in shaping market competition in preschool facilities. The Alliance of Private Kindergartens (Aliancia súkromných škôlok) criticises the high degree of discretion the municipalities have over private service providers and claim that the increase in capacity for children in kindergartens directly depends on the personal interest of a mayor. The Alliance further argues that municipalities, which are also founders of public kindergartens, may be afraid of increased competition or an additional financing burden. Anecdotal evidence shows instances of private kindergartens that asked to join the state network but were refused by municipal representatives (LOCG2).

Low wages, similarly to the situation in primary education, do not motivate new teachers to join the sector and perpetuate the preponderance of female employees. A representative of the Alliance of Private Kindergartens claims that employee qualification requirements in pre-primary education is also questionable: 'In Slovakia, we do not have a special subject that is taught at a secondary school or at university, which determines who is qualified to care for children up to three years' (Učiteľské noviny 2017: 3).

The second issue relating to funding is the issue of insufficient capacities for children. Some Slovak MPs propose a placement guarantee for children from 3 years of age and an obligation to establish and finance new facilities. Similarly, NŠO calls for a legal stipulation of the minimum age for the child to be admitted to nursery school (3 years old).

Social partners do not engage in the above-mentioned discussions equally. Trade unions mostly address issues of low wages for pedagogical employees in kindergartens, however, based on nationwide public discussions and media coverage, pre-primary education and wage rises applicable for this category of workers are not their priority.

The proposed memorandum on wage increases in education rejected by OZPŠaV representatives included the 6% wage increase for pedagogical employees in pre-primary education too. Nevertheless, wage increases in pre-primary education are often dependent on the outcomes of bilateral meetings between the Ministry of Education and the municipalities grouped together in ZMOS.

Municipalities as employers in pre-primary education play a crucial role in shaping the sector, since they are directly responsible for the funding. ZMOS claims that allocation of finances for any wage increase agreed in the middle of the year is very problematic (SME 2017b). As a result, ZMOS has negotiated a transfer of several facilities in pre-primary education back under state funding with the Ministry (transferred competences of the state). Although active around questions of funding, ZMOS do not specifically address other issues in pre-primary education. To illustrate this, in the document from 2013 that summarised the conclusions and outcomes of the ZMOS programme conference on education, no reference to pre-primary education is found.

Lastly, pre-primary education suffers from lower transparency in the child acceptance decision-making process, which is even more salient in recent years as the number of unsuccessful applications has risen. Kindergarten directors have the right to accept children without any justification besides the basic requirements stipulating what children need to know before enrolment, since there are no criteria defined (LOCG 3).

#### 4.4 Impact on the quality of services and working conditions

Pre-primary education lacks any quality measurement. Currently parents choose facilities for their children based on their proximity to school (location) or by word of mouth recommendations. As a first step, some politicians want to oblige kindergartens to publish their educational programmes on their webpages and thus increase available information for parents (LOCG2).

In 2012, the Ministry of Education published the OECD report ‘Quality Matters in Early Childhood Education and Care: SLOVAK REPUBLIC 2012’ which should serve as a ‘quick guideline’ for the quality of pre-school education and specifies five policy tools to support quality education. According to the report, children with good foundations for learning gained in early childhood have better results in their later lives (OECD 2012).

The reform document ‘Learning Slovakia’ highlights the workforce as an important variable contributing to the high quality of pre-primary education in Slovakia: ‘In general, we can say that thanks to the energy and personal engagement of workers and nursery staff, despite the significant system imperfections, the quality of many of them are high.’ (Burjan *et al.* 2017).

Nevertheless, pre-primary education in 2017 lacks comparable outcomes or rankings like those published for primary education in Slovakia.

## 5. Hospitals

This section evaluates the role of IR actors in shaping the key reforms and the quality of public services in the hospital sector. Because our research over the past decade has focused extensively on Slovak healthcare reforms and IR, this section draws widely on data collected and interviews conducted for earlier projects and analysed within our earlier publications (e.g., Kaminska and Kahancová 2017 and 2011; Kahancová and Martišková 2016; Kahancová and Szabó 2015; Kahancová and Sedláková 2015; Kahancová 2013; Eurofound 2011a).

The hospital sector has received extensive attention for the past 15 years in Slovak policy and media coverage due to high hospital debts and attempts to reform the system of hospital care and its financing. The majority of inpatient care is publicly provided. While private providers play an increasingly important role, a wide-scale material privatisation of hospital ownership did not occur in Slovakia. The most important reform shaping hospital developments has been the formal privatisation, or corporatisation, of 59 small and medium-sized hospitals in 2003. Corporatisation means that the ownership of these hospitals was transferred from central to local governments, while large university/faculty hospitals and specialised medical institutes remained under direct state control (Kahancová and Szabó 2015). In turn, corporatised hospitals were expected to behave like market actors and compete for patients, while state-operated hospitals enjoyed privileged access to public funding. This dualisation of the hospital system led to growing discrepancies in budgetary constraints, wages and concessions in working conditions between corporatised and state-run hospitals and a huge accumulation of debt in state-run hospitals (*ibid.*). Further corporatisation efforts were suspended before the 2006 elections, but were again introduced after the 2010 change of government, aiming at an effective hospital management under conditions that would apply to all shareholder companies in the whole economy. This time IR played a major role, when militant action by the medical doctors' trade union brought corporatisation to a halt in late 2011.

The impact of the dualised hospital structure on working conditions and IR became obvious through the processes discussed below (Kahancová 2011). First, the discrepancy of health service wages and working conditions deepened between large public hospitals operated by the state on the one hand, and smaller corporatised hospitals operated by local governments and private investors on the other hand. Second, differences in the scope of wage bargaining between the two types of establishments deepened, especially after reforms excluded hospital workers from public sector pay scales. Third, smaller corporatised hospitals faced a shortage of workers due to their migration to better paying employers (large state hospitals) and abroad. Finally, smaller corporatised hospitals experienced labour shortages because of their larger budgetary constraints compared to large state-run hospitals. In 2016 legislative attempts to introduce a unitary wage regulation for healthcare workers regardless of the hospital type partially helped to even out the discrepancies in wages and working conditions in the dualised hospital structure, but failed to fully eliminate discrimination and the embedded separate bargaining system for state hospitals and corporatised hospitals.



## 5.1 Wages and employment in hospitals

Despite the above reforms, the crisis did not have a significant effect on hospital employment. This is because austerity measures included wage freezes and employment growth instead of employment cuts (Kahancová and Martišková 2016: 279).

Since 1991, three important trends in wage developments can be observed. First, the majority of employees lost their public servant status and wage-setting policies were no longer connected to the wage tariffs for public service negotiated at the national tripartite council. The second relevant development shows that average wage levels in hospitals were increasing. Finally, the third trend is that the average wage in hospitals was increasing faster than the average wage in the Slovak economy in general (*ibid.*). Hospital wage increases were often accelerated by the action of employees and trade unions over their dissatisfaction with existing wage levels. For example, the trade union federation of medical doctors (LOZ)'s 2011 campaign yielded gradual but significant wage increases for hospital doctors regardless of hospital ownership. In 2012, a new legislative wage regulation for nurses was introduced, and although it was reversed in the same year, our informants maintained that most hospitals did not take away the wage increases already granted to nurses in the first half of 2012. This again translated into an increased average wage.

Wage increases affected each occupational group and each type of hospital in the dual structure differently. The largest group is nurses (15 900 nurses working in hospitals in the first quarter of 2017), followed by medical doctors (7 064 doctors) and the medical orderly group (3 303 workers). Large state-run hospitals enjoyed easier access to public finances and state bailouts in case of debt. In contrast, smaller, so-called 'regional' hospitals had to behave like market actors and avoid accumulating debt. This duality also translated into wage setting. Wages in state-run hospitals were and continue to be higher than in regional hospitals; however, over the past five years wages in regional hospitals in some cases are catching up with wages in state-run hospitals. This derives from the shortage of healthcare professionals and the market-oriented behaviour of the new private hospital operators.

The distinction of occupational groups and the dualised hospital structure also predetermines the hospital sector's IR and the existing wage-setting mechanisms. Currently, some employees' wages are subject to collective bargaining based on the Labour Code, the wages of some occupational groups (*i.e.* medical doctors) are legislatively guaranteed, and the wages of other occupational groups (*i.e.* technical and other non-medical hospital staff) are subsumed under wage regulations in public services. The structure of IR actors has played an important role in shaping these mechanisms.

## 5.2 Industrial relations in hospitals

Social dialogue at sectoral and national levels addresses the systemic and strategic challenges facing the healthcare sector, as well as the social consequences of legislative

developments for healthcare employees. Collective bargaining has been firmly established at both single and multi-employer (sectoral) levels. Issues of pay, working conditions, career development, gender equality, and health and safety at the workplace are exclusively addressed in single-employer and multi-employer collective bargaining but not in tripartite social dialogue at the sectoral and national levels.

The healthcare sector and the hospital subsector are well organised on the side of both employers and employees, although fragmentation has occurred among both employers' organisations and trade unions. After stabilising the structure of employers' associations separately for state-run and regional hospitals, ruptures started to emerge on the employees' side. The reasons behind these ruptures resulted from dissatisfaction of particular occupational groups with the work of existing trade unions. SOZZaSS is the largest trade union and claims to represent all occupational groups. Medical doctors established their own trade union LOZ in 1996 (SME 1996). Although there is little co-operation between SOZZaSS and LOZ in some bargaining rounds, they became firmly established and important players in representing health workers in Slovakia. In 2012, a third trade union emerged – OZSaPA – organising nurses and midwives who felt misrepresented by SOZZaSS (TASR 2012). Since its emergence, OZSaPA's relationship to SOZZaSS is openly antagonistic but co-operative with LOZ and vice versa. LOZ often expresses support for the activities of OZSaPA and vice versa, but the campaigns and actions of these unions remain separate.<sup>4</sup> OZSaPA presents itself as a 'modern' trade union and in October 2018 joined a newly established trade union confederation, Spoločné odbory Slovenska (SOS).<sup>5</sup>

While SOZZaSS, LOZ and OZSaPA in principle agree to focus their efforts on harmonising working conditions and equal pay for equal work along with addressing staff shortages and high levels of overtime, their strategies to reach these goals differ considerably. SOZZaSS traditionally acts through established bargaining channels and national tripartism, while the other two unions engage in more militant action including public protests, resignation campaigns, political lobbying and direct negotiations with the government and parliamentary fractions.

### 5.3 Role of social partners in shaping the healthcare sector

The most important challenges which social partners attempt to tackle include, first, the changes to the dualised hospital structure; and second, wages and wage regulations. Apart from tripartite social dialogue, multi-employer and single-employer bargaining, the trade unions also increasingly attempt to address the above issues via action in the public space including campaigns, protests, and media debates.

Each union developed distinct forms of influence, with SOZZaSS preferring to stay committed to established bargaining channels and seeking political support, while LOZ

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4. Source: websites of LOZ (<http://www.loz.sk/>) and OZSaPA (<http://www.ozsapa.sk/>).

5. Source: Pravda (2018): <https://spravy.pravda.sk/ekonomika/clanok/489153-vznika-nova-odborova-centrala-zdruzi-sestry-ucitelov-policajtov-i-volkswagen/> [accessed October 28, 2018].

has been more militant, organising public protests, openly criticising the healthcare system and corruption therein. LOZ's action peaked in 2011 when it organised a doctors' resignation campaign. This campaign put the provision of healthcare services (predominantly in hospitals) in danger and forced the government of Iveta Radičová to accept doctors' demands for wage increases via legal regulation instead of collective agreements, and to comply with LOZ's condition of not implementing the second wave of hospital corporatisation (c.f. Kahancová and Szabó 2015).

### **5.3.1 Hospital structure**

Inspired by the Czech union of medical doctors, LOZ organised a successful doctors' resignation campaign in late 2011 in which about 2 400 of the 6 000 hospital doctors committed themselves to resigning from their jobs if union demands were not met by the centre-right government (Aktuality 2014). Among the central demands were wage increases (to exceed the average wage in the economy by up to 2.3 times in the two-year period after 2012) and a halt to corporatisation of large state-operated university hospitals. Facing the threat of a collapsing hospital system with huge shortages of doctors, the government agreed to gradual wage increases and stopped the corporatisation process. Corporatisation efforts were not revived after this initiative, and the hospital structure still features duality. However, some convergence in working conditions has been observed, especially in wage regulation. Recently the government has been considering a bailout for the corporatised hospitals, which would represent a significant change to hospital management, with an impact on the scope and quality of service provided and working conditions in these hospitals.

### **5.3.2 Wages and wage regulations**

Although being crowded out to some extent by legislation, collective bargaining still plays a key role for Slovak hospitals. Hospitals developed their own independent bargaining system after the 2006 reforms. Between 2006 and 2011, wages in hospitals were determined through single-employer and multi-employer bargaining, taking place separately for large state-operated hospitals and for smaller 'regional' hospitals in the hands of local government or private companies running selected regional hospitals.

The diversity in wage-setting mechanisms has motivated social partners to increasingly push for a unified wage regulation for all healthcare employees via legal regulation, regardless of medical specialisation, function, or hospital ownership type. Since 2011, wage setting for particular occupational groups has been affected, firstly by the 2011 medical doctors' campaign for legally guaranteed wage levels, yielding significant wage increases via legal regulation. In 2012, OZSaPA did succeed in introducing legal regulation of nurses' wages, but a Constitutional Court ruling repealed the Act on Nurses' Remuneration in the same year. Nurses fought for a revival of legislative stipulation of wages for all healthcare professions.

In the context of trade unions' efforts to return to pre-2006 wage-setting mechanisms for hospital workers, after 2012 trade unions engaged in more intensive action to push

for legal regulation of wages for all healthcare personnel. Legislation was passed in 2015, but faced strong criticism from trade unions (especially the smaller and more militant occupation-specific unions LOZ and OZSaPA). After the ministry's refusal to renegotiate the act, OZSaPA, with support of LOZ (but not SOZZaSS), launched its own resignation campaign. Initially over 1 000 nurses (2.3% of all nurses in Slovakia) participated, which caused shortages and reorganisations in some hospitals. In late January 2016, the Minister for Healthcare declared that over half of the nurses had rescinded their resignations (PRAVDA 2015). While OZSaPA and SKSaPA continued to demand legislative changes and kept motivating nurses to join the resignation campaign, the critical mass of resignations was not reached and the attempt to change the remuneration system through legislation failed (Kaminska and Kahancová 2017).

Despite that, the general trend towards supporting wage setting through legal regulation instead of collective bargaining persists. While the government initially wanted to apply the legal regulation on wages only in state-run hospitals, after harsh critique and pressure from social partners the regulation now applies to all hospitals.

Employers in principle agree on a single piece of legislation that would specify remuneration for particular occupational groups regardless of hospital ownership. However, ANS (Association of Hospitals of Slovakia, *Asociácia nemocníc Slovenska*) members call for equal access to financing in order to have an adequate budget at the hospitals' disposal for wage increases. Otherwise such hospitals face increased budget constraints, such as in the case of post-2011 legally guaranteed doctors' wage increases, which were not coupled to higher income for regional hospitals.

In sum, while social partners have been very active in pushing for higher wages, their mode of action demonstrates a significant turn away from collective bargaining towards legal solutions. Kahancová (2017) argues that this shift in strategy undermines the institution of collective bargaining, because the wages of the largest and most powerful occupational groups of hospital employees are no longer subject to collective bargaining. It remains to be seen what this change in strategy means for the future of bargaining and for working conditions in hospitals. In particular, it will be interesting to observe whether the decade of ruptures in the dualised hospital system, including wage discrepancies, staff shortages and migration, will come to an end thanks to the above-mentioned legislative solutions.

#### 5.4 Quality of services and working conditions

The quality of working conditions and even more of service provision in healthcare remains an issue that has received attention from the media as well as policy-makers, trade unions, NGOs and activists striving for improvement of public services. These debates occurred while hospital reforms were implemented and growing labour shortages of hospital workers became more prominent. Shortages first concerned medical doctors, especially in the years immediately before and after Slovakia's entry into the EU, because of work-related migration to Western Europe (Kaminska and Kahancová 2011). In recent years, labour shortages have shifted towards other types of

healthcare professionals, most notably nurses and midwives. Many skilled healthcare professionals choose to work in domestic care services in neighbouring Austria and other Western countries instead of remaining in Slovakia.<sup>6</sup>

Although research establishing a direct relationship between the above trends and the quality of working conditions and the quality of healthcare services does not exist, it can be assumed that shortages of skilled medical staff are linked to mediocre working conditions and pay, derived on the one hand from the long-term state of Slovak hospitals and on the other hand from recent reforms and the austerity measures adopted in the post-crisis years. As a result, only 54% of citizens in Slovakia expressed confidence in/satisfaction with the healthcare system in 2016, compared to a 70% OECD average in the same year (OECD 2017).<sup>7</sup>

Earlier studies extensively evaluating the quality of working conditions in the hospital sector are not available; therefore, our evaluation is based on (a) hospital rankings regularly published by the NGO Institute for Economic and Social Reforms, INEKO (Inštitút pre ekonomické a sociálne reformy), (b) our earlier research on working conditions in Slovak hospitals and (c) the agenda of social partners, most notably trade unions, in the healthcare sector.

#### 5.4.1 Impact of reforms on healthcare quality

An important element in assessing the quality of healthcare services in Slovak hospitals is the pressure from non-governmental organisations demanding quality improvements (see Kahancová and Sedláková 2015). The most visible endeavour is the annual hospital ranking by the Slovak NGO INEKO, motivated by the organisation's effort to increase societal pressure for better quality healthcare: 'Through providing objective evidence we aim to draw the attention of the public to the discussion about quality and effectiveness of healthcare provision. When individuals possess better evidence, they are able to make informed decisions and develop more effective pressure to improve the quality of public services.' (INEKO 2017a).<sup>8</sup>

INEKO's comparative ranking is based on over 60 variables across 150 hospitals (INEKO 2014). Variables include patient satisfaction, statistics on treatment and mortality, and transparency in finances and fiscal discipline. One of the indicators is the number of fines imposed by the Healthcare Surveillance Authority for incorrect provision of healthcare services. This online tool enables the monitoring of improvements in particular hospitals over several years and across hospitals. Press releases based on the ranking highlight where improvements in particular hospitals have been achieved and for which indicators hospitals received a low score.

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6. Source: several interviews with the President of the Trade Union of Nurses and Midwives (OZSaPA) within earlier projects BARSORIS, PRECARIR, New Challenges in Public Services.

7. Gallup World Poll in OECD Government at Glance 2017 Country factsheet Slovak Republic.

8. Authors' own translation.

Another indicator that can be used for the evaluation of the quality of services and improvements is the number of patient claims addressed to the Healthcare Surveillance Authority and the way the authority has solved these claims. Evidence shows that patients increasingly contacted the Healthcare Surveillance Authority with requests and complaints related to their particular hospital experience (Kahancová and Sedláková 2015). The number of claims related to the adequate/correct provision of healthcare services are also on the rise, as well as the number of cases that the Authority found to be justified. This governance tool has both a motivating and a punitive effect. While it serves as a motivating factor for hospitals to improve their services and satisfy their patients, at the same time the Authority has the right to fine a hospital for incorrect or inadequate service provision.

In sum, while causality between reforms and the quality of hospital services cannot be established, the above evidence shows that despite pressures to adopt austerity measures and improve the financial health and governance of hospitals, there is also increasing pressure to improve the quality of services provided. This occurs through several governance forms. While all actors (the government, patient organisations, NGOs, health insurance companies) involved in monitoring service provision express the same aim of better healthcare, few initiatives allow the monitoring of actual improvements. The most notable ones include INEKO's hospital ranking initiative and the overview of service provision in favour of the patient by the state-run Healthcare Surveillance Authority.

#### **5.4.2 Impact of reforms on working conditions**

As noted in earlier sections, the most important effect of hospital reforms was dualisation, with large state-run hospitals able to enjoy a state bailout while smaller regional hospitals lacked that option. This translated into differentiated bargaining capacities of the two types of hospitals, and into opportunities for trade unions to negotiate higher wages in the state-run hospitals. The outcome of this process is also notable in wage differentiation. While employees in corporatised hospitals had to accept wage moderation, non-corporatised hospitals were more open to bargaining concessions for the benefit of workers (c.f. Kahancová and Szabó 2015).

The same finding is valid for particular occupational groups: doctors, nurses and non-medical staff in non-corporatised hospitals enjoyed higher bargaining power and managed to negotiate higher wage increases than their colleagues in corporatised hospitals. Convergence between the two hospital types and between occupational groups is now slowly progressing only since 2016 when a new legal regulation harmonised remuneration across all types of hospitals.

## **6. Comparison**

In this section we compare the trends in post-crisis IR in our selected subsectors of education (primary and secondary education), healthcare (hospitals) and local government (childcare facilities). What are the drivers of similarities and differences

between the three subsectors? We provide a comparison from the perspective of actors, or in other words, the perceptions and actions of social partners that facilitated or contributed to the studied trends. This comparison serves as the basis for formulating more overarching trends and our key findings in the concluding section of this chapter.

## 6.1 Social partners' attitudes towards reforms

Social partners in the public sector were engaged in tracking the long-term trajectory of reforms, and in some cases shaping them. Some of these reforms were induced by the crisis, while others were part of a longer strategic transformation of public service provision and were affected by post-crisis austerity. Unions and employers across all three studied subsectors voiced their criticisms of the reforms (see table 1). While in education and local government unions predominantly criticised the lack of transparency in financing and the lack of a systematic approach to improving the quality of education, in healthcare unions were concerned with hospital workers' loss of public servant status, which had direct consequences for their working conditions.

Table 1 Social partners' views on reforms

Education	Hospitals	Local government (pre-primary education)
<b>Trade unions</b>		
<p>Criticise reforms:</p> <p>Lack of transparency in financing, indicators of school quality, reforms' focus on quantity (higher no. of students) at the cost of quality</p> <p>Learning Slovakia: some good proposals but lack of funding and implementation methods</p>	<p>Criticise reforms:</p> <p>Loss of public servant status for healthcare employees</p> <p>New unions criticise lack of access to social dialogue and bargaining</p> <p>Union campaign helped to stop hospital corporatisation/privatisation (2011)</p> <p>Union fragmentation undermines bargaining, shift towards legal regulation (union-supported)</p>	<p>Criticise reforms:</p> <p>Lack of transparency in financing the public sector and powers of municipalities</p>
<b>Employers</b>		
<p>Strongly oppose direct financial autonomy of schools (shared aim with ZMOS in local government)</p> <p>Learning Slovakia: some good proposals but lack of funding and implementation methods</p>	<p>Corporatised hospitals criticise their restricted access to public finances</p> <p>General effect: better quality of specified healthcare services, motivation of hospitals to improve efficiency, focus only on selected services</p>	<p>Alliance of Private Kindergartens: criticises power asymmetry of municipalities regarding public funding</p> <p>MP initiatives to guarantee a spot for every child and publish educational programmes for more transparency</p> <p>Centralisation efforts: transfer of selected competences from local to central government</p>

Source: Authors' elaboration.

Furthermore, while education unions voiced their criticisms of new reform proposals in traditional ways via negotiation and social dialogue, and mobilised for strikes only in relation to wages, healthcare unions played a central role in stopping the second wave of hospital corporatisation in 2011.

On the side of employers, criticism targeted mainly the system for allocating public funds across all studied subsectors. While the reforms induced financial autonomy of schools, sparking employer criticism, hospitals that were exposed to the first wave of corporatisation in the 2000s fought for better access to centrally allocated public resources, which were preferentially distributed to large state-run hospitals.

The impact of these responses on the quality of services provided is difficult to evaluate. Based on presented evidence, we argue that in education the social partners' actions did not yield direct improvements in the quality of services. Education reforms are challenging to implement and their effects will become detectable only in the long run. Moreover, Slovakia has been facing frequent changes in the Ministry of Education itself, which slowed down the introduction of an overarching long-term reform strategy. The national reform strategy 'Učiace sa Slovensko' (Learning Slovakia) attempts to offer an all-encompassing strategic view. However, its effects, just like the expected effects of an alternative reform proposal 'To dá rozum' (Learning Makes Sense) elaborated by an NGO MESA10, will take years to evaluate.

In healthcare, improved quality of services cannot be directly ascribed to the actions of social partners. It was the corporatisation reform that aimed to push hospitals into greater efficiency and higher quality of services. At the same time, the debt of non-corporatised state hospitals continues to increase and a possible bailout is a political decision resulting from heated debates during each governmental term.

A particular field of interest for us is social partners' strategies and actions related to wage rises and wage regulations. The dual structure of pay setting regulations, including legal regulation and collective bargaining, but also the discrepancies between centralised and decentralised allocation of public funds to the school system and unequal access of state vs. regional hospitals to public funding, has been subject to heated debates and caused tensions between trade unions, employers and the government. Particularly on the side of trade unions, disagreements produced fragmentation in the public sector union structure with further consequences for IR procedures.

Social partners' attitudes related to wages are summarised in table 2. We can summarise the presented evidence thus: First, union fragmentation facilitated divergence in union strategies: after several years of wage moderation with meagre wage increases due to post-crisis austerity, 'new' unions were more prone to mobilisation and protest actions, organising strikes and demonstrations instead of the peaceful collective bargaining preferred by 'old' unions. Second, fragmentation in actors' structures facilitated fragmentation in wage regulations. For example, the 2017 collective agreement proposal in education stipulates wage rises only for non-pedagogical employees. Third, as social partners increasingly focused on legal regulation of remuneration instead of regulation via collective bargaining, legal regulation has been crowding out public sector wage bargaining. Fourth, since legislatively stipulated wage rises were also selective for particular occupational groups, trade unions have returned to their previous position of supporting a unification of public sector pay regulations. In healthcare, a unifying regulation was introduced in 2016, while in education tensions persist and have also permeated into collective bargaining. Finally, convergence of



employers' strategies is not as strong as on the side of the trade unions. In education and local government, employers opposed the financial autonomy of schools and prefer a centralisation of competences, with implications for the wage system. In contrast, in healthcare, large state hospitals benefit from a central allocation of resources (which translates for example into more bargaining concessions and higher wage rises) while smaller regional hospitals find a unified remuneration system challenging and difficult to comply with given their market-like functioning after corporatisation in the mid-2000s.

Table 2 Social partners' strategies related to wage regulation

Education	Hospitals	Local government (pre-primary education)
<b>Trade unions</b>		
Prefer more financial autonomy for schools Call for at least 6% of GDP allocated to education Very vocal in wage claims via bargaining, protests, strikes, demonstrations Result: over 10 waves of wage increases between 2003 – 2017	Early post-crisis years: prioritised bargaining and utilised higher bargaining power in non-corporatised hospitals to achieve wage increases Recent post-crisis years: prioritised legislative wage regulation through strikes, protests, campaigns	Share the goals of unions in the education sector Weak bargaining power, no separate institutions just sub-sections of education unions Only partly benefit from wage increases (not all wage increases covered pre-primary education)
<b>Employers</b>		
Strongly oppose direct financial autonomy of schools Memorandum on no striking in exchange for wage increase Support changes in the tariff financing (relevant especially for non-pedagogical employees)	Large non-corporatised hospitals: benefit from state bailout – more bargaining concessions, higher wages Smaller hospitals: legal unification of remuneration challenging; lobby for higher budget to cover wage increases	ZMOS: negotiates with the ministry a transfer of some competences from local to central government – possible impact on wage system but less on wage levels

Source: Authors' elaboration.

## 6.2 Crisis effects on public sector industrial relations

Social partners' responses to reform efforts also had implications for public sector IR in general. Indirectly we can thus summarise how the crisis affected three core elements in public sector IR: (a) collective bargaining and collective agreements, (b) IR actors, and (c) quality of public services.

### 6.2.1 Collective bargaining and collective agreements

While crisis-induced wage freezes did not undermine the continuity of sectoral bargaining for public service and for the civil service, the bulk of wage regulation is moving into the terrain of legislation. We have documented these efforts across education, healthcare and local government. They are initiated and supported equally by trade unions and employers in the aforementioned public sector domains. The preference of actors for legal solutions thus raises a question about the sustainability

and role of public sector collective bargaining. This trend raises concerns about competition between bargaining and legal regulation as a regulatory mechanism for determining working conditions. In other words, legal solutions are gradually crowding out the role of bargaining.

In addition, further procedural changes to bargaining practices apply. Collective agreements are no longer renegotiated annually. This is because the involved actors found it increasingly difficult to reach an agreement under austerity conditions. The validity of agreements is extended until a new agreement or an amendment to the last agreement is signed. Post-crisis austerity measures have also undermined trust between social partners and thereby contribute to a lack of shared interests, which materialises in longer and more arduous bargaining rounds. As social partners find it increasingly difficult to reach an agreement, it is often the case that collective agreements are concluded through a mediator, especially in healthcare (Kahancová and Martišková 2016: 287).

### **6.2.2 Industrial relations actors**

The crisis accelerated the fragmentation of public sector actors. Two trends observed both across education and healthcare are noteworthy. First, wage freezes in the post-crisis years sparked dissatisfaction from some occupational groups with the bargaining strategies of the established trade unions. In turn, Slovakia witnessed the emergence of new trade unions in both education and healthcare (NŠO in education and OZSaPA in healthcare). Second, besides the new trade unions, we documented the emergence/involvement of non-union actors (ISU in education and SKSaPA in healthcare) in union activities, which had a direct impact on wage bargaining, working conditions in schools and hospitals and the legal regulation of wages. The strategy of these new actors differed from the established unions: so-called ‘new’ or ‘modern’ unions increasingly use the public space for voicing their demands instead of collective bargaining (Kahancová 2015).

### **6.2.3 Quality of services**

As already mentioned, a direct impact of the crisis on the quality of public services is difficult to establish. While restructuring in healthcare aimed at a more efficient functioning of hospitals, it is unclear from current research whether this had positive consequences for the quality of services. Improvements in the quality of services that are channelled via higher wages and improved working conditions and thus a more dedicated staff providing public services can only be hypothesised. Existing measurements of the quality of services, including rankings of schools and hospitals regularly provided by the INEKO NGO do not establish a causal relationship between the crisis, changes/improvements in working conditions and changes/improvements in the quality of public services. Nevertheless, in education, INEKO points to a direct relationship between wage increases for teachers and the quality of education: ‘INEKO considers a major wage increase for teachers to be a necessary condition for increasing and maintaining the quality of our education. At the same time, it is necessary to maintain its effectiveness at the highest possible level and this is not possible without measuring output.’ (INEKO 2017b).

Other sources measuring the quality of public services focus mostly on outputs, such as student placements and hospital patient satisfaction, but do not directly seek to understand the relationship between improvements in working conditions and improvements in the quality of services.

## 7. Conclusions

Public sector IR are distinct because of the special role of the state as employer, extensive legal regulation of working conditions through public servant statuses and wage tariffs, and a relatively high trade union membership and bargaining coverage. This distinctiveness is intensified by the fact that IR were formed in the course of Slovakia's post-1989 transition to democracy and market economy. In the already turbulent decades of the 1990s and 2000s when many public sector reforms were introduced and the foundations of employment terms and IR were formed, the economic crisis served as an additional external factor to which the government and other public sector stakeholders have responded.

Presenting the main trends of public sector reforms in the post-crisis period, we have asked what role IR played in shaping these post-2008 trajectories. Through a more in-depth focus on education, local government and healthcare we studied how IR actors (trade unions and employers' organisations) have influenced particular reform processes and their implementation through social dialogue and other forms of collective action. Finally, we examined what impact the changes – facilitated by IR actors and processes – had on the quality of work and public services in general. Below we present our main conclusions via direct responses to the research questions formulated in this chapter's introduction.

### 7.1 What is the effect of the crisis on the public sector?

The crisis in Slovakia did not yield significant employment cuts, but austerity measures concentrated on wage freezes across various public sector domains (Kahancová and Martišková 2016: 293). Furthermore, the crisis did have an indirect effect on IR and working conditions as a result of restructuring central and local government since 2012 and hospitals since 2006. While wage freezes served as a short-term measure, organisational changes, including changing managerial practices which increased workloads (e.g. for nurses after reorganisation and for teachers required to participate in lifelong learning activities) have had a long-term effect on working conditions and also indirectly on the quality of public services (ibid.).

## 7.2 How did industrial relations influence post-reform public sector trajectories?

First, the crisis escalated conflicts and stimulated a *fragmentation of IR actors*, especially on the trade union side. In contrast, the structure of employers' associations remained stable after the crisis. As post-crisis austerity measures yielded wage moderation and wage freezes, some occupational groups in education and healthcare were increasingly dissatisfied with the bargaining strategies of existing unions. In turn, new actors that engaged in new strategies to voice their demands emerged and became active in the domain of IR. Second, due to their lacking access to established bargaining channels and their perception of bargaining as ineffective, the public sector witnessed heightened mobilisation from these new actors (both union and non-union actors) via protests, petitions and demonstrations. In turn, we have argued that the involved actors' strategies aiming at more influence *shifted from established bargaining channels to the public space*.

Third, despite the emergence of new actors and their new strategies, *multi-employer and single-employer collective bargaining structures remained stable*. Local government, especially pre-primary education, turned out to be the most decentralised subsector, while healthcare and education enjoy co-ordinated bargaining at the sector level. However, our fourth finding shows that the role of bargaining, the content of collective agreements and the enforcement of such agreements is declining in importance. Bargaining takes longer, actors find it more arduous and lack the political will to conclude new stipulations, especially concerning wages in the post-crisis austerity period. External forces, such as mediation, are increasingly turned to in order to conclude bargaining rounds.

Fourth, we have documented a general trend towards regulating working conditions via legislative solutions. Social partners have increasingly lobbied for wage regulations to be part of legal regulations and in fact have achieved such regulation in the case of doctors and later all healthcare personnel, as well as pedagogical and non-pedagogical staff in education. We argued that such a *focus on legislative solutions undermines the role of collective bargaining*.

Fifth, additional challenges to collective bargaining were introduced through the *trend of signing 'memoranda' between the government and public sector unions*. We argue that this new strategy in which the government pushes for memoranda endangers collective bargaining across the whole public sector. Specifically, it diminishes the power of trade unions to organise strikes and accurately reflect on positive economic developments in Slovakia, which allows for timely wage increases in the public sector unconstrained by the pre-set time frames specified in these memoranda.

### 7.3 What is the role of industrial relations in shaping the public sector?

We have documented that (a) the public sector underwent several major reforms in the course of 1990s and 2000s; and that (b) IR played a vital role in shaping the course of reforms especially since the crisis in 2008-2009.

Regarding the shape of public sector reforms, Kahancová and Martišková (2016) highlighted the continuous process of public sector reforms since 1991. Regarding the role of IR actors in these reform processes, we conclude that across all studied subsectors social partners actively voiced their criticisms of reform proposals as well as proposed legislative changes, which in most cases concerned wage regulations. In the case of hospital corporatisation, the doctors' trade union LOZ was the key actor that contributed to halting the entire reform through organising a doctors' resignation campaign in 2011. Since 2012, IR actors have been fighting for unified legislative regulation of wage claims for public sector workers across various domains of public services (e.g. in local government and healthcare). In 2017, unions in education harshly criticised the government's proposal to include wage increases only for non-pedagogical employees in the higher-level collective agreement. On the employers' side, we documented employers' efforts/support for reorganising selected competences between central and local government, and changes in the financial autonomy of schools. These examples show the vitality of public sector IR despite the challenges presented above and throughout the entire chapter.

Finally, regarding the effect of reform policies on the number and quality of jobs, we found that employment generally grew under post-crisis austerity. The government preferred to face crisis-induced challenges via wage moderation and wage freezes instead of employment cuts. At the same time, a direct relationship between reform efforts and changes in the quality of provided public services is difficult to establish. There is a general trend to push for improvements in the quality of services, and media regularly publish discussions about possible ways to improve the quality of healthcare and education. The public generally supports broader reforms, especially in education. Low wages in education and an ineffective education system failing to respond to current labour market needs are central issues in these debates. In healthcare, comparisons of patient satisfaction with hospital services, coupled with some objective data on hospital performance (e.g. size of particular departments, number of beds, etc.) generally enjoy public support and are presented as an adequate indicator of the quality of service provided. Furthermore, the existence of the Healthcare Surveillance Authority has indirectly contributed to improvements in hospital care, because patients do have and actually use the chance to file claims if not satisfied with particular services.

### 7.4 Final reflections on the role of the state for public sector developments

The overall public sector reform trajectory derived more from Slovakia's general democratisation, marketisation and decentralisation intended to improve efficiency than from the particular prerogatives of New Public Management (NPM). Despite that, some NPM elements are present in the Slovak case, especially in hospital corporatisation

with continued public ownership but facilitation of market behaviour (c.f. Kahancová and Szabó 2015). The crisis and post-crisis austerity did not directly influence hospital corporatisation; rather, this had already been a long-term strategy launched in the early 2000s. However, post-crisis austerity did influence the strategies of IR actors in healthcare and indirectly facilitated a shift away from collective bargaining in healthcare to more legal regulation.

How has the role of the state changed in the course of these reforms and in particular after the implementation of post-crisis reform efforts? Since the Slovak political landscape has featured a very strong social-democratic party SMER in government since 2006 (except 2010 – 2012), the state continues to play an important role in the economy and the public sector. In turn, the state has not been shedding responsibilities for public services, but has engaged in several attempts to improve their provision. This included more efficient services yielding higher satisfaction of service users and employees. Hospital corporatisation and school self-governance were introduced prior to SMER's seminal political victory. The social-democratic government did not attempt to introduce a major change of course in relation to these reforms, but instead engaged in small-scale and gradual efforts to return more powers and oversight of the public sector to the hands of the government. This includes support for the legal regulation of wages in healthcare (instead of decentralised wage setting and bargaining using the Labour Code as the key piece of legislation). The government recently also signed memoranda with social partners, which empower the government to take decisions over public sector regulations and effectively commits trade unions to supporting these proposals. As SMER is gradually losing electoral support, it remains to be seen whether the trend of the last 12 years is sustainable after the next change of government.

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All links were checked on 12.12.2019.

## Appendix

### Interviews conducted in education and local government

Interview code	Organisation	Type	Respondent function
EDU1	Initiative of Slovak Teachers (Iniciatíva slovenských učiteľov, ISU)	Professional association/ initiative	Representative 1
EDU1	Initiative of Slovak Teachers (Iniciatíva slovenských učiteľov, ISU)	Professional association/ initiative	Representative 2
EDU2	New Education Trade Unions (Nové školské odbory, NŠO)	Trade union	Member of trade union presidency
EDU3+LOCG1	Trade Union Federation of Workers in Education and Science (Odborový zväz pracovníkov školstva a vedy, OZPŠaV)	Trade union	Member of trade union presidency, section Primary Schools and trade union representative for the city district Ružinov
LOCG2	National Council of the Slovak Republic (Národná rada SR)	National government	Assistant to the Member of Parliament
LOCG3	Bratislava City District Municipality, District Ružinov (Miestny úrad Ružinov)	Local government	Representative 1, responsible for preschool childcare facilities
LOCG3	Bratislava City District Municipality, District Ružinov (Miestny úrad Ružinov)	Local government	Representative 2, responsible for preschool childcare facilities
LOCG3	Bratislava City District Municipality, District Ružinov (Miestny úrad Ružinov)	Local government	Representative 3, responsible for preschool childcare facilities

# Chapter 8

## Industrial relations in deep water: the Spanish public sector during the crisis

Oscar Molina and Alejandro Godino

### 1. Introduction

Two developments have marked the recent evolution and characteristics of public sector employment relations in Spain. The first was the approval in 2007 of the General Public Employment Statute (Estatuto Básico del Empleado Público, EBEP). The second important policy development in this period has been the implementation of austerity policies aimed at fiscal consolidation, which have triggered a decrease in public employment levels and a deterioration in working conditions, including pay cuts, more working hours, easier dismissal etc. Moreover, these policies have also been accompanied by restructuring and rationalisation in the public sector, and in particular, attempts to eliminate overlap in functions and services between different levels of public administration; the 2013 Law for the Rationalisation and Sustainability of Local Government (Law 27/2013) being a case in point. The impact of these policies has varied across levels of government, sectors and groups of employees. In particular, the local level has been more affected by the decline in public employment levels, whilst the regional level - that manages services such as education and health - has witnessed changes in the composition of the labour force.

The adjustment of public sector employment in Spain has concentrated on workers with ordinary contracts, and more specifically, those with temporary or interim contracts (i.e. temporary appointments until the job position is filled on an open-ended basis). Finally, in addition to the pay cuts and hiring restrictions, reforms have been implemented in the education and health sectors that have opened the door to greater private provision.

The impact of the financial and sovereign debt crises has shared some similarities with other countries, but has also been characterised by some specific developments when it comes to industrial relations. Three of them are particularly important. First, the crisis and austerity policies have triggered an interruption of social dialogue and collective bargaining in the public sector as austerity measures have been decided and implemented unilaterally. Second, new actors have played an important role in mobilisations against cuts in educational, health and social policies. These actors have been particularly important in the education and health sectors, and have consisted of civil society actors, trade unions, consumers etc. Finally, austerity policies have also been accompanied by a certain degree of recentralisation, especially when it comes to the local level. This recentralisation has been justified by the need to impose stricter controls over local level public spending.

Social dialogue and collective bargaining in the public sector have experienced some revitalisation in the post-crisis period. The improvement in the economic context since 2015 has allowed some relaxation in the fiscal stance thus contributing to a renegotiation of working conditions in many policy areas, including education and health. In fact, the so-called sectoral tables in education and health both at a national and regional level have been revitalised in recent years and important agreements have been reached recently. In this context, an agreement was signed in March 2017 to reduce temporary employment in public administration and increase permanent public employment. One year later, a new framework agreement for working conditions and employment in public administration was signed between the Finance Minister and the most representative trade unions in the public sector: the Independent Trade Union Confederation of Public Servants (Central Sindical Independiente y de Funcionarios, CSIF), the Trade Union Confederation of Workers' Commissions (Confederación Sindical de Comisiones Obreras, CCOO) and the General Workers Union (Unión General de Trabajadores, UGT). The agreement establishes a minimum wage increase of 6.1% for public employees over the period 2018–2020 (1.75% in 2018, 2.25% in 2019 and 2% in 2020), and a maximum of 8.9% conditional upon growth in gross domestic product (GDP) and the fulfilment of the budget deficit target for 2020. It is the first time that wage increases for public employees will be linked to macroeconomic performance, with higher wage increases to be paid when GDP growth surpasses 2.5%. More importantly, the agreement means that collective bargaining in the public sector has been restored after several years of unilateral regulation.

This chapter analyses developments in industrial relations in Spain during the crisis and post-crisis period in three sectors: primary education, public hospitals and local-level public administration. More specifically, we aim to understand how the crisis has affected developments in these sectors and what the impact has been on industrial relations and working conditions. The three sectors analysed are particularly relevant because of the strong impact that the crisis has had on them. This chapter shows common developments to all of them, but also some sector specific trends. We start with a short discussion of industrial relations in the public sector, including the role of trade unions, followed by an analysis of the three sectors considered.

The methodology used in this analysis consists of interviews (see list at the end of this chapter) with experts and key informants as well as documentary analysis. The three policy areas analysed in this report are decentralised to the regional level. In the case of primary education and health, the competence lies exclusively with the regional government. In the case of municipalities, it is also decentralised. For this reason, the case studies and interviews have been carried out for the autonomous region of Catalonia. In the case of municipalities, the analysis is centred on the case of Barcelona, but insights have been provided on more general developments.

## 2. The public sector – an overview<sup>1</sup>

The 1978 Spanish Constitution laid down a number of general principles that should guide public sector employment. These included among others, the need to hire according to objective and publicly known rules, access according to merit and qualifications as well as equal opportunities. However, no mention was made of the regulatory instruments to be used; that depended on the legal status of public employees, i.e. whether they were civil servants, public employees under general labour law regulations, or other personnel. For public employees, collective bargaining plays the same role as in the private sector. This means they have the right to sign collective agreements at any level (local, regional or state). However, this different legal status also generated uncertainty about whether those principles orienting the employment of civil servants (including access and promotion rules) also applied to public employees.

The Constitution did not recognise the right of civil servants to collectively negotiate their working conditions that were accordingly regulated unilaterally by the government. A first step in granting civil servants the possibility to bargain on working conditions and work organisation, came with the 1984 Civil Service Reform Act that for the first time included the collective bargaining principle for public sector employees. Later on, the 1987 law on the institutions of Representation and Determination of Working Conditions for Public Sector Employees (*Ley sobre Organos de Representación, Determinación de las Condiciones de Trabajo y Participación del Personal al Servicio de las Administraciones Públicas, LORAP*) regulated with more detail the civil servants' right to negotiate working conditions. In particular, this law provided for the creation of a centralised bargaining table and some sectoral tables, but the number of issues subject to collective regulation was limited. Since then there has been a gradual opening up of spaces for collective bargaining over civil servants' working conditions.

More recently, the 2007 EBEP established a detailed regulation of collective bargaining in the public sector and has opened up new opportunities for the collective regulation of working conditions for both civil servants and non-civil servants (public employees). In particular, rather than detailing the issues that can be negotiated, the law simply defined those issues that do not necessarily have to be negotiated, i.e. issues where the government retains its capacity to regulate unilaterally, but that could also be subject to negotiations and eventually be regulated through a collective agreement. These issues are among others, the general organisation of the public administrations, the determination of working conditions for public sector managers and the regulation of procedures for accession and promotion. Thus, as pointed out by De la Villa (2007: 3), since the early 1990s there has been a two-fold process of mutual influence between civil servants and public employees whereby some of the principles that have traditionally characterised the civil servant employment relationship are increasingly applied to

1. This section draws heavily from a previous study by the author: Molina, O. (2016) *Rationalization without Modernization. Public Sector Employment Relations in Spain under Austerity*, in Bach, S. and Bordogna, L. (eds.) *Emerging from the Crisis? Public Service Management and Employment Relations in Europe*, pp. 57-83, Routledge: London.

public employees. This process of upward harmonisation has occurred in issues like pay scales and work organisation. However, at the same time, the right to collective bargaining, which applied only to public employees, has been gradually extended to civil servants, though in a limited number of areas.

## 2.1 Trade unions

The trade union landscape in the public sector is slightly more fragmented than it is in the private sector. There are on the one hand the public service federations of the two largest trade union confederations in Spain, CCOO and UGT. The process of mergers and internal restructuring within the confederations has implied changes in those organisations representing the interests of public sector employees (Jódar *et al.* 1999). In the case of CCOO, three different federations carry out this representation. On the one hand, the Federation of Citizens' Services (Federación de Servicios a la Ciudadanía) which is the largest federation in terms of membership within CCOO, with 263 000 members in 2014. This federation represents the interests of public sector employees in the central, regional and local governments and the services provided. Secondly, there is also the Federation of Health Activities (Federación de Sanidad y Sectores Sociosanitarios) which represents the interests of workers in health activities, both private and public. Finally, there is the Education Federation (Federación de Enseñanza) that represents the interests of teachers and workers in educational institutions, both private and public.

When it comes to the other large confederation, UGT, there is a specific organisation for public sector employees, the Federation of Public Services (Federación de Servicios Públicos, FSP) that also includes those in the public healthcare system. In addition to FSP, there is an Education Federation (Federación de Trabajadores de la Enseñanza). Another important trade union in the Spanish public sector is the Civil Servants' Independent Confederation (Confederación Sindical Independiente de Funcionarios, CSIF), that was created in 1980 in order to become an alternative to the dominance of UGT and CCOO in the public sector. It represents public sector employees from all levels and sectors in the public administration and has become an important actor in the public sector.

In addition to the above-mentioned confederations, there are other trade union organisations in the public sector. First, there are so-called 'nationalist' trade unions operating in regions like Galicia with the Federation of Public Administration of the Galician Interunion Confederation (Confederación Intersindical Gallega, CIG-Administración), and the Basque Country with the Federation of Public Services of the Basque Workers' Solidarity (Eusko Langileen Alkartasuna, ELA-GIZALAN) which are important actors. At the same time, there are a number of professional trade unions such as the Nursing Union (Sindicato de Enfermería, SATSE) and State Convergence of Doctors and Nurses (Convergencia Estatal de Doctores y Enfermeras, CEMSATSE) for nurses and doctors respectively. Finally, there are other smaller unions, including the Workers' Trade Union (Unión Sindical Obrera, USO) that has a specific federation for public sector employees and the General Confederation of Labour (Confederación General del Trabajo, CGT).

CCOO, UGT and CSIF are the three most representative trade unions in the public sector in Spain at the national level. They are the interlocutors with the government in social dialogue processes at the national level, and are, therefore, legally empowered to participate in the bargaining forums and sign agreements in some sectors.

Trade union representativeness in the public sector is determined according to the results of trade union elections. Representativeness is accordingly assessed periodically in order to account for changes that may occur in the trade union landscape. The last update on trade union representativeness was made in 2017. The trade union landscape had undergone little change, but it is important to note the growth experienced by occupational trade unions in the public sector in trade union elections, and also in terms of membership. As the sectoral cases will show in more detail, many public sector employees in sectors like health and education, show a growing preference towards occupational unions rather than general ones (Alós *et al.* 2015).

We do not have updated and reliable information on trade union membership in Spain. Membership figures are not made publicly available by trade unions and they do not follow a homogeneous methodology in order to keep track of their members. As a consequence, we can only rely upon indirect sources in order to provide some insights on membership levels and trends. The largest union at the national level in total membership was the Federation of Citizenship Services – Workers’ Commissions (Federación de Servicios a la Ciudadanía – Comisiones Obreras, FSC-CCOO) (257 635 members in 2011) followed by Federation of Public Sector Employees – General Workers’ Union (Federación de Empleados de Servicios Públicos, FSP-UGT) (228 521) and Independent Central Union - Independent Central Union of Civil Servants (Central Sindical Independiente – Central Sindical Independiente y de Funcionarios, CSI-CSIF) (159 975) (Caprile and Sanz 2011). According to the 2011 Quality of Life at Work Survey, density in the private sector was 15%, whilst in the public sector it reached 31% (Alós *et al.* 2015). However, membership is not the criteria used in order to determine trade union representativeness. Instead, an electoral criterion is common whereby those trade unions achieving a minimum of 10% of representatives at the national level, or 15% at a regional level are entitled to conclude collective agreements in a specific sector at the national or regional level respectively. Moreover, trade unions achieving these percentages can also participate in social dialogue and negotiations with the government. CCOO, UGT and CSI-CSIF fulfil the criteria at the national level for the public sector, whilst ELA and CIG do so at the regional level. Some of the smaller trade unions like USO may also reach the 10% at the national level or the 15% criteria at a regional level for some specific sectors.

## 2.2 New actors in public sector employment relations

One of the most interesting developments in relation to public sector actors is the emergence, in the context of the crisis, of the so-called *mareas* (waves). These movements, bringing together a diversity of civil society actors (including trade unions), were born with the objective of defending public services. These movements served to create synergies between social movements and trade union activists to

the extent that they jointly organised public assemblies, demonstrations or symbolic occupations of public buildings, among other actions. CCOO and UGT adopted a more social movement approach and created the Social Summit (*Cumbre Social*) with other civil society organisations (Pastor 2013).

This led them to develop old strategies like strikes but also to explore new ones in alliance with new civil society actors (Köhler *et al.* 2013). In relation with this, Spanish trade unions organised ‘by themselves or jointly with the support of civil organisations, concentrations and demonstrations to occupy public space’ (Köhler *et al.* 2013: 1032).

By overcoming the political divide between the ‘*indignados*’ movement and the corporatist attitudes of CCOO and UGT at the national level, the campaign groups, union representatives and *indignados* activists, were together able during the green wave (the movement against the cuts in the education system) to launch an intense and enduring campaign against the local conservative People’s Party (Partido Popular PP) government’s austerity measures in the education sector in Madrid (Béroud 2014).

### **3. Primary education**

Collective bargaining in the public primary education system takes place at several levels:

- General bargaining table at the national level for all public administrations;
- State level bargaining table for education;
- Regional level bargaining table for education.

Being a decentralised public service, collective bargaining at a regional level is responsible for determining most working conditions for public employees in the region.

The trade union landscape in the primary education sector is characterised by a high level of fragmentation, the weakness of general (class-based) trade unions and the importance gained by non-institutionalised organisations in the context of the crisis.

Even though there is no data on membership levels of primary education teachers, interviews have revealed generally low affiliation to trade unions and in particular to general/class-based trade unions like CCOO and UGT. Primary education teachers generally prefer to affiliate to occupational trade unions, hence explaining their importance in terms of representativeness, both at national and regional levels. Notwithstanding, there are no specific representative organisations for primary education teachers, but rather for teachers at all levels of the public education system.

Over the last fifteen years, workers’ representation and the trade union landscape in the education sector and primary education specifically, has experienced little change.

At the national level, the five most representative organisations in non-university public education are:

- Workers' Commissions (Comisiones Obreras, CCOO);
- National Federation of Education Workers (Federación Estatal de Trabajadores de la Educación - Unión General de Trabajadores, FETE-UGT);
- Workers Education Trade Union (Sindicato de Trabajadores de la Educación, STEs-I);
- Civil Servants Trade Union Confederation (Confederación Sindical de Funcionarios, CSI•F);
- National Association of Education Professionals (Asociación Nacional de Profesionales de la Educación, ANPE).

There are three general trade unions, CCOO, FETE-UGT and CSIF (general trade union in the public sector). Both STEs-I and ANPE are occupational trade unions.

The trade union landscape at the regional level of Catalonia is somewhat different, with four representative trade unions involved in social dialogue and signing agreements:

- CCOO;
- UGT;
- Catalan Education Trade Union Confederation (Unió de Sindicats de Treballadors de L'Ensenyament de Catalunya, USTEC-STE-IAC);
- Catalan Public Education Teachers' Union (Associació Sindical de Professors d'Ensenyament Públic de Catalunya - Sindicat de Professors de Secundària, ASPEPC-SPS).

Both UGT and CCOO are general trade unions whilst USTEC-STE-IAC is the most representative sectoral trade union and ASPEPC-SPS is occupational.

On the employer side, the Ministry of Education would be involved at the national level, whilst the *Departament d'Educació* (Catalan Education Ministry) negotiates at the regional level in Catalonia.

### 3.1 Collective bargaining dynamics

Before the crisis, the relationship between employers and trade unions in the primary education sector was to a large extent co-operative. Several agreements had been signed on different issues at both state and regional levels. The different reforms of the education system implemented since the early 1980s constituted particularly intense periods of negotiations, very often accompanied by mobilisations of students, parents' organisations and trade unions. These strikes and demonstrations were in most cases motivated by opposition to government proposals to change the education system (Verges 2009). However, social dialogue and collective bargaining over the teachers' working conditions progressed rather smoothly.



This changed dramatically with the advent of the crisis, especially from 2010-11 when social dialogue in the public sector was abandoned in the context of the implementation of austerity packages. Since then, and until 2017, the relationship between actors in the public sector was characterised by conflict and different priorities. More specifically, the implementation of austerity policies and cuts in public education spending have opened up an era of confrontation between unions and governments at both national and regional levels, with unions adopting a common anti-austerity front. The public education system has experienced a particularly intense period of conflict and strikes, but in this case the main motivation has been the need to restore the quality in public education by (among other things) improving teachers' working conditions that had deteriorated over the crisis years.

The crisis has not only opened up an era of confrontation between unions and employers, but also within the union side, and in particular, between general/class-based trade unions and occupational trade unions. These differences are not so much based on the content or character of their demands, but on the different positions and strategies adopted in bargaining processes. More specifically, general trade unions criticise that occupational trade unions have very often adopted maximalist positions that have rendered reaching an agreement more difficult.

One of the most important impacts of the crisis in relation to actors and trade unions has been the appearance of new civil society actors that have played a very important role in defending the public education system and its quality. In the case of public education, the so-called *Marea Verde* (Green Wave) has been very active in defending the public education system from spending cuts and attempts at privatisation (Giró and Cabello 2014).

The Green Wave was born out of mobilisations in 2011-2012 against the decision of the regional government not to renew the contracts of 3 000 temporary teachers due to the increase of two teaching hours for tenured teachers in the public system (Rogero *et al.* 2014). But there were other demands made by the Green Wave aimed at reversing some of the effects of austerity policies. These included an increase in student/teacher ratios in primary and secondary schools, the closure of many of the training centres for teachers, the reduction in teachers' real wages, and the dramatic reduction in job openings from 3 500 in 2009 down to 489 in 2011.

The Green Wave made an effort to frame its discourse around the attacks on teachers' working conditions, in particular those with temporary contracts, and also most importantly around the threat to the quality of public education posed by austerity policies. Data on public spending in the education system was used to illustrate this impact. In particular, the accumulated decrease of €7 344 million in public spending on the education system until 2014 equals 14.9% of the total expenditure on education in 2009 (CCOO 2016).

The Green Wave was very active over the crisis years and created a platform to continue developing its role in relation to public education in Spain. This is the so-called

‘Plataforma Estatal por la Escuela Pública’.<sup>2</sup> Under the umbrella of this platform, there are trade unions, student organisations as well as parent organisations that share a commitment to the defence of the public education system and improving its quality.

The main objectives of trade unions and the *Marea Verde* during the crisis period were to reduce the impact of austerity measures not only on teachers’ working conditions, but most importantly, on the quality of public education.

In the post-crisis period, the priority of trade unions and other civil society actors has revolved around three axes:

1. Improving teachers’ working conditions. More specifically, there are two key aspects for trade unions given the large number of teachers affected and their deterioration during the crisis years:
  - first, to reduce the number of teachers with a temporary appointment or holding an interim position. Because of the ban on new appointments and the zero replacement rate for retiring teachers imposed by the government under austerity policies in 2011, there has been an increase in the percentage of teachers on temporary contracts or in an interim position whose contracts are renewed on a year-by-year basis. Even though they occupy a structural position in the education system, they lack the stability that other teachers enjoy;
  - secondly, to reduce working hours, and in particular teaching hours, that increased over the crisis period due to the reduction in the number of teachers.
2. The second main point has been to improve the quality of public education by reducing the student to teacher ratio that also increased during the crisis years;
3. The third point consists of restoring and revitalising social dialogue as the mechanism through which to establish teachers’ working conditions in the public sector.

Even though there has been a revitalisation of social dialogue in the public education sector since 2016, with several agreements being signed in 2017 both at national and regional levels, some tensions remain as evidenced by the general strike in the education sector called in March 2017 by the Plataforma Estatal de Defensa de la Escuela Pública. The strike was called for two reasons. First, to revoke the new proposal to reform the education system, i.e. the Organic Law for the Improvement of the Quality of Education (Ley Orgánica para la Mejora de la Calidad Educativa, LOMCE). Second, to revert the situation created by austerity measures that, according to the promoters of the strike, haven’t been reversed to a large extent and which therefore requires a stronger commitment and action by the government. The underlying motivation for this action was to highlight the negative impact of the crisis and reforms implemented during this period, and put pressure on the government to revert them as a pre-condition to guarantee the quality of the system. According to the PP government in power since 2011, the main reason for the deterioration in the quality of the public

2. See <http://www.escuelapublica.es>

education system is not necessarily related to underfunding or the cuts introduced under austerity, but to the reforms introduced previously by the Socialist Party when it was in government.

### 3.2 Reform policies: the role of industrial relations

The public education system in Spain has been subject to seven reforms since the late 1970s. The latest one was passed in 2013. Even though these reforms are very different, we find some continuity in three objectives:

- Enhance the quality of the education system;
- Reduce the high rate of early school leavers;
- Adapt the Spanish education system to EU standards and curricula.

The way in which these three different objectives have been pursued in each of the seven reforms has been very diverse.

Even though governments of different political orientations have tried to involve many actors, including social partners, in the drafting and preparation of these reforms, the reality is that the role of industrial relations and social dialogue in shaping these reforms has been very limited.

With the crisis, the public education system has undergone some significant transformations. Moreover, the role of industrial relations actors and social dialogue has changed dramatically compared to the pre-crisis years. More specifically, there have been two major policy developments over the last fifteen years:

- First, a reform of the education system promoted by the PP government (the so-called LOMCE, Organic Law for the Improvement of Quality in Public Education);<sup>3</sup>
- Second, the implementation of austerity policies.

Since it was proposed, the LOMCE was heavily contested not only by trade unions, but also by opposition parties, students and parents' organisations. Even though the government has tried to involve a wide range of actors in the preparatory phases of the law proposal, trade unions and parents' organisations have remained very critical of the general orientation of the reform and some of its key aspects. In March 2017, a nationwide general strike in the education sector was organised in order to force the executive to involve actors other than political parties in a broad educational pact.

We can conclude that the role of industrial relations in primary education reform policies was marginal before the crisis. With the crisis, industrial relations actors also had few possibilities to influence the policy process, and their role has been reactive. In particular, trade unions were actively involved in a series of demonstrations and strikes organised against the cut packages.

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3. See text at <https://www.boe.es/buscar/pdf/2013/BOE-A-2013-12886-consolidado.pdf>

### 3.3 Impact of reform policies on primary school teachers' working conditions

When looking at reform policies in the field of primary education, the crisis has involved a major overhaul both in the policy process as well as in teachers' working conditions. Even though the situation seems to have somewhat improved since 2016, with some important agreements reached since the second half of 2017 reversing previous decisions, the impact is still observable.

Before the crisis, social dialogue played an important role in gradually improving the working conditions of primary education teachers. Most policies and agreements were negotiated with trade unions as well as other groups in the education system.

In the case of Catalonia, the last agreement signed before the crisis between the regional government and trade unions was in 2005<sup>4</sup>. The 2005 Agreement of the Sectoral Board of Non-University Teaching Staff is the result of the negotiation protocol signed on October 18 between the Department of Education and the three unions with representation at the Bureau. The agreement obtained the support of CCOO and was rejected by FETE-UGT and USTEC.

This agreement allocated €560 million until the 2008-2009 academic year to improve the working conditions of the staff in public schools. In addition to monetary investment, the agreement included a commitment to increase the quality of the Catalan public education system, by increasing the staffing of Educational Services to 4 000 people in order to improve the attention to students with specific educational needs and to promote educational innovation programmes.

In order to improve teachers' working conditions, the 2005 agreement contained measures such as a new time distribution for primary school teachers, the reduction of direct student contact hours for teachers over 55, the increase of early retirement incentives up to €12 000, a new modality of partially paid leave, more contractual stability of the teaching staff, and an increase in the grant for paid study leave for teachers.

On the other hand, the work of the teachers was recognised with bonuses and variable wage components for their various responsibilities (administrative, preparation, quality assessment etc.), and actions were taken to improve the working conditions of interim and replacement teachers. The agreement was therefore representative of the positive economic environment before the crisis.

The most important policy development in relation to the primary education system, and more specifically primary education teachers, has been the implementation of austerity policies. Pressures to reduce public spending and deficits have entailed the adoption of a unilateral approach to policy-making in relation to this and other areas.

4. See text at [http://dogc.gencat.cat/es/pdogc\\_canals\\_interns/pdogc\\_resultats\\_fitxa/index.html?documentId=457654&language=ca\\_ES&action=fitxa&newLang=es\\_ES](http://dogc.gencat.cat/es/pdogc_canals_interns/pdogc_resultats_fitxa/index.html?documentId=457654&language=ca_ES&action=fitxa&newLang=es_ES)

Even though the impact of these cuts varied across regions, there were some policies that were implemented in most of them, consisting of:

- Increase in teaching hours (from 23 to 25);
- Accumulation of spending cuts by the Spanish and Catalan Governments;
- 25% salary reduction;
- Disappearance of the social action fund (a fund used to establish different methods of improving working, educational, cultural, social and health conditions of education workers);
- The first increase in salary due to seniority was raised from six to nine years;
- Substitutions of teachers on sick leave: previously they covered absences from the first day. During the crisis, a minimum of 10 days sick leave before they were replaced with a substitute was enforced (now reduced to seven);
- Elimination of continuous training;
- Increase in the interim rate (now at 29%);
- Increase in the workload.

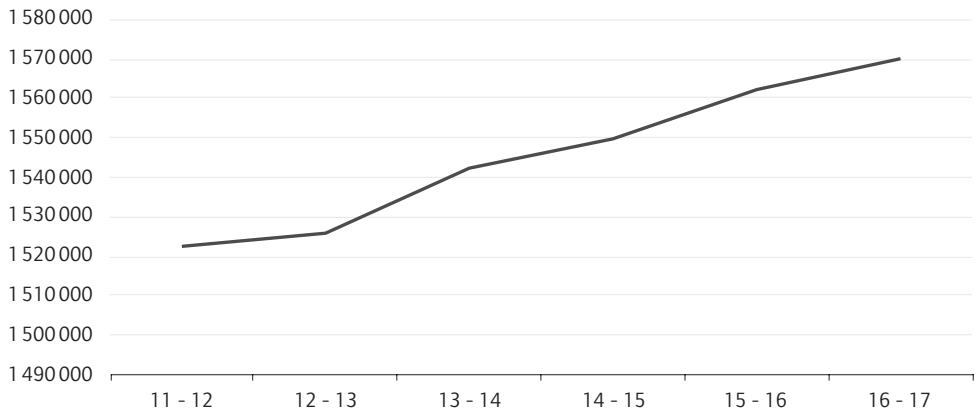
At the regional level, social dialogue for public teachers in primary education has been restored and in January 2017 a new agreement was signed between the Department of Education and USTEC-STEs, CCOO and UGT.<sup>5</sup> The agreement establishes an increase of 5 511 positions that will be included in the 2017-18 academic year, 4 714 new teachers and 797 for replacements. The objective of the agreement is two-fold: to achieve more personalised educational attention to respond to the educational needs of the students as a whole and to improve the conditions in which the teaching staff develop their professional activity. Overall, the 2017 agreement has enabled the restoration of some of the conditions agreed in the 2005 agreement which were never, or very partially, implemented. This, together with the implementation of the March 2017 agreement for the improvement of public sector employment, has marked a turning point with respect to the crisis.

The impact of the crisis on teachers' conditions can accordingly be summarised in terms of less teachers (figure 2) and worse socio-occupational conditions, including work intensification as a consequence of more students (see figure 1 and figure 3 below). Policies implemented under austerity programmes have led to the drastic destruction of teaching positions (around 35 000) and an increase in their precariousness. The continuous reduction of the Public Employment Offer implies that at present 25% of non-university public teaching staff is temporary.

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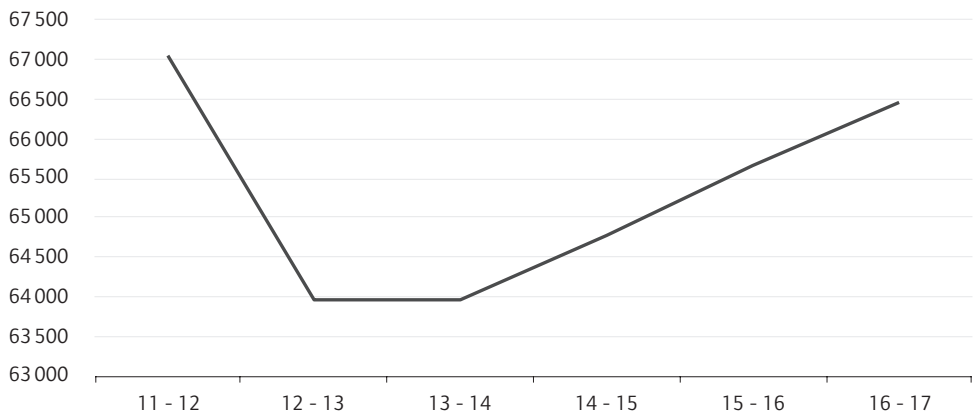
5. See full text at <http://cgtense.pangea.org/IMG/pdf/acordccoougustec-departament.pdf>

Figure 1 Total students in the Catalan education system, 2011-2017



Source: Idescat (2018).

Figure 2 Teachers in the Catalan education system, 2011-2017



Source: Idescat (2018).

### 3.4 Impact of reform policies on public primary education

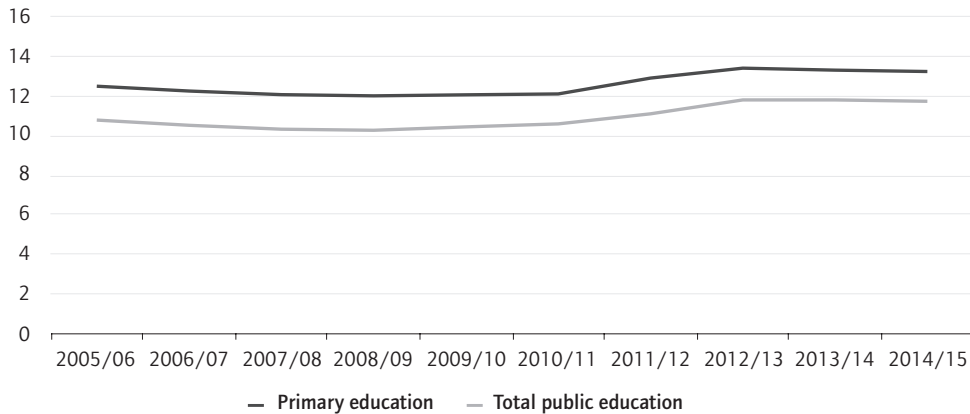
It is difficult to assess the impact of reform policies and in particular, the role of industrial relations, on the quality of primary education. Our interviewees expressed slightly different assessments on these issues. Whilst trade unions have no doubt about the negative impact of reforms on the quality of public education, employers admit austerity measures have had a detrimental effect on quality, but tend to emphasise the window of opportunity opened by the crisis to modernise the public education system.

There are two ways of approaching the impact of reforms on the quality of public education. One consists of looking at the inputs, including issues like total spending, number of students per teacher, etc. This approach has the advantage of relying on

objective data and makes it more feasible to assess the real impact of reforms. The other approach consists of looking at outcomes like the PISA indexes.

One of the indicators very often used in order to assess the quality of public education is the ratio of students per teacher. Figure 3 shows the evolution of this ratio from the academic year 2005-2006 until 2014-15 for the public education system as a whole and primary education in particular. In the years preceding the crisis, the indicator exhibited a downward trend that was reversed in 2008-09, but that became clearer in the 2011-12 academic year. After increasing for four years, the ratio has slowly started to decrease again, though it remains well above the levels before the crisis.

Figure 3 Ratio of students per teacher in the public education system, Spain 2005-2015

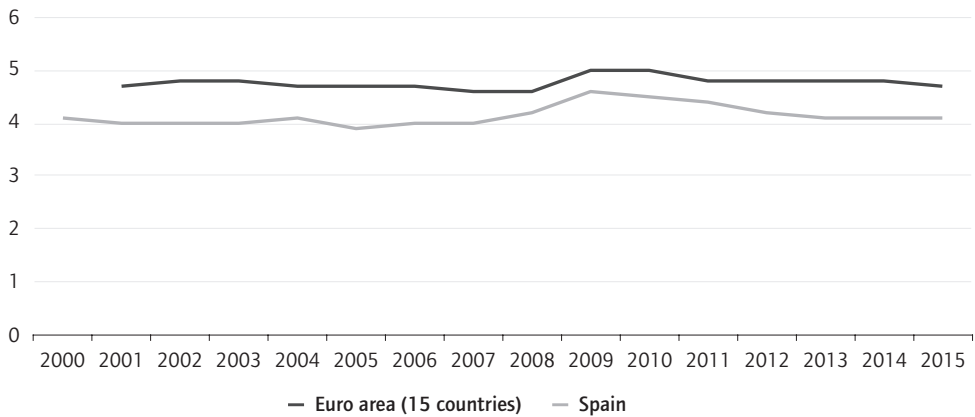


Source: INE (2018).

When we look at expenditure on education, we observe a significant reduction during the crisis. However, this decrease has been more significant for tertiary and secondary education. According to Eurostat data, public expenditure on education (for all levels) in Spain reached a maximum level in 2009 (both in millions of euros as well as percentage of GDP), when €49 692 million were spent on education, reaching 4.6% of GDP (falling to €43 979 million in 2015). In the 2009-2015 period, the expenditure on education fell by 14% in nominal terms while the number of students increased (figure 4). Compared to the average of the euro area countries, the spending gap that existed before the crisis, and which seemed to narrow, was restored afterwards (see figure 4).

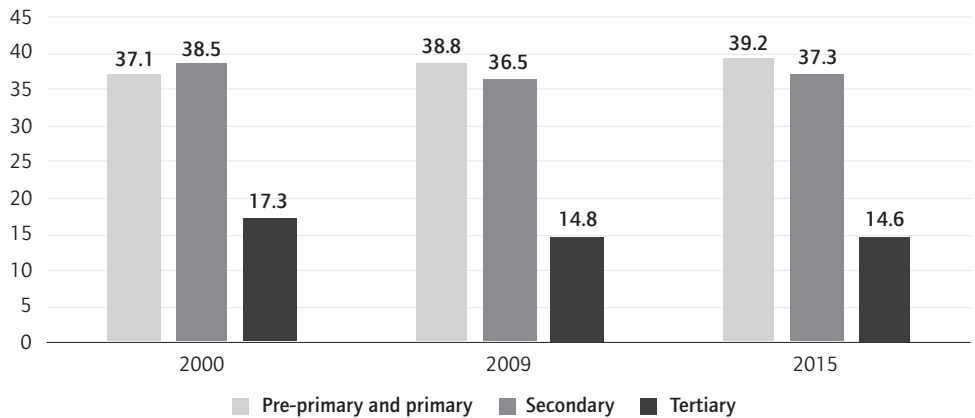
When it comes to the internal structure of education spending, figure 5 shows how primary education has increased its percentage within total public expenditure on education together with secondary education. In contrast, spending on tertiary education has fallen.

Figure 4 Public expenditure on education as percentage of GDP, 2000-2015



Source: Eurostat.

Figure 5 Public expenditure on education, by type of education, as percentage of total expenditure on education, 2000-2015



Note: Figures do not represent 100% of expenditure. Other expenditures not related to the different education levels have been excluded from the chart.

Source: Eurostat.

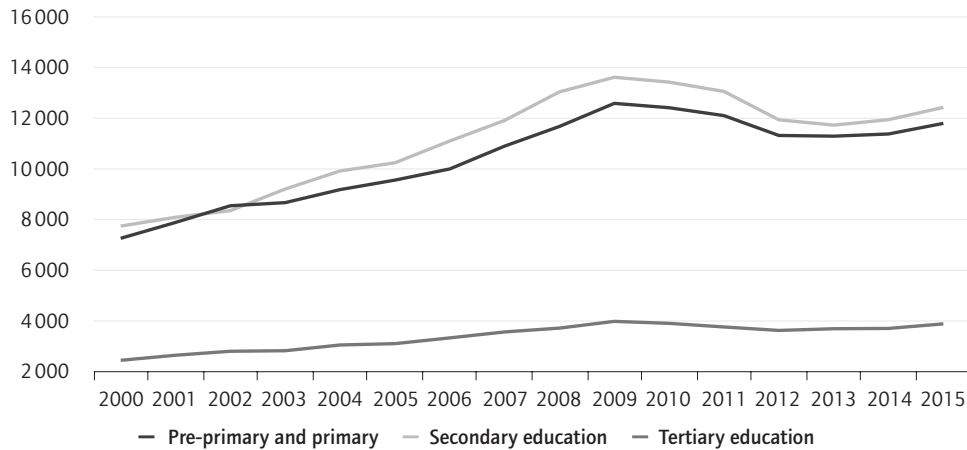
The adjustment in the education sector has taken place mostly through a reduction of employee wages (see figure 6). Two main factors can be identified behind this decline. On the one hand, the 5% reduction of public employees' salaries and, on the other hand, the lower number of people working for the administrations. In the case of education, the number of staff has decreased by 18 000, equivalent to 3.5% of the total in 2009, according to the statistical bulletin of the public administration staff.

Cutbacks in human and educational resources include cuts to investments in infrastructure, furniture and equipment for all levels of education, and a general decrease in the operating costs of schools. On the other hand, a great number of



programmes have disappeared from schools whose purpose was to ensure equality of opportunity and improved school performance and, in addition, there has been a decrease in the provision of support, reinforcement and educational guidance.

Figure 6 Compensation of employees in the public education system, by type of education, in euro millions, 2000-2015



Source: Eurostat (2018).

One of the aspects that trade unions have drawn attention to, due to its potential impact on the quality of education, apart from those already mentioned, is the effective disappearance of programmes for the permanent training of teachers, the reduction and, in some cases, the disappearance of training centres, the disappearance of leave for training etc. In a sector such as education, this is particularly worrisome, as it has a direct impact on teachers' ability to adapt new contents and instruments.

#### 4. Hospitals

Collective bargaining in the case of public hospitals also has a multi-level structure:

- General bargaining table at the state level for all public administrations;
- State level bargaining table for health;
- Regional level bargaining table for health;
- Collective bargaining at the hospital level.

In the case of the health sector, the trade union landscape is characterised by the co-existence of three different types of trade unions that are most representative at the national level:

- The two largest class-based confederations, CCOO and UGT;
- Two occupational trade unions, the Nursing Union (Sindicato de Enfermería, SATSE) and the State Convergence of Doctors and Nurses (Convergencia Estatal de Doctores y Enfermeras, CEMSATSE);
- One public sector trade union, CSIF.

At the regional level, the trade union landscape in Catalonia exhibits some differences with respect to the general one. In particular, there are five trade unions:

- The two largest class-based confederations, CCOO and UGT;
- An occupational trade union whose scope is limited to Catalonia: Metges de Catalunya (Doctors of Catalonia);
- An occupational trade union that can also be found at the national level, SATSE;
- Catalan Trade Union Alternative – Health Workers’ Co-ordinator – Autonomous Trade Union of Catalan Public Administration (Intersindical Alternativa de Catalunya - Coordinadora de Treballadors i Treballadores de la Sanitat - Candidatura Autònoma de Treballadors i Treballadores de l’Administració de Catalunya, IAC-CTS-CATAC).

On the employer side, at the national level there is the Ministry of Health, Social Services and Equality. At the regional level, there is the Catalan Health Institute (Institut Català de la Salut, ICS).

The composition of bargaining tables both at national and regional levels has remained stable over the last fifteen years, with only minor changes in the number of delegates each trade union has.

Similarly to what has been mentioned in the case of primary education, one of the most interesting developments in relation to actors in the health sector and hospitals is the appearance of new actors during the crisis that have played an important role. This is the case with the so-called *Marea Blanca* (White Wave) (Bayle y Ruiz 2014). The White Wave was a series of actions, including strikes and demonstrations that started in 2012 in Madrid against plans from regional government to privatise the public healthcare system. The movement then extended to other regions and became a state-wide movement. These actions took place at the regional level, as health policy and hospitals are decentralised, and have been particularly important in Madrid, Catalunya and to a lesser extent Andalusia. In contrast to the case of education, in the *Marea Blanca* doctors and nurses’ trade unions have been actively involved and have played a more important role, as the organisation of two general strikes in 2012 and 2013 in Madrid showed. However, they have also tried to build a coalition with other civil society actors in order to gain visibility and social support.

In spite of the extremely negative context of austerity policies and citizens’ declining trust in trade unions, these public sector mobilisation experiences have been effective in two senses. First, in some cases (most notably in the case of healthcare in Madrid) they have managed to hinder the implementation of some of the most radical privatisation proposals (Valdivieso 2014). More importantly, adopting a long-term

effectiveness approach, these mobilisations have allowed trade unions to build broader social coalitions with other civil society actors and citizens sharing similar perceptions of these specific issues.

The White Wave also continued through the post-crisis period with the creation of regional platforms. The most important one is probably The Platform in Defence of Public Health in Madrid (Plataforma para la Defensa de la Sanidad Pública en Madrid, MEDSAP).<sup>6</sup> It is composed of neighbourhood associations, user groups, co-ordinators, social movements, trade unions, civil society platforms, health professionals and popular assemblies of the ‘indignados’ movement whose fundamental objective is the defence of public healthcare and the fight against the process of privatisation.

#### 4.1 Collective bargaining dynamics

Analysis of collective bargaining dynamics in the healthcare system needs to be considered in the light of the short-term changes associated with the economic crisis but also taking into consideration a long-running process of reform in the public healthcare system (Ochando 2005). In particular, there has been a tendency towards the introduction of private management schemes and techniques in the hospital system, together with a gradual and partial privatisation since the early 1990s. The public healthcare system in Spain has been decentralised at the regional level where it is managed. In 2002, the process of decentralisation culminated in the transfer of powers to those regions where the healthcare system was still managed at the state level. This would explain the existence of significant (and increasing) disparities across regions in the number of hospitals, doctors and beds per inhabitant. These changes have also affected employment relations and collective bargaining in the hospital system.

In the case of hospitals, negotiations during the crisis proved to be very difficult. The last agreement signed was in 2009, when the crisis had not yet hit the public sector. Since then, public employees in the public healthcare system and the hospital sector in particular, have experienced a significant deterioration in working conditions, including real wage cuts (5% reduction plus elimination of the thirteenth and fourteenth month salaries) and a growth in temporary appointments. The growth and abuse of temporary appointments, very often covering structural needs, has been the main grievance for doctors and nurses in hospitals during and after the crisis.

Since 2009, there has not been any agreement between trade unions in the health sector and governments at either the national or regional level. Cuts associated with austerity policies have been accompanied by attempts to extend private management of the healthcare system and the privatisation of parts of it. Because of the combined effect of these two trends, several protests and demonstrations were organised by trade unions and other civil society actors in the health sector against these policies.

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6. See <https://mesaendefensasanidadpublica.wordpress.com>

Between 2010 and 2015, the relationship between trade unions and employers at the national or regional level was characterised by conflict. In this period, negotiations were limited to specific issues. Social dialogue accordingly played no role in governing the implementation of austerity measures in the hospital system.

One of the few exceptions to this happened in May 2013, when trade unions and employers started negotiations on the integration of doctors and nurses into the national healthcare system. The meeting came about after trade unions put pressure on the government and filed a complaint with the ombudsman. This meeting served to temporarily restore collective bargaining at the state level in the health sector.

However, it was not until 2015 that the dialogue was fully re-established. Social dialogue and collective bargaining between employers and trade unions were resumed from 2015 onwards. Negotiations have focused on restoring some of the working conditions lost during the economic crisis. In the case of hospitals, the most important topic on the agenda of trade unions has been the reduction of temporary appointments, whose number increased significantly over the crisis period. In order to address this problem, several measures were proposed by trade unions and employers. In a recent document presented by trade unions on 22 March 2017, they included some detailed proposals to combat the excessive level of temporary employment in the hospital sector. Among other proposals, they set 8% as the maximum percentage of temporary employment to be allowed, provided a clear and precise identification of the causes that lead hospitals to open temporary appointments, and demanded an increase in job openings in the hospitals in order to transform temporary into open-ended contracts.<sup>7</sup>

A similar pattern can be observed at the regional level in the case of Catalonia, where an agreement was signed in September 2017 with the regional government in order to restore working conditions (including wages) back to the 2012 levels for workers in the public healthcare system.

## 4.2 Reform policies: the role of industrial relations

Two major long-term trends have characterised the reform of the public healthcare system in Spain. First, a decentralisation to the regional level, whereby regions have gradually been transferred the management of the healthcare system. Secondly, the gradual introduction of private management techniques and practices as well as public-private partnerships (Esteban and Arias 2016, Sanchez *et al.* 2013). Due to its decentralised character, the extent to which different regions have introduced private logic has varied quite markedly. There is very little evidence of involvement of social partners in the debates and drafting of these reforms.

7. See [http://www.sanidad.ccoo.es/websanidad/Noticias%3AActualidad%3A1017411--Los\\_sindicatos\\_del\\_Ambito\\_de\\_Negociacion\\_registran\\_en\\_el\\_Ministerio\\_de\\_Sanidad\\_sus\\_propuestas\\_sobre\\_temporalidad\\_en\\_el\\_SNS](http://www.sanidad.ccoo.es/websanidad/Noticias%3AActualidad%3A1017411--Los_sindicatos_del_Ambito_de_Negociacion_registran_en_el_Ministerio_de_Sanidad_sus_propuestas_sobre_temporalidad_en_el_SNS)

The 2008 crisis and austerity policies have led to the implementation of three main types of reforms (Bacigalupe *et al.* 2016). First, legal reforms aimed at curtailing some of the services or introducing co-payment schemes. This has been the case for medication. In some regions, the list of medication provided free of charge by the public healthcare system has been reduced. In others, there has been an increase in their co-payment rate. Secondly there have been renewed attempts at privatisation of the public healthcare system. This new wave of privatisation has taken place through an increase in the outsourcing of some services to private centres and a further extension of private-sector management techniques into the public healthcare system. The third type of reform has consisted of spending cuts, applied to different degrees and in different ways across regions.

The decentralisation of the healthcare system explains the differences observed between regions in the extent and form in which these reforms have been implemented. Hence, there have been some regions (including the Basque Country) where hardly any crisis-related reforms have been implemented, whilst others, including Andalusia, Catalonia and Madrid have introduced far-reaching changes.

During the crisis, the right-wing Partido Popular government enacted an urgent law to ‘guarantee the sustainability of the national healthcare system and enhance its quality’ (2012) that not only implemented some savings mechanisms (for instance, the centralised negotiation of acquisition of certain treatments or medicines in order to benefit from economies of scale). It also contained other measures aimed at introducing rationalisation like the creation of a common professional scale for all Autonomous Communities in order to facility mobility between the regions, the creation of a central registry of health professionals, as well as the centralised setting of common standards for the compensation of public health workers. With the 2012 reform, the Spanish government went against the principle of universal coverage and 873 000 non-residents were excluded from access on the basis of the criteria laid out in this law (Legido *et al.* 2013).

With the new law, individuals losing entitlement to comprehensive care retain protection if they are younger than 18 years; during pregnancy, delivery, and the post-partum period; and for emergency care after serious illness or injury. However, there are many obstacles. *Medicos del Mundo* documented 1 192 cases of people unable to obtain care services due to lack of appropriate documentation, conflicting interpretations of the decree and discrimination. Such changes could have serious consequences for population health, especially with regard to tuberculosis and HIV infections, and could threaten access to mental health, addiction, and chronic care services for vulnerable populations, such as the homeless.

In the case of Catalonia, several reforms have been adopted since 2010, including dismissal of temporary workers, a reduction in the budget, an increase in non-remunerated working hours, closure of services and hospital beds, changes in the prioritisation criteria of waiting lists, among other measures (Gallo and Gené-Badia 2016: 79).

A common feature of these reform policies is that in any case there has not been any involvement of social partners in their discussion or drafting. The idea of emergency and financial exceptionalism has led to the adoption of a unilateral approach that contrasts with previous attempts at reform where regional governments tried in many cases (though with differences across regions in the intensity and the form of involvement) to set up social dialogue processes with trade unions in order to negotiate working conditions. Overall, the role of industrial relations actors in public healthcare and hospitals in particular was limited until the crisis, and from then it was non-existent until 2017-2018. Not only have social partners been marginalised in the reform process, but some studies of public health workers' perceptions of austerity measures (Heras *et al.* 2016) show that they condemn the short-termism of the reforms and the fact that health professionals haven't participated at all in the drafting and implementation of these reforms.

The limited role played by social dialogue contrasts with the importance attained by the White Wave in influencing public opinion and eventually forcing some regional governments to withdraw some reforms. The White Wave has framed its discourse around the need to guarantee the quality of public health and therefore, to oppose the cuts introduced under austerity. Placing the focus on the quality of the system and not just healthcare workers (as trade unions usually did) has allowed the White Wave to gain broad social support. Thanks to this support, the White Wave has carried out several actions and demonstrations, particularly in the Madrid region, but also Andalusia and Catalonia. In some cases, including that of Madrid, there has been a retreat by the regional government from pursuing some of the policies announced.

### 4.3 Impact of reform policies on hospital workers' working conditions

There is consensus around identifying 2011-12 as the turning point for working conditions and social dialogue in the public health sector in Spain and Catalonia. In the case of Catalonia, estimations show that the public healthcare system had around 44 500 workers in 2011 and currently has 37 000.

In addition to job losses, wage cuts and increases in working hours, another non-economic effect of the crisis was growing competition between workers. Three factors can explain this growing competition:

- First, fear of losing their jobs;
- Second, the introduction of new management systems. More specifically, the introduction of individual targets and remuneration systems since 2006;<sup>8</sup>
- Finally, different types of contracts for people performing the same tasks is also a source of conflict as it provides different incentives depending on whether the worker has the right to receive a productivity premium.

8. II Acord mesa sectorial de negociació de sanitat sobre les condicions de treball del personal estatutari del ICS, 19 July 2006. See text at [http://governacio.gencat.cat/web/.content/funcio\\_publica/documents/empleats\\_publics/Acords\\_pactes\\_convenis/Estatutari-ICS\\_Acord-2006.07.19.pdf](http://governacio.gencat.cat/web/.content/funcio_publica/documents/empleats_publics/Acords_pactes_convenis/Estatutari-ICS_Acord-2006.07.19.pdf)

Several studies have also mentioned an increase in employee stress levels in public hospitals. Thus Muñoz *et al.* (2017) observe an increase in burnout among nurses in public hospitals because of the economic crisis (also SATSE 2012).

The public health sector in Spain and hospitals in particular, has been characterised by a steady increase in the number of employees with unstable contracts. Employees in lower level categories mostly hold these atypical contracts. However, precariousness also increased among the highest skilled employees in public hospitals such as doctors during the crisis. This is due to the ban on new jobs imposed by the governments since 2010, meaning that many doctors occupy an interim position until their permanent job position is available. Being on an interim contract implies lower protection and a higher risk of dismissal, as indeed occurred during the last three years (according to trade union representatives).

As pointed out by Hernández (2005), even before the crisis there had been an increase in the number of non-civil servants in the public hospital sector. The working conditions of these employees are regulated in their collective agreements, but they do not enjoy the benefits and opportunities (in terms of promotion, geographical mobility, functional mobility etc.) enjoyed by civil servants. In other words, in the same public healthcare centre and/or system there are workers performing similar tasks and with similar responsibilities, but with very different rights (Hernández 2005).

Notwithstanding the above, employment stability and the predominance of civil servants characterised employment relations in the public hospital sector, with the only exception being Catalonia, that had developed a model not based on civil service. However, the crisis has led to an increase in the number of workers with temporary contracts, which has been particularly intense in the case of Andalusia and Madrid (El País 14-10-2014). Around 17-20% of workers in the healthcare system in 2014 had a fixed-term contract (Gaceta Sanitaria 2014). A recent study by the Federation of Health and Healthcare Sectors of CCOO (using data from EPA) states that the rate of temporary employment (fixed-term + interim positions) reached 30.48% of the staff in 2015, with differences ranging from 23.5% in Galicia to 59% in the Canary Islands.

In the case of the public sector, the human resource manager of the Catalan healthcare system (CATSALUT) argued that the only forms of atypical employment used are the following two: bridging or substitution agreements (*contratos de relevo*) and contracts for temporary disability or illness. The first option is more common, and used to cover hours available from early-retired workers. The second option is usually used to allow the incorporation of new employees when older workers retire. The profile of persons hired under these contracts, according to the HR manager of CATSALUT is similar to the average for the whole system; women around 30-35 years with Spanish nationality.

The interviews highlight difficulties experienced during the crisis to engage in dialogue with workers' representatives and trade unions in order to improve the situation of precarious workers. Trade unions on the one hand have denounced the abuse of temporary and interim contracts to occupy structural positions in public hospitals. Even though there is certainly a need to rely upon fixed-term contracts to cover

temporary shortages, trade unions criticise that the number of temporary contracts signed in recent years by far exceeds those needs. This contrasts with the views expressed by managers, according to whom the use of atypical forms of employment is rather negligible.

Paradoxically, the increase in temporary employment in the public sector in general, and the healthcare sector in particular, is also explained by the lack of a ceiling on the percentage of workers with this type of contract out of the total number of workers. In contrast, most collective agreements in the private sector contain a maximum percentage of workers with temporary contracts (Montoya Melgar *et al.* 2008). This percentage varies across regions, but is on average 20%. Furthermore, private hospitals are obliged to give permanent contracts to workers who have been on temporary contracts for two years within a 30 month period, as stipulated by law. None of these limits apply to public hospitals. Thus, as pointed out by a representative of the Catalan Public Health Department, the use of temporary contracts in public hospitals is not regulated by these clauses.

The situation seems to have improved recently for several reasons. First, the improvement in the economic context and the relaxation of financial pressures on governments. Secondly, the signing of an agreement to enhance the quality of employment by the government and the most representative trade unions at the national level in the public sector, has introduced a maximum percentage of workers hired under temporary contracts. This is expected to have a positive impact on the number of workers with temporary contracts. Finally, some complaints filed by temporary workers in the public healthcare system have been resolved favourably for the worker, thereby opening the door to changes in this regard. In 2016, a judgement by the European Court of Justice supported the case of a nurse who was hired on a temporary basis in 2009, but has seen her contract renewed several times since then. The ECJ has criticised the use of temporary contracts for structural purposes in the Spanish health sector, arguing that it creates a situation of precariousness for employees. As a result of this judgement, the Spanish Ministry of Labour and Social Affairs initiated a process of social dialogue with trade unions and employer organisations in order to explore mechanisms to reduce temporary employment in the health sector, in the light of expectations that many health workers with fraudulent temporary contracts or in an interim position would demand compensation.<sup>9</sup> More recently, a judge in Barcelona ruled in favour of a nurse who had 268 temporary contracts in seven years of service. The tribunal ordered the hospital to employ the nurse on an open-ended contract.

#### 4.4 Impact of reform policies on public hospitals

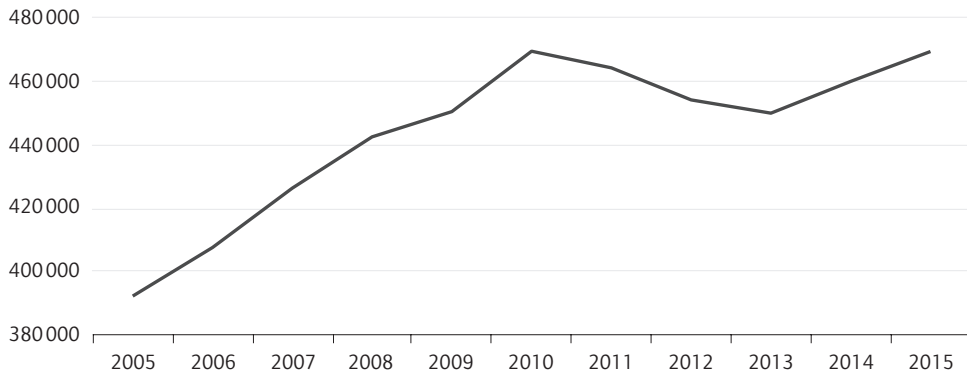
The impact of reform policies in the hospital sector has had both a quantitative as well as a qualitative dimension. From a quantitative point of view, the reform policies implemented during the crisis period led to a drop in employment levels for public

9. See [https://elpais.com/economia/2016/10/17/actualidad/1476730657\\_970870.html](https://elpais.com/economia/2016/10/17/actualidad/1476730657_970870.html)



hospital workers after 2010 (figure 7). This decline was reverted in 2014, when an increase was again reported. This decline was the result of the application of reforms since 2010, including the dismissal of some workers with temporary contracts and the lack of replacements in the public sector.

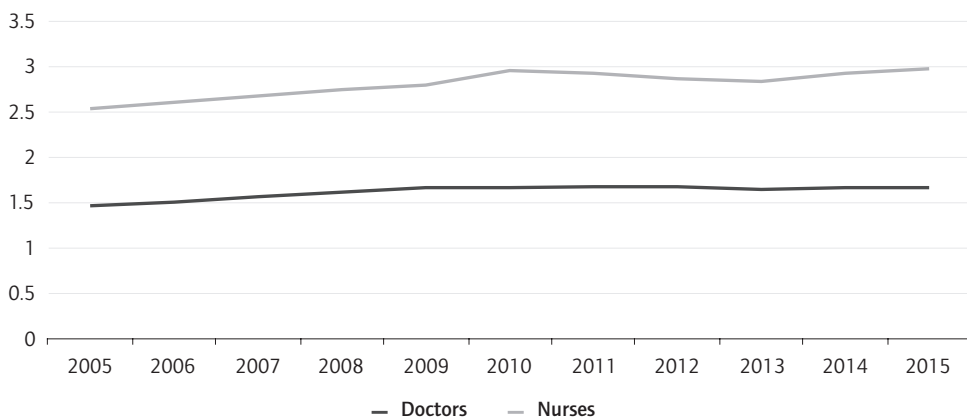
Figure 7 Nurses and doctors employed in public hospitals, Spain 2005-2015



Source: Hospital indicators 2010-2015, Ministry of Health, Social Services and Equality.

When we look at doctors and nurses per thousand inhabitants (figure 8), a ratio very often used as proxy of quality in the system, we can observe how in the case of nurses the upward trend ended with the crisis, and from 2010 until 2013, the ratio of nurses per 1000 inhabitants declined. Since 2013, this ratio has been growing again. In the case of doctors, the picture is one of stability since the crisis started in 2008.

Figure 8 Number of doctors and nurses per 1 000 inhabitants in public hospitals, 2005-2015

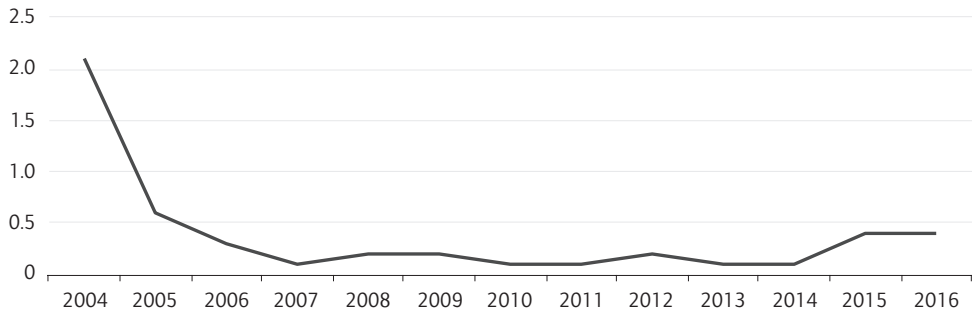


Source: Hospital indicators 2010-2015, Ministry of Health, Social Services and Equality.

It is more difficult to assess the impact of reform policies on the quality of the services delivered by the health and hospital sector. Several reports have pointed to an erosion

of services delivered because of the crisis. Some of these indicators refer to resources, such as the number of hospital beds, that have declined during the crisis from a peak of 162 538 in 2011 down to 157 665 in 2016. However, when it comes to assessing the impact on the quality of the system, there are less indicators available. Figure 9 for example shows an increase from 2014 onwards in the number of self-reported unmet needs for medical examination, which can be taken as an indicator of service quality. Other indicators such as the waiting time for an operation also show an increase during the crisis from an average of 76 days in June 2012 up to 104 days in June 2017.

Figure 9 Self-reported unmet needs for medical examination (% of population)



Source: Eurostat.

## 5. Municipalities

In the case of municipalities, collective bargaining takes place at several levels, including:

- General bargaining table at the state level for all public administrations;
- Regional level general bargaining table;
- Collective bargaining at a local level.

There is no aggregate data for the most representative trade unions at the local level. In each municipality, elections define the trade union representatives. The estimates place CCOO, UGT and CSIF as the trade unions having the largest number of representatives at the local level.

In the case of Barcelona, several trade unions have been involved in negotiations. CCOO and UGT have participated in all negotiations and agreements, while other trade unions have been involved sometimes. This is the case of the general trade union CGT and the Local Police Trade Union (Sindicat d'Agents de la Policial Local, SAPOL).

The regulation of public employees' working conditions at the local level was characterised by a high degree of fragmentation before the 2007 EBEP was approved. The reason for this fragmentation was that the law obliged municipalities to have two 'negotiation tables': one for public servants and the other for workers under private

labour law. Moreover, each public company at a local level should also conduct its own negotiations and collective agreement.

The 2007 EBEP facilitated a single table for all local level public employees. By bringing together both civil servants and non-civil servants, any agreement would serve to determine common issues for public employees.

The development of collective bargaining in the municipalities accordingly faced several obstacles:

- First, the local level has limited room for manoeuvre, as most conditions are set at a regional or even national level. Therefore, actors at the local level have limited space to negotiate;
- Secondly, many municipalities in Spain are too small to have trade union representation structures or even a union with the capacity to negotiate a collective agreement. It is estimated that around 84% of all municipalities in Spain have less than 5 000 inhabitants (Portillo 2016);
- Finally, collective bargaining in municipalities in Spain has traditionally been characterised by fragmentation. This fragmentation is caused, first, by the different status of civil servants (*funcionarios*) and public employees under general labour law regulations; and, second, by the duality generated by this difference which widens in the case of large municipalities because of the existence of independent negotiation tables for each of the corporations at a local level (public companies or *corporaciones locales*). Large municipalities have their own collective agreements whilst smaller ones negotiate within federations at a regional level. Furthermore, public companies managed by the municipality had their own collective agreements.

In order to overcome some of these problems and obstacles, framework collective agreements are signed at regional and provincial levels, setting working conditions for workers in municipalities with less than 2 000 inhabitants. In the case of Catalonia, this type of agreement was signed in 2014.

In Barcelona, the most representative trade unions are UGT and CCOO, both of which signed the collective agreement for 2008-2011, and then extended it in 2015, with their wage tables being updated in 2015. Collective agreements were signed for several local public entities and bodies, including transport, cleaning etc.

## 5.1 Reform policies: the role of industrial relations

Over the last fifteen years, there have been three main reforms affecting public employment in the municipalities sector.

The first reform was the 2007 EBEP, that affects all public employees, but that had a particularly significant impact for the municipalities as it enabled negotiations over common issues for civil and non-civil servants around a single table. By doing this,

the EBEP contributed to reducing the fragmentation that had characterised collective bargaining and social dialogue in the municipalities sector.

The EBEP was negotiated by the Socialist government of Zapatero with trade unions and constituted an attempt to modernise public sector industrial relations in Spain. However, as pointed out earlier, the impact of the reform was limited because the emergency conditions imposed by the crisis hindered its implementation, and in many ways led to policies going in the opposite direction to those envisaged in the EBEP.

The second important reform in the municipalities sector was Law 27/2013 (Law on the Rationalisation and Sustainability of the Local Administration). This reform was approved by the PP government under the emergency conditions of the crisis without any negotiation process with social partners. One of the most important consequences of the reforms and changes during the crisis years has been a certain recentralisation which contrasts with the long-term trend towards greater autonomy for sub-national governments, public agencies and autonomous public services. In its attempt to reduce the fiscal deficit and to keep the wage bill under control, the central government has relied upon two main tools. First, it imposed some of the measures to lower spending levels, including the wage cuts as well as the ban on new hiring or a very low replacement rate. Secondly, it imposed stringent budgetary constraints and lowered the transfers from central to regional and local levels. The best example of this recentralisation is found in Law 27/2013 that introduced new rules for local governments. Two aspects of this law are particularly important regarding the role of public employers:

- The first is the limitation of the competences assumed by local governments in order to guarantee their financial and fiscal sustainability. As pointed out by Mellado (2015) the logic behind Law 27/2013 responds to the financial and fiscal imperatives imposed by central government rather than an attempt to modernise and rationalise personnel policies at the local level. Together with this, the traditional subordination of local government to the central government and later on, to the regional government remains. In this vein, the law establishes that the delivery of non-compulsory services by local governments to citizens is conditional upon the fulfilment of fiscal stability. This means that a number of services that had been gradually assumed by local government will no longer be delivered at this level thanks to an increase in deficit. This most notably includes social services in large municipalities that will be delivered by regional governments;
- Secondly, Law 27/2013 has created the figure of nationally accredited local government civil servant (*funcionarios de administración local con habilitación de carácter nacional*). According to the text, this will enhance the autonomy of public employees at the local level and the quality of the services provided, whilst at the same time increasing the control exercised by central level administration over the local level. In particular, the central administration recovers the capacity to select, recruit and approve the candidates for civil servant positions at the local level. The stronger role attached to the local supervisor (*interventor local*), together with the limits imposed by the central government on the number of employees at the local level and their wages, imply a recentralisation of the public

sector. This later measure is particularly important, as it has implied a ‘de facto’ loss of autonomy in personnel policies for local level governments.

However, the real impact of Law 27/2013 has been limited due to the non-application of some of the most controversial aspects of the reform (Castillo 2016). In particular, one of the aspects contained in the reform consisted of a reorganisation and rationalisation of competences and services delivered at the local level. This was one of the aspects that could have had a stronger impact on public employment at this level. However, there has been strong resistance to reducing these services from some local and regional governments.

Finally, the third most important episode has been the signature of framework agreements with trade unions, mostly in the post-crisis period, covering the smallest municipalities. These agreements have the objective of setting common working conditions for workers in municipalities under a certain threshold (in the case of the 2014 framework agreement signed in Catalonia, it was 20 000 inhabitants). Even though some municipalities below the threshold may negotiate their own collective agreement, the conditions negotiated have to take those contained in the framework agreement as a reference. The impact of these frameworks is two-fold. On the one hand, they contribute to ensuring the negotiation of working conditions for all municipal workers, irrespective of their municipality’s size. In addition to this, the framework agreements serve to guarantee minimum standards and to reduce disparities between workers.

## 5.2 Impact of reform policies on public employees’ working conditions at the local level

There is agreement among scholars and practitioners around the greater impact of austerity policies and local-level reforms on the number of public employees and their working conditions. These policies have aggravated the situation of local-level employees that, compared to the regional and state administration, already suffered the worst working conditions. In particular, not only have wages traditionally been on average lower in the municipalities, but this sector has also been characterised by an above average incidence of temporary employment.

As has been already mentioned in the previous section, the impact of specific reforms on the municipalities sector during the crisis was less severe than initially expected.

The variety of circumstances as well as the lack of data makes it impossible to provide a general assessment of the impact of reform policies on public employees’ working conditions at the local level. However, there are some shared characteristics of this impact:

- The first characteristic is a quantitative adjustment in the number of local public employees based on laying off temporary workers. Before the 2008 crisis, the growth in employees in the municipalities sector took place predominantly through temporary appointments. Between 2009 and 2013, the reduction in the

- number of public employees on temporary contracts at a local level was 20%, compared to a 3% increase for local-level civil servants;
- Secondly, there has been a reduction in the wages of public sector employees at a local level.

Finally, it should be mentioned that the Law on Rationalisation and Sustainability of the Local Administration, in effect from 2014, establishes a series of actions aimed at the elimination of duplication and the generalised application of efficiency criteria by the local administration, which can have effects on the structure of personnel in those administrations. In addition, this law reduces the number of temporary staff and full-time public positions depending on the population of the municipality.

### 5.3 Impact of reform policies on municipalities

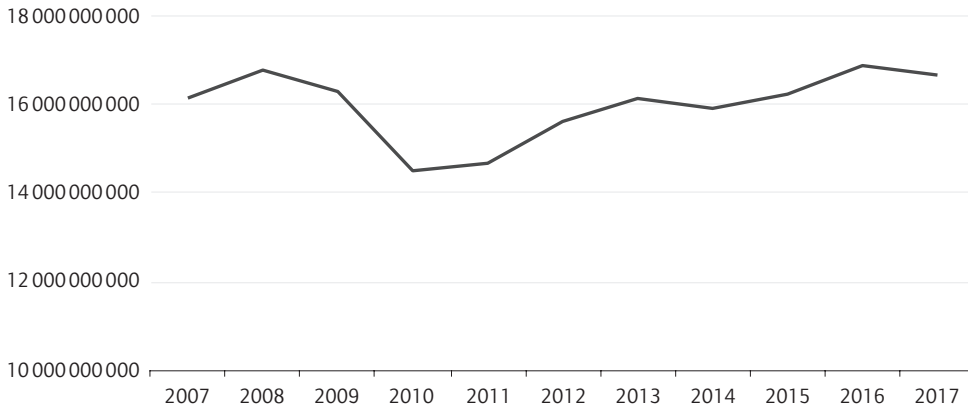
It is very difficult to assess the impact of the previously mentioned reforms on the quality of services provided at the local level. On the one hand, the impact varies greatly from municipality to municipality depending on its size. Secondly, because of the variety of services provided by municipalities, it is very difficult to provide a general assessment of the impact of reforms on the quality of services. Finally, the impact of these reforms, and in particular Law 27/2013, depends on their implementation through administrative acts at a regional level. As some authors have pointed out (Almeida 2015), the existing evidence on the impact of the law on the competences of municipalities points towards a limited reduction, due to the difficulties of implementing certain aspects, as well as the opposition of some regional governments to doing so (also Gracia 2016).<sup>10</sup>

There are however some indicators that would allow us to approximate this impact, based on the contents and objectives of reform:

- A first crucial aspect of the reform consists of limiting the capacity of municipalities to provide certain services, depending on their size. This has ‘de facto’ meant that in the smallest municipalities, some services are no longer provided or are co-ordinated and provided by higher-level structures. Under some circumstances, this recentralisation may lead to poorer quality of services, due to the difficulties of meeting local needs through supra-local management. Some authors have pointed out how this effect could be potentially important in the case of social services (Barriga Martín 2014);
- Secondly, the reduction of staff, particularly in the smallest municipalities will certainly have an impact, not only on the quality of services delivered, but also on their number.

10. See [https://politica.elpais.com/politica/2014/08/17/actualidad/1408304126\\_035627.html](https://politica.elpais.com/politica/2014/08/17/actualidad/1408304126_035627.html), Las autonomías frenan la ley que les obliga a asumir servicios municipales.

Figure 10 Financial transfers from central government to municipalities, 2007-2017  
(in total million euros)



Source: ???.

An indirect indicator of the impact is the volume of transfers from central government to the local level. These transfers are necessary, particularly for the smallest municipalities, in order to provide certain public services as they reduced capacity in order to obtain fiscal revenues. As figure 10 shows, these transfers experienced a decline in the years 2008-2011. Since then, they have recovered steadily, and by 2016, they had already returned to 2008 levels.

## 6. Conclusions

Public sector employment relations in Spain in the years following the 2008 crisis have faced significant challenges that have led governments to implement a combination of short-term and long-term adjustments, which will certainly have implications for the future. Governments' responses to these challenges under austerity have shifted from the implementation of short-term cost cutting measures (2010-2012) characterised by state unilateralism, towards a more structural long-term reform approach taken more recently (2013-2015). In the first phase, the response orchestrated by both left and right-wing governments can be described as a coping strategy on the part of the state (Lodge and Hood 2012), though in some regions governed by right-wing governments, this opened a window of opportunity for advancing a liberalising and marketisation strategy. At a second stage, the short-term saving measures were maintained, but at the same time, the government pushed for a more ambitious reform of public sector organisation in Spain in order to enhance its efficiency. It is still difficult to assess the impact of this reform as it is still underway in many aspects. However, some of the pieces of regulation already passed point towards a reversal of some of the long-term trends in the Spanish public sector and in particular, the process of decentralisation.

It is important to highlight the asymmetric impact of austerity measures across sectors and/or levels of government. Even though there has been a generalised deterioration

in public employees' working conditions and in the quality of public services delivered, public employees at regional and more importantly, local levels have to a higher degree been affected by austerity measures. Moreover, the adjustment has been more intense for public employees than for civil servants because of their different regulation. In this regard, the dualisation that characterises public sector employment relations in Spain remains, in spite of the attempts by the 2007 EBEP to close the gap between the two groups of employees.

Looking at the three sectors compared in this report, we can observe some similar trends regarding the development of collective bargaining that respond to the recentralisation triggered by austerity policies. This is the case when we look at collective bargaining dynamics, that in all three cases have been interrupted since 2011 and have only started to recover from 2015 onwards, with 2017 being the year when agreements were reached in all sectors in order to overcome some of the consequences of austerity for public employees.

A second commonality is the emphasis on improving working conditions for employees that had been eroded significantly during the crisis in all sectors. Here there are some differences in relation to the type of impact. Whilst in the primary education and hospital sectors this impact has mostly consisted of an increase in the number of employees with temporary contracts, the impact on the local government sector has been more intense in terms of a decrease in number of employees.

Table 1 Comparative summary of the trade union landscape in the three sectors

Primary education	Municipalities	Hospitals
Occupational predominate (USTEC, ASPEC, in the case of Catalonia)	CCOO	CCOO
Class-based: CCOO (UGT marginal)	UGT	<i>Metges de Catalunya (occupational)</i>
Low membership of class-based trade unions	Within the public sector, there is more affiliation in the local sector (15-20%)	SATSE (occupational)
Identification with other actors / movements ( <i>Marea, Assamblea grega</i> ) as trade unions have been marginalised	In the case of Barcelona, CGT and ASPOL also relevant	UGT
		CATAC-CTS-IAC
		Low membership of class-based trade unions

Source: Authors' elaboration.

Table 2 Comparative summary of trade union objectives and strategies in the three sectors compared

Primary education	Municipalities	Hospitals
Reduce temporary employment	Equalise rights and bargaining status of civil servants and public employees	Reduce temporary employment
Reduce teaching hours	Sign a framework agreement for all municipalities	Improve conditions of part-time workers
Reduce student/teacher ratio		

Source: Authors' elaboration.



In relation to actors, the three confederations that have historically played a more important role for the whole of the public sector maintain their position. However, two trends emerge from the analysis as being particularly important in order to understand industrial relations and the trade union landscape in the public sector. First, a growing fragmentation on the trade union side due to the importance attained by occupational/professional trade unions. Even though this is more noticeable at a regional level, it is nonetheless an important development with significant implications for the development of collective bargaining. This trend is more significant in the case of primary education and health. Secondly, new actors have played an important role in the case of hospitals and primary education with the *mareas*. This, together with the steady growth of occupational trade unions in these two sectors, constitute two relevant developments in the configuration of industrial relations in these two sectors.

Trade unions in all three sectors share a similar objective of reducing a growing dualisation in the public sector. This dualisation has several dimensions, but the crisis has contributed to widening the gap between employees under temporary and open-ended contracts, and also between civil servants and public employees. Even though the 2007 EBEP aimed precisely at closing this gap between the two types of public employees, the disparate protection enjoyed by these types of workers has become apparent in the crisis years.

Table 3 **Comparative summary of relationship between trade unions and employers in the three sectors analysed**

Primary education	Municipalities	Hospitals
Conflict and different priorities in the agenda Important differences on the union side: occupational trade unions maximalist in their positions	Generally good With municipalities governed by new parties (Podemos), there are problems	Difficult to negotiate because different groups have very different interests: fragmentation on the union side But also fragmentation on the employer side: different application/implementation of agreements across provinces

Source: Authors' elaboration.

The implications of the growing fragmentation on the union side have also become clearer during the crisis years. Both in the case of hospitals and primary education, where the landscape is more fragmented, tensions have arisen when negotiating agreements between different trade unions. In some cases, negotiations have failed precisely because of lack of consensus on the union side. However, the main reason for the deterioration of social dialogue and collective bargaining during the crisis has been the unilateral imposition by governments at the national and regional level of policies with a direct impact on public employees. In the context of public sector social dialogue, most sectors have seen conflict and strikes triggered, and other forms of protest.

The process of decentralisation in Spain means that collective bargaining and social dialogue take place mostly at a regional level. Even though there are some instances of general co-ordination for the whole public sector at the central/national level, it is at the regional level where most working conditions are set. Before the crisis, there had been

some attempts to introduce clear principles in the structure of collective bargaining. These included the 2007 agreement on the articulation of collective bargaining in the public sector, but also the EBEP. With the crisis, substantial changes in the working conditions of public employees were imposed by the central government, then implying an effective recentralisation in the structure of collective bargaining. In the post-crisis period, collective bargaining has been going through a process of restoration in most sectors and levels.

**Table 4 Comparative summary of social dialogue structure in the three sectors analysed**

Primary education	Municipalities	Hospitals
Centralised: agreements for all public primary education centres in Catalonia More autonomy for directors of public primary schools weakens social dialogue	Decentralised collective bargaining structure: only municipalities until 2014 Since 2014 framework agreement for all municipalities below 20 000 inhabitants Budgets have imposed limits on collective bargaining Law on the rationalisation of local administration has also posed problems for CB	Centralised: agreements for all workers in the Catalan healthcare system

Source: Authors' elaboration.

A paradoxical development has been observed in the case of public sector industrial relations consisting, on the one hand, of an extension of collective bargaining rights for public employees since the early 1980s, but a declining impact of industrial relations on these reforms. In this way, trade unions seem to play an increasingly important role in determining the working conditions of public sector workers, but this does not translate into a greater capacity to influence the direction of reforms. The crisis certainly constitutes an exceptional juncture where collective bargaining was abandoned, but it has also evidenced the difficulties trade unions face in order to influence governments' reform decisions.

**Table 5 Comparative summary of the role of social dialogue in reforms in the three sectors analysed**

Primary education	Municipalities	Hospitals
Important in the case of working conditions until 2010 Absent from 2011-2016 Marginal since 2017 Social dialogue weaker since the approval of last education law (more autonomy to directors in making appointments)	Important in the case of working conditions until 2010 Social dialogue has played no role in the most important law affecting the local administration: the 2013 Law on the Rationalisation and Sustainability of Local Administration Royal decree 20/2012 has also imposed limits But trade unions coincide in pointing out the vitality and innovativeness of social dialogue at local level	Important in the case of working conditions until 2007 (last agreement) Absent from 2008-2016 Marginal since 2017; reluctance to start negotiations for a third agreement

Source: Authors' elaboration.

Reforms implemented during the crisis years have had a strong impact on public sector workers' working conditions. Wage cuts and increases in working hours were implemented for all public sector workers in Spain. In addition to this, public sector employees in all sectors and levels have lost some other rights, including the possibility of choosing days off work, in addition to holidays. There has also been a decrease in the number of public sector employees due to the imposition of a zero replacement rate for retirees in the public sector. In the case of municipalities, the decline in public sector employees has also resulted from the non-renewal of temporary contracts on the one hand, together with lower financial resources and the cessation of some service delivery due to the implementation of Law 27/2013.

In addition to the deterioration of working conditions and individual rights, there has been a growth in the number of employees with temporary contracts, mostly in the health sector, but also in education. Even though temporary positions should in principle respond to temporary needs of the organisation, the fact is that in many cases temporary contracts have been created in order to cover structural requirements.

Table 6 Comparative summary of the impact of reforms on the working conditions of public employees in the three sectors analysed

Primary education	Municipalities	Hospitals
Improving until 2010	Job losses	Job losses
Deteriorated since 2011	Wage cuts	Wage cuts
Recently an agreement has been signed to improve working conditions		Increase in working hours
No training provided		Growing competition between workers
		Increase in stress levels
Increase in ratio of student per teacher	Zero replacement rate leads to ageing workforce; problems to keep providing publicly the service	Increase in waiting lists for operations
	Outsourcing as a result of this process	

Source: Authors' elaboration.

Reforms implemented during the crisis in all three sectors have had one main objective: to reduce spending levels through the reduction of personnel costs, but also by privatising certain services/activities. The attempts at privatisation have been stronger in the case of public health. In the case of municipalities, the reduction in financial flows from the state have meant, especially for the smallest municipalities, less capacity to deliver certain services. All these reforms have had an impact on the quality of services delivered, though assessing this is difficult. In the cases of hospitals and primary education, this has been very clear. It is more problematic in the case of municipalities due to their decentralised character. Since 2013, there has been a recovery not only in spending levels, but also in the number of public employees in all sectors.

The erosion of the quality of public services has become a central issue in trade union and the *mareas* demands during the crisis. In this vein, there has been a clear shift in trade unions' framing strategies from a focus on guaranteeing the working conditions

of public sector employees, towards a focus on guaranteeing and enhancing the quality of public services delivered. The role of the 'waves' in the education and health sectors has certainly played a role in this regard, as this was the framing strategy followed by these new actors who successfully garnered a strong consensus and support.

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## Appendix

### Interview list (\*)

Sector	Type of organisation	Role	Organisation
Primary education	Trade Union	Sectoral representative	CCOO Catalunya Educació
	Employer	Human Resources assistant manager	Departament de Educació
Hospitals	Trade Union	Sectoral representatives	CCOO Catalunya Sanitat
	Employer	Human Resources manager and assistant manager	Institut Català de Salut Institut Català de Salut
Municipalities (Barcelona)	Trade Union	Sectoral representatives	Sector de l'Administració Local de la Federació de Serveis a la Ciutadania de CCOO de Catalunya

(\*) Interviews were carried out between January 2017 and September 2017.

### List of abbreviations

<b>ANPE</b>	(Asociación Nacional de Profesionales de la Enseñanza): National Association of Education Professionals
<b>ASPEPC-SPS</b>	(Associació Sindical de Professors d'Ensenyament Públic de Catalunya - Sindicat de Professors de Secundària): Union Association of Public Education Teachers of Catalonia
<b>CEMSATSE</b>	(Convergencia Estatal de Médicos y de Enfermería): State Convergence of Doctors and Nurses
<b>CATSALUT</b>	(Servei Català de Salut): Catalan Health Service
<b>CSIF</b>	(Central Sindical Independiente y de Funcionarios): Civil Servants' Independent Confederation
<b>CIG</b>	(Confederación Intersindical Gallega): Galician Interunion Confederation
<b>CGT</b>	(Confederación General del Trabajo): General Confederation of Labour
<b>CSI-F</b>	(Confederación Sindical de Funcionarios): Civil Servants' Union Confederation
<b>CCOO</b>	(Comisiones Obreras): Working Committees
<b>EBEP</b>	(Estatuto Básico del Empleado Público): Basic Statute of Public Employees
<b>ELA-GIZALAN</b>	(Eusko Langileen Alkartasuna - Solidaridad de los Trabajadores Vascos. Federación de Servicios Públicos): Basque Workers' Solidarity Union - Federation of Public Services
<b>EPA</b>	(Encuesta de Población Activa): Active Population Survey
<b>FETE-UGT</b>	(Federación estatal de trabajadores de la educación, Unión General de Trabajadores): State Federation of Education Workers, General Union of Workers
<b>FSP-UGT</b>	(Federación de Servicios Públicos de UGT): Federation of Public Services of UGT



<b>LOLS</b>	(Ley Orgánica de Libertad Sindical): Organic Law of Union Freedom
<b>LORAP</b>	(Ley de Órganos de Representación, Determinación de las Condiciones de Trabajo y Participación del Personal al Servicio de las Administraciones Públicas): Law on the Institutions of Representation and Determination of Working Conditions for Public Sector Employees
<b>PP (Partido Popular)</b>	People's Party
<b>SATSE</b>	(Sindicato de Enfermería): Nursing Union
<b>STEs-I</b>	(Confederación de Sindicatos de Trabajadoras y Trabajadores de la Enseñanza-Intersindical): Education Workers' Confederation Union
<b>USO</b>	(Unión Sindical Obrera): Workers' Trade Union
<b>UGT</b>	(Unión General de Trabajadores): General Union of Workers
<b>USTEC STE (IAC)</b>	(Unió Sindical dels Treballadors d'Ensenyament de Catalunya (Intersindical Alternativa de Catalunya)): Joint Education Workers' Unions of Catalonia (Catalan Alternative Inter-Union)

# Chapter 9

## The changing face of UK public sector policy

Benjamin Hopkins and Melanie Simms

### 1. Introduction

This chapter looks at the changes in the UK public sector over the past 15 years. It focuses first on some of the broad changes over three distinct periods of government: the Labour governments from 1997 to 2010, the coalition government of Conservative and Liberal Democrat parties that ran from 2010 to 2015, and the subsequent Conservative governments. These three periods have been marked by very distinct approaches to public sector management in an increasingly challenging context of austerity and spending constraints.

In common with other chapters, this chapter considers industrial relations in primary education, hospitals and municipalities as examples of changes over time. In the case of municipalities, local councils in general are investigated, rather than just eldercare as seen in some of the other chapters in this book, as local councils in the UK have been particularly affected by the lack of ringfencing for their funding. A number of common pressures are observed in the three subsectors: wage restraint, deterioration in the quantity and quality of available jobs, work intensification and increasingly fractious industrial relations. However, there are also notable differences between sectors. Industrial unrest has been particularly evident in hospitals with sustained strike action by doctors in the National Health Service (NHS). By contrast, municipalities have largely been able to negotiate change without major strikes, partly because of the scale of the job losses, which have weakened union negotiating positions, and also because of the focus on organisational reform which has generally had the effect of retaining front-line staff where feasible. The scale of cuts is also very different; schools and hospitals have had a degree of protection from general budget cuts, whereas municipalities have faced deep cuts across services. Understanding and explaining those similarities and differences in the context of changes in UK public policy is the central objective of this chapter.

To understand these dynamics it is important to remember that prior to the financial crisis of 2007-8, the UK experienced a lengthy period of growth in the economy and in employment, albeit one with increasing levels of wage inequality (Hopkins and Simms 2015). The Labour Party had been elected to power in 1997 with Tony Blair as Prime Minister and this signalled a notable change of direction for public sector policy (Bach and Stroleny 2015). Broadly speaking, there had been a programme of investment in public services, including in employee salaries. This was accompanied by pressure to reform with particular attention to efficiency. Although reforms changed the job

requirements of many occupations, there was a commitment to negotiating these through collective bargaining and social partnership forums (Bach 2005).

The Labour Party was still in power when the financial crisis developed throughout 2007 and 2008 and was headed by Gordon Brown as Prime Minister. During the financial crisis, a particular concern for the UK government was to ensure financial liquidity in the banking and financial systems, leading to a series of massive investment injections and decisions to part-nationalise some financial institutions with Lloyds and Royal Bank of Scotland (RBS) receiving major investment in 2008. Although these rescue plans had the desired effect of stabilising the banking system, they left the UK government with a significant additional deficit and additional assets within the public sector (The Telegraph 2009).

By the time of the general election in 2010, all main parties were clear about the need for public sector spending savings, although there was significant disagreement about the extent and structure of proposed cuts. For the first time in modern history, there was no clear winner of the 2010 election, and a coalition government was formed between the Conservative Party and the Liberal Democrats, headed by the Conservative Party leader, David Cameron. Public spending policy was a major point of disagreement between the two parties but they set about a programme of reform leading to considerable cuts, although these were not on the scale undertaken in some other countries included in this book. That programme of cuts has extended past the general election of 2015 which was won outright by the Conservative Party, although with a very small parliamentary majority. Theresa May took over the role of Prime Minister after the 'Brexit referendum' in June 2016 led to a decision that the UK would start negotiations to leave the European Union. The impacts of Brexit are still uncertain as the UK moves through the transition period to leave the EU. Nonetheless, the effects are likely to be felt in many aspects of employment relations because many workers' rights are derived from EU law and because the decision to leave is likely to impact the UK economy.

The political instability since the 2016 Brexit referendum has been notable, leading to Prime Minister Theresa May calling a general election in 2017. Public sector spending and industrial relations were important areas of debate during the 2017 campaign. Policies such as the long-standing 1% pay rise cap were increasingly gaining critical attention, as were some issues of service quality. The unrest in hospitals was also a feature used by opposition parties to illustrate the problematic aspects of policy direction. Nonetheless, the Conservative Party was able to form a minority government supported in the House of Commons by the Democratic Unionist Party which won 10 seats in Northern Ireland.

Each of these periods of different government approaches to public sector policy have brought their own particular dynamics to industrial relations in the three areas considered here. In general, however, it is reasonable to conclude that the period since the financial crisis has been a time of considerable strain on public sector finances, and there has been significant restructuring in all three areas. Combined with caps on pay rises meaning that most public sector wages have fallen behind those in other areas,

there has been considerable industrial relations unrest which, in places, has erupted into lengthy disputes.

## **2. The public sector – an overview**

### 2.1 General direction of public sector reform

Bach and Stroleny (2015) note the impact of changes of government in the UK on the reform of public services. In particular, they point first to the election of the Labour government in 1997, the first since 1979. This saw a revised emphasis on service quality, targets and choice for users of public services, and also greater integration between service providers. They also note the increased importance of the use of non-governmental organisations and voluntary sector organisations that may have a better understanding of the needs of service users.

As in many countries, the aftermath of the great financial crisis provided a narrative that stable government was required (Williams and Scott 2016) to address the budget deficit. The impacts of the crisis in the UK were profound, including the requirement to ‘bail out’ a number of financial institutions, and the nationalisation of some of these organisations such as RBS. Williams and Scott (2016) point to 2009, the year before the general election in the UK, as a particularly difficult one, with GDP falling by 5.2% and unemployment rising from 1.6 million in January 2008 to 2.5 million in January 2010. With lower tax receipts and higher welfare costs, the budget deficit grew to £163 billion in 2009-10, a figure which makes up 11% of total GDP. The first budget of the coalition government announced that £128 billion of savings were to be made, with 80% of these coming from cuts in public expenditure, although there were protections for politically sensitive areas such as the National Health Service (NHS) and schools in England. Williams and Scott point to unprotected areas, such as spending on local authorities, as those in which the impacts of austerity were particularly felt, with the amount of funding provided to local authorities falling by 37% in real terms from 2010-11 to 2015-16. Thus, the UK has followed the path of austerity in response to the financial crisis – an approach seen in many other European member states as explored in other chapters of this book.

### 2.2 The UK public sector in the context of devolution

The UK is made up of four countries: England, Scotland, Wales and Northern Ireland. Scotland, Wales and Northern Ireland (but not England) have their own governance structures reflecting specific political compromises made at the time of devolution in the 1990s. The Scottish Parliament was established in 1999, and the UK government has devolved responsibility for matters including education, health, justice, and agriculture. The devolved administration for Wales was also established in 1999, with powers extended in 2011 and including education, health, local government, and housing. Largely because of the very specific history of armed conflict in Northern Ireland, the Northern Ireland Assembly is structured to ensure power sharing between

the main parties. It is overseen by the UK government in a very different way to the authorities in Scotland and Wales and has been suspended on several occasions, but retains responsibility for education, health and justice.

Funding is provided to devolved administrations from the central UK government in the form of a block grant. The calculation is normally determined through a formula that provides a population-based share of changes in comparative spending by government departments. Devolved authorities then have a statutory responsibility to provide specified public services with considerable flexibility to target spending as they wish, subject to oversight from the elected bodies. There has been widespread criticism of this arrangement, with HM Treasury figures showing that spending per head in England is around 3% lower than the UK average, while being 10%, 16% and 21% higher than the UK average in Wales, Scotland and Northern Ireland respectively (Office for National Statistics 2017). Nonetheless, changes would inevitably be highly politically contentious and have therefore been repeatedly delayed by successive governments. These arrangements allow devolved authorities to prioritise or deprioritise spending from the block grant in different areas of public services than England. It also allows them to establish different mechanisms of oversight. In practice, however, because the total block grant goes fluctuates depending on the decisions of central government, there is relatively little scope for major variation. Where there are differences, they are mainly in the oversight and approach to administrative accountability.

### 2.3 The shape of the UK public sector

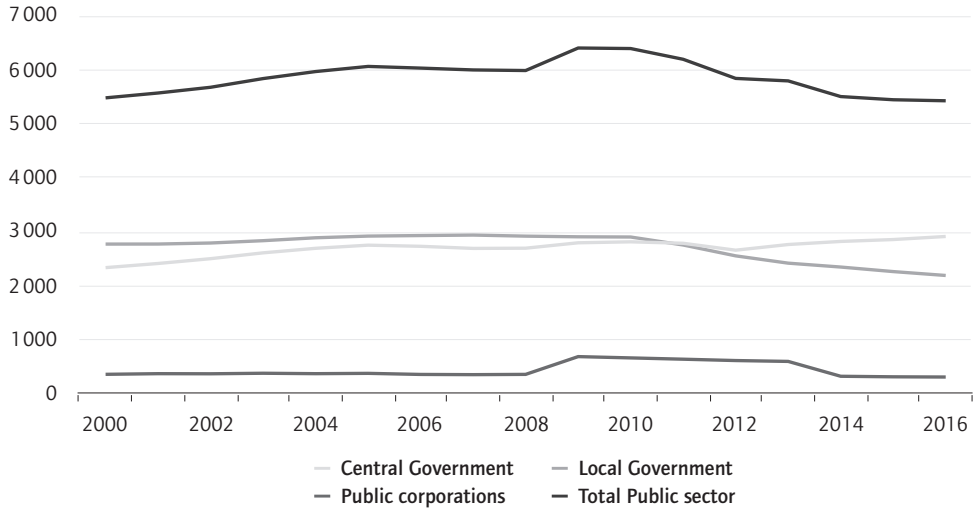
In the UK the public sector consists of five subsectors – central government, local government, public non-financial corporations, the Bank of England, and public financial corporations (in particular RBS which was part-nationalised during the financial crisis). Figures for RBS are omitted from most of this analysis as the size of the RBS balance sheet would distort the international comparability of figures and it remains an objective to transfer ownership back to the private sector. Central government comprises all administrative departments of government, and technically also includes the NHS which has the largest workforce. This also includes the civil service, which as the provider of social protection has the largest expenditure. Local government (municipalities) is comprised of organisations with elected leaders who have some powers to raise funds through taxation, and are responsible for the provision of services such as social care. It should also be noted that the number of public corporations has declined in the UK as successive governments have followed an agenda of privatisation, seen most recently with the example of the Royal Mail postal service.

### 2.4 Employment in the public sector

Data for total employment in hundreds of thousands in the public sector are shown in the chart below. It shows the general trend upwards before the financial crisis. There is then a strong uptick associated with bringing in staff from the nationalised banks. This

is followed by a downward trend as austerity measures kicked in. As mentioned above, these correspond approximately with changes of policy of different governments.

Figure 1 Public sector employment in the UK



Source: Office for National Statistics.

A particularly interesting feature of public sector employment is disparities across regions, with some regions and nations of the UK having much higher proportions of public sector employment. There are lively debates about the extent to which public sector employment ‘crowds out’ local job creation in regions that are heavily dependent on these jobs, making it less attractive to work in the private sector and acting as a disincentive for investment. By contrast Buchanan et al (2009) have argued very convincingly that the public sector in fact ‘fills in’ for the absence of local private sector employment and provides the core of sustainable and relatively good quality jobs, especially in the post-industrial cities of the Midlands and the North of England. Those arguing from this perspective tend to emphasise the importance of public sector employment in providing both a high quantity and quality of employment in these regions.

## 2.5 Industrial relations in the public sector

In contrast to most European Union member states, there are no systematic distinctions in employment regulation between the public and private sectors in the UK. However, a differentiation was established with the Trade Union Act 2016, which is discussed in more detail below, as this places higher voting thresholds for unions in ‘important public services’ before they can take legal strike action. Some public sector employees such as the police service do have selective legal restrictions around their right to take industrial action and the right to join a trade union. Bach (2005) also notes that the position of civil servants is historically different to other public sector employees as a

servant of the crown (the Queen and her delegates). These workers can be dismissed at any time at the will of the Crown, but this is not a right invoked in practice.

The distinctiveness of the public sector in the UK is that it remains the stronghold of collective bargaining in general, and multi-employer collective bargaining specifically. In 2019 there are 3.56 million trade union members in the public sector, as compared to 2.7 million members in the much larger private sector (BEIS 2019). The UK public sector is very much the ‘heartland’ of trade unionism with high levels of membership and collective bargaining coverage and the collective regulation of terms and conditions of employment is still very common in most areas of the public sector where there are strong social norms of union membership. This can be seen in the membership density figures where 51.8% of the public sector are union members, as compared with 13.5% in the private sector (BEIS 2019).

Collective bargaining coverage is also significantly higher in the public sector (around 59% of workplaces) than in the private sector (under 15%) (BEIS 2019). In many areas of the public sector, there has been a preference for collective regulation of employment through what are known as pay review bodies, rather than free collective bargaining in the widely understood sense in order to take some of the potential for political conflict out of pay-setting mechanisms. Pay review bodies exist in the NHS, armed services, prison service, teaching and for senior civil servants. Each pay review body is established as a non-departmental public body and is sponsored by the relevant central department. Typically, Pay Review Bodies are comprised of a panel of independent experts who receive evidence from stakeholders including unions, employers and economists. They then recommend national pay settlements to the relevant government Minister. Ultimately, however, the Minister has the authority to reject the recommendations of the Pay Review Body. Although there has been a long history of Ministers accepting recommendations, it has become more common since the financial crisis that recommendations are rejected or accepted only in part. It is also important to note that Pay Review Body processes do not prevent collective bargaining over other issues (terms and conditions) or bargaining upwards from the national pay increases. However, as they are not technically a form of free collective bargaining, these processes are referred to in this chapter as collective regulation rather than collective bargaining.

An important consequence of the election of the Conservative government in 2015 was the introduction of new regulation around trade unionism and collective action called the Trade Union Act, 2016. The most immediate effect of the Act is that in what are termed ‘important public services’ (including fire, health, education and transport) 50% of members must vote in any ballot for collective industrial action in order for it to be legally valid, and 40% of the entire membership within the relevant workforce must vote in favour. The Trades Union Congress (TUC) has voiced strong concerns about these proposals, stating that the government definition of ‘important public services’ is wider than that of ‘essential services’ as used in international law. They are also concerned that it acts as a further limit on strike action which is already highly regulated in the UK.

A final centrally important aspect of recent developments in public sector industrial relations has been the introduction of a public sector pay cap. Despite the consumer price index showing that inflation in the UK had reached 2.3% in early 2017, the recommendation of Pay Review Bodies in the UK was to keep an average increase in basic pay of 1%. This policy was relaxed slightly in 2017, and proposals for 2018 were for rises of above 1% for several groups. This includes 2.9% for the armed forces, 2.75% for prison officers, and 2% for police, GPs and dentists (BBC 2018). This is partly in response to considerable concern expressed by unions that below-inflation pay uplifts have led to staff shortages, challenges recruiting to public sector roles, and problems with retention and reward.

## 2.6 The research

Most data collected for this chapter were found in publicly available documents and sources are cited in the text. Research for each sector was supplemented with interviews with social partners and other experts and stakeholders. In primary schools, interviews were undertaken with three main unions, a local council and an expert analyst within the field. Details can be found in the appendix. In hospitals, colleagues Jo Grady and Paul Brook had been undertaking research for over three years with the main doctors' union, the British Medical Association (BMA) around employment relations issues. Rather than repeat much of this research, we worked closely with those colleagues to ensure the accuracy of the data presented here. We are extremely grateful to those researchers for being so generous with their time and data. For municipalities in total ten council leaders in Wales were interviewed over nine interviews. These covered both urban and rural councils, and also those in the more Labour-controlled southern councils as compared to the Welsh political party Plaid Cymru controlled councils in the North. Details of respondents are shown in the appendix of this chapter.

## 3. Primary education

Primary education in the UK covers three 'key stages': Foundation Years (under 5 years old), Key Stage 1 (5-7 years) and Key Stage 2 (8-11 years). Here, we focus on Key Stages 1 and 2 which map most closely to what is understood to be primary education in most comparator countries. Schools are structured in many ways that do not always map to these Key Stages, but common inspection and testing regimes apply no matter how schools are structured. The National Curriculum sets out achievement expectations at each stage, but increasingly schools can deviate from the National Curriculum. The end of KS1 is marked with Standardised Achievement Tests (SATs) and a phonics and reading check. The end of KS2 is marked with further SATs. These give benchmark data and achievement outcomes which input into school performance tables and inspection and performance management systems.



### 3.1 Education policy over the past 15 years

Like other areas of the public sector, each change of government has brought a distinctive approach to education and industrial relations policies, bringing different challenges for social partners. Labour governments prior to 2010 placed strong emphasis on investing heavily in education at all levels. In both primary and secondary school this fostered an approach that involved support for education from a full range of education professionals, including support staff. This approach had a number of important effects on teachers and other occupational groups. For teachers, there was a steady rise in real-terms salaries (Bolton 2008). By 2008, salaries for primary teachers were 22% above the mean for all employees (Bolton 2008). However, it should be noted that during this period, pay settlements for teachers became much more complex than a simple ‘across the board’ pay rise for all staff. Initiatives such as performance related pay and allowances for particular duties became more complex and introduced greater variation within the profession.

At the same time, the investment in and expansion of teaching assistants changed classroom practices giving teachers more responsibility to manage staff and lead – but not necessarily deliver – learning in the classroom. This led to significant changes in the activities of both teachers and teaching assistants (TAs). The role of teachers has become more strategic and involves managing the learning process and progression of students. The role of teaching assistants varies considerably and ranges from routine activities such as supervising particular students or groups of students within the classroom, through to ensuring specialist support, for example for students with special educational needs (SEN). The job grading of TAs increasingly reflects these variations in skills and responsibilities.

A further important aspect of education policy from the Labour governments of 1997-2010 was to increase the types of school supported by the state. To this end, in 2000 a new category of schools was created which enabled ‘academy schools’ to be established. Initially, this allowed under-performing schools to relaunch with the support of links with industry and other backers. A central feature of academy schools is that they receive funding directly from central government rather than local authorities and they have far greater flexibility than other schools around the curriculum, management structures, and terms and conditions of employment. Even before the 2010 change of government, Academy schools quickly took a different form and were seen to be the preferred direction of travel for governance of many, if not all, state-supported schools. Since 2010 other new forms of schools have been developed.

With a focus on industrial relations, an important feature of most of these new forms of schools is that they are not compelled to follow national terms and conditions of employment. Academy schools are now the norm for secondary schools (61%), but only around 15% of primary schools are currently academies. This is accounted for mainly because legislation enabling primary schools to convert to academy status was only introduced in 2012, and partly because of the smaller size of primary schools which means that there are fewer economies of scale in running them. In contrast to secondary schools, therefore, most primary schools are managed by the local authority

(municipality), although we would expect that to change in the future if the political support for academy conversion continues.

Since 2010, there has been a continued focus on developing an even wider range of types of schools including free schools which are often set up by parents. These have not proven popular and only account for a tiny proportion of schools with just over 400 being opened between 2011 and 2016/17. More importantly for the overall picture, the governments of both 2010-2015 and 2015 onwards have actively sought to extend academy schools. At one point a policy was floated that would have required all schools to become academy schools, but that caused considerable disquiet across the country, including in Conservative heartlands with some high-profile Conservative opposition voices. Nonetheless, there remains considerable pressure to require a change of status of schools when the local authority is deemed to be ‘underperforming’, even in the face of concerted opposition from school leaders, staff and parents.

### 3.2 Education funding

Probably the most important change since the 2015 general election has been a shift in the approach to funding schools. Debates rage between social partners and politicians about how to describe funding proposals. Some politicians insist that education funding is increasing, while many social partners insist there is evidence that funding is declining. In practice, the description depends on what is being measured.

Governments in all areas of the UK have tried to protect (ringfence) expenditure on schools since 2008, and primary schools have experienced only a small cut in budgets from 2009-10 to the introduction of the new funding formula. However, there have been a number of important areas where schools have experienced a decline in budgets. Capital expenditure has been cut sharply, leading to an 11% decline in overall expenditure from 2010-2015 (Office of the Children’s Commissioner). Where capital expenditure projects have been required (e.g. repairs to existing buildings) there is growing evidence that some schools have used reserves to co-fund these expenses. It should also be noted that unlike the NHS and foreign aid budgets, the education budget was not ringfenced in the 2015 Conservative Party manifesto. It is therefore likely that school budgets will come under scrutiny in the near future. Primary schools spend around 79% of their budgets on staffing (DfE 2013) so this is likely to be a key focus for cuts.

State-funded schools are funded through a block grant from central government. The way this is calculated reflects historic patterns of spending in local authorities over time. A particular challenge is that as populations ebb and flow, there are insufficient mechanisms to account for that. Additional money is given to schools that have students from groups with particular disadvantages and educational needs through the Pupil Premium. Because of the historic patterns of funding, there can be large discrepancies in per-pupil funding even between schools in the same local authority. At the same time, cohort patterns mean that there has been an upswing in children entering the education system overall.

2017-18 saw the launch of a programme to introduce a new funding mechanism – called the National Funding Formula (NFF) – that aims to remove some of these inequalities. Although the details of the overall effects of these changes are still unclear, there are a number of important aspects that may well affect employment in the sector and which are therefore relevant to this chapter. First, there is a commitment to moving funding allocation away from the remit of local authorities and towards central government. Second, this is taking place within a context of limited public spending investment.

Trade unions disagree on their positions with regard to the proposed changes. While they share very serious concerns about the approach, the nature of the concerns and the response to specific proposals varies. Perhaps most striking is the position of the ATL union which argues that there are relatively large amounts of unspent reserves across the sector, and schools that have reserves should seek to spend these, especially where staff reductions are being considered. Other unions are more focused on arguing for a general uplift in investment across the sector.

Most observers agree that the likely effect of the move to the NFF is that most schools will face a per-pupil reduction in their income. That said, they do agree that the schools most likely to benefit are those with previously low attainment and a high number of disadvantaged pupils. Nonetheless, the changes remain controversial and many schools will face budget cuts. It is probably therefore unsurprising that current political debate is full of examples of schools struggling to provide services and asking parents and carers to contribute to additional costs such as materials, textbooks and events. How this will affect employment and industrial relations is, as yet, unclear.

### 3.3 Industrial relations and social partners

There are well-established mechanisms of collective regulation within the education sector and it remains highly organised. The sector is particularly noted for inter-union competition for staff representation, and the increasingly complex structure of representation on the employers' side. Structures of collective regulation are also, unsurprisingly, complex with agreements concluded at the national level, local authority level and, sometimes, with local employers, especially for academy schools. In practice, however, there has so far been a tendency to 'shadow' national agreements in schools that have the ability to break away from them. This reflects a great deal of effort put in by unions to ensure that flexibility in setting terms and conditions is constrained. Despite some local disputes, there has been little evidence of any wholesale effort to derecognise particular unions and there tends to be a robust and relatively pragmatic approach to employment relations in the sector.

Key aspects of pay regulation are found in the School Teachers' Pay and Conditions Document (STPCD) which is a document issued annually by the School Teachers' Review Body (STRB). It is important to note here that a review body is not, technically, a form of collective bargaining. The STRB is an advisory, non-departmental public body, sponsored by the Department for Education. It is comprised of 8 members who have a range of interests and experiences in HR management, economics, teaching

and consultancy. They take submissions of evidence from interested parties (unions, employer associations, the Secretary of State and others) and produce an annual report on pay, professional duties and working time for teachers. Review bodies have become common across the public sector, partly as a way of distancing governments from some of the most politically problematic aspects of pay determination in the public sector. Historically, governments have tended to implement the recommendations of review bodies although recent austerity initiatives continue to influence the recommendations of the STRB very explicitly (STRB Report 2015). Reforms of teacher pay scales that have been developed since 2011 have increased the flexibility of schools to appoint above the minima of the pay range, to extend performance-related progression to all classroom teachers and to increase the discretion of schools to award allowances to staff.

### 3.4 Quantitative outcomes

The clearest quantitative measure of primary education outcomes are the exams called National Curriculum Tests or SATs. Primary level SATs are taken by children in Year 2 (aged 6-7) and Year 6 (age 10-11). These exams are extremely controversial mainly because of the pressure they put on young children to perform, but also because they focus learning on a relatively narrow set of measurable tests.

It is impossible to compare results over the entire period considered here because the curriculum, tests and levels have all changed during that time. Nonetheless it is possible to compare the 2015-6 results with the 2016-7 results. These show an increase in the proportion of Year 6 children reaching the required standard in reading, writing, mathematics and grammar from 53% in 2015-6 to 61% a year later. This improvement is likely to be partly due to the fact that the previous year's children were in a transition year with new assessments. Many commentators have also highlighted that these results still mean that 39% of children are not achieving the expected primary education standards in these subject areas.

Class sizes are also an important measure in primary education. Class sizes of around 30 students to one teacher are widely regarded as an appropriate ratio (although there may very well also be teaching assistants present in many classes). 30 is also the legal limit for infant classes for children aged 4-8 years. Taking 30 as a limit shows that the proportion of pupils in classes of 31 or more has risen in each of the past 4 years. In January 2016, around 540 000 primary school pupils were in classes of 31 or more. Around 40 000 were taught in classes of 36 or more. Average class sizes are also rising in primary schools and have been since the crisis. While this is partly as a result of schools having difficulties filling teacher vacancies and making other budget choices, it is largely owing to increased cohort sizes entering the school system since 2008, driven in part by higher birth rates among newly settled migrant families. It is difficult therefore to draw any clear causal links between the rising primary class sizes and austerity measures or industrial relations in the sector.

### 3.5 Workload, pay, work intensification and turnover

One of the clearest manifestations of the growing tensions in the sector are the concerns raised by unions about workload increases, work intensification and staff turnover. This has not only been raised by teaching unions, but also by other stakeholders. A recent survey by the Department for Education showed that primary school teachers typically work up to 60 hours a week during term time. A 2014 survey by the National Union of Teachers (NUT) revealed that 90% of teachers had considered giving up the profession in the previous two years, largely owing to the workload (NUT Workload Survey 2014).

It is probably unsurprising that this has been linked to the shortage of teachers within the profession in 2015-16. The scale of the challenge has been recognised as a 'major problem' by the National Audit Office and the chief of the school inspection service, Ofsted, acknowledged that it was having a 'significant impact' on schools (Ofsted 2014). Although it is difficult to disaggregate the data for primary and secondary sectors, it seems that the problem is widespread and evident across both sectors. Indeed, there are some reasons to believe that the problem may become more acute in the primary sector because one of the important routes into training as a teacher in the sector (primary school-based initial teacher training) was shut in early 2016 as a national cap on places had been reached.

Inevitably school leaders try to fill the gaps in recruitment by recruiting agency teachers on short-term contracts. Putting to one side the potential disruption to education experienced by the children, this has the effect of pushing up wage spending for individual schools. A recent government report estimated local authority spending on agency teachers reached £556 million in 2015-16 which was an increase of 18.5% from 2012-13 (NAO 2016). The same report highlighted teacher retention as a serious concern for the sector. It is also important to note that agency teachers are not employed on nationally agreed terms and conditions which has the potential to undermine collective regulation of the sector.

One of the teaching unions called NASUWT has taken up concerns about agency teachers as a specific campaign. Their research indicates that around 65% of these teachers are not paid at the level that recognises their skills and experiences. They also report serious concerns around access to continuing professional development, pension provision and problems for these staff in accessing regular employment. A central feature of their campaign has been to call for national regulation of supply teacher agencies.

### 3.6 Pay cuts for teaching assistants leading to industrial action

Throughout 2016 and into 2017 there was a series of strikes by teaching assistants in various schools and local authorities around the country. The exact nature of the ballot for each dispute reflects local negotiations (as is required by UK legislation on industrial action) but they share a common concern about pay cuts of up to 25%. At the

heart of the disputes raised by teaching assistants is the move to a 'single status' pay policy. This was first negotiated in the late 1990s, but some local authorities are only implementing it now. Driven in part by the squeeze on local government finances, some local authorities are proposing to harmonise teaching assistants with other council workers who work on term-time only contracts. In practice, this would result in a loss of pay over the holiday periods. Other councils have negotiated compromises that either increase the hourly rate to (part) compensate for this, or have upgraded other terms and conditions so that the effects are less dramatic.

In one local authority (Derby) where the implementation has led to five strikes since spring 2016, the council is keen to emphasise that teaching assistants do not work over the holidays, even though they are employed during those periods. North Yorkshire council has left the decision to implement pay cuts to individual schools, also causing industrial unrest. Although these have been extremely high-profile disputes and have gained a considerable degree of national attention, it is important to note that they are local disputes and reflect very specific negotiations and decision making within individual local authorities.

### 3.7 Boycott of Primary Assessment Tests

One of the most controversial areas of employment relations in the period under consideration is the decision by the NUT to boycott the proposed introduction of new forms of SATs for children in primary school. The National Association of Head Teachers (NAHT) which represents many senior leaders within primary schools and the Association of Teachers and Lecturers (ATL) also expressed serious concerns about the proposals. The combined resistance of many of the unions meant that the proposals were postponed until at least 2018/19. Even with this delay to the more complex testing regime, primary SATs are regarded by many education professionals to be extremely problematic and this is likely to be an area where there will be collective resistance and dispute for some time to come.

There are widespread concerns amongst unions that the testing regime for primary school children has some structural problems which may make the data unreliable. This has caused concerns because this kind of data is often used to compile league tables and to rate the standard of education within schools. Further proposals that were intended to develop baseline tests for children in reception year (preschool) were scrapped at the same time.

Disputes around primary school testing regimes have been an interesting addition to the employment relations landscape in the primary school sector because they are driven largely by concerns about performance monitoring (of children, teachers, and schools), rather than immediate terms and conditions of employment. It also illustrates how effective the teaching unions can be when they join forces with senior leaders and parents. Interestingly, however, several of the unions excluded primary teachers from their ballots (NASUWT was an exception) in part because of the challenges of organising and mobilising teachers in lots of small workplaces.

### 3.8 Summary – primary education

Industrial relations in primary schools have been increasingly tense over the past 15 years. This has largely been a result of policy and funding changes informed by the changed context emerging after the financial crisis and an increasing emphasis on reducing public spending. The ringfencing of the education budget for most of this period means that directly allocated budgets for primary schools have been protected. However, changes to the national funding formula mean that many schools will see a reduction in the per-pupil budget in an effort to adjust budget allocations. In addition, services which receive funding from local authorities, and capital spending have seen a considerable squeeze.

Combined with other education policies such as changes to testing regimes, and a decreasing focus on the role of teaching assistants in delivering classroom learning, many teachers and their unions argue that this is a more difficult period for the profession than an initial scan of funding data may suggest. Public sector pay has been under considerable pressure since 2008 and this has resulted in wage growth not keeping pace with changes in the cost of living. This is widely recognised by social partners and the STRB has clearly stated the requirement for pay to start to catch up with inflation in order to maintain a supply of qualified teachers entering the profession.

Unsurprisingly, this difficult context has resulted in increasing staff turnover, an increased dependence on agency teachers, and concerns over workload. Unions in the sector have prioritised their actions and campaigns in different ways but they are all clear that there are profound industrial relations tensions which are likely to result in continued industrial action and tense negotiations.

## 4. Hospitals

Despite a commitment to ringfence the health spending budget, the NHS has been under considerable pressure in the period under consideration and here we focus on the ways in which these changes have affected industrial relations and service provision. This includes the recent ground-breaking industrial action by junior doctors which is evidence of a profound breakdown of the usual mechanisms of collective regulation in hospitals. The junior doctors' dispute is presented here in order to investigate how these changes have affected the quality and quantity of job roles, and how this has impacted upon the quality of service provision.

The latest figures available from the NHS show that in March 2017 across Hospital and Community Healthcare Services (HCHS) the NHS employed (full-time equivalent) 106 430 doctors; 285 893 nurses and health visitors; 21 597 midwives; 132 673 scientific, therapeutic and technical staff; 19 772 ambulance staff; 21 139 managers; and 9,974 senior managers. The total level of health expenditure in the UK was 9.75% of GDP in 2016. This compares to 11.27% in Germany, 10.98% in France, 10.50% in the Netherlands, 10.37% in Denmark, 8.98% in Spain and 8.94% in Italy. As of March

2017, there was a total of 61 934 EU staff working across HCHS – equivalent to 5.22% of the workforce. This equates to 57 737 FTE, or 5.51% of the total (NHS Confederation 2018).

#### 4.1 Healthcare policy in the last 15 years

Although there are a small number of private hospitals in the UK, they account for only around 6% of elective admissions and less than 3% of all hospital admissions. The vast majority of healthcare provision in hospitals therefore comes from the NHS. The NHS provides free healthcare at the point of service, although there have been proposals to charge for some services such as general practitioner (GP – community-based doctors) appointments. These have been met with strong public resistance as anathema to the principles of the NHS and any future similar proposals are likely to face similar resistance. As a result, although there are efforts to review whether services are more efficiently provided by NHS providers or by for-profit providers, the principle that health services (including hospital services) are provided free at the point of delivery to users is not likely to change in the near future.

That said, there have been notable policy shifts in the NHS in general and hospital provision specifically. The most substantial shift from the Labour governments of 1997-2010 to the subsequent coalition and Conservative governments has been changes to the funding of the NHS. NHS funding has been ringfenced since 2010 and a recent report by the King's Fund (2017) shows that, based on the Department for Health's annual report, from 2016 to 2020 the budget for NHS spending in England will rise from £120 billion to £133 billion. Although this represents a real-terms increase of £4.5 billion when inflation is taken into account, the King's Fund (2017) notes that this is at a rate of increase significantly lower than the real-terms average of 3.7% since 1949/50. When combined with an ageing population and increasingly expensive medical treatments, the funding pressures on the sector are profound. As a result, social partners frequently report a squeeze on service provision and pressures to make cuts and find more efficient ways of working.

A further proposed reform of the Conservative administration is to provide a full seven-day service, with appointments for GPs and surgical procedures offered at evenings and weekends as well as during normal working hours. This has been positioned as a central political objective of the government and it is this proposed reform that is at the heart of the industrial action conducted by junior doctors.

#### 4.2 Healthcare funding

Although spending on healthcare has been ringfenced during the implementation of the austerity agenda, there are a number of pressures on healthcare spending. These are also noted by the King's Fund (2017) and include an increasing population, an ageing population, and also longer-term impacts of poor health, including rising levels of obesity and inactivity. Although there is a planned increase in the healthcare budget,



this is lower than historical rates. In short, although funding has been ringfenced, the costs of providing healthcare to the population have been rising, leading to a strain on resources. The King's Fund also notes that spending in the UK is lower compared to other EU countries.

Funding therefore continues to be a major concern for the NHS in general, and hospitals in particular. There are well-established patterns that hospitals, especially through emergency rooms (Accident & Emergency (A&E) departments), provide a 'last point of call' when other health services are not available. Pressures on GP provision, community support, and community health initiatives such as diabetes management, weight loss support, and smoking cessation support all combine to increase pressures on hospital provision. Unsurprisingly, therefore, the winter of 2016/17 saw a growing concern about the capacity of hospitals to provide an adequate level of service, especially in A&E departments.

### 4.3 Industrial relations and social partners

Overall, the sector is highly organised and there are multiple mechanisms for worker voice bargaining and collective negotiation at national, regional and local levels. These have proved relatively robust during the broader changes to collective bargaining in the UK over the past 30 years. Collective regulation of employment relations is still the norm in the sector, and hospitals are a good example of this. The main social partners are the government, local health authorities, unions, professional bodies, and patient groups.

Industrial relations in the hospitals have experienced a period of remarkable conflict in the past 2 years, with the main feature being strike action by the British Medical Association (BMA) which represents doctors. The reluctant resolution of that dispute has been quickly followed by a consultation from the largest association of nurses, the Royal College of Nursing (RCN), about whether it should ballot members on industrial action. A feature of the resolution of the BMA dispute was the unilateral imposition of the new contract for junior doctors by the Secretary of State for Health, indicating a shift in governmental approaches to (non-)negotiation. This unilateral approach has also been seen in the use of the 2008 financial crisis and subsequent austerity agenda as a rationale for the imposition of below-inflation pay increases across the public sector including for NHS staff.

The dispute with junior doctors in England ran through 2015 and 2016 and is one of the most notable examples of a breakdown of collective regulation in the NHS, and hospitals in particular, for many decades. The dispute saw widespread industrial action culminating in several days of strikes in response to the attempts of the government to introduce a reformed contract for junior doctors, linked to a governmental policy to create a 'seven-day NHS', claimed to be in response to demands from service users. The professional body and trade union for doctors is the BMA. The BMA represents three main groups: General Practitioners (community-based doctors), consultants (senior doctors), and junior doctors (all other doctors). This latter group consists of 55 000 people in England, representing around a third of the medical workforce. This is a

disparate group in terms of experience, ranging from those just out of medical school to those with ten years of experience. Many, but not all, work in hospitals for at least part of their training.

The dispute escalated towards the end of 2015, with junior doctors demanding ‘concrete assurances’ that the new contract would not be imposed. Following a series of protests, the BMA balloted for collective action. In a notable show of dissatisfaction, there was a turnout of over 70% for the strike ballot and 98% of those voting supported strike action. Strikes were planned for three days in December 2015, although they were called off when the government agreed to suspend its threat to unilaterally impose the new contract without collective agreement from the union. Both sides agreed to continue negotiations, but further talks in January broke down and the first doctors’ strike in forty years occurred on January 12<sup>th</sup> 2016.

Over 40 000 operations and procedures were cancelled during the 24-hour strike. A new offer was received from the government and further strike plans were suspended by the union, but talks again broke down towards the end of the month. A series of further 24-hour and 48-hour strikes took place throughout the early months of 2016 leading to an agreement to involve the conciliation and arbitration service, Acas, in an effort to reach a negotiated outcome. A new contract was agreed and put to members for approval. 68% of affected BMA members voted in a referendum on whether to accept the proposal, with 42% accepting. The Health Secretary then announced that the new contract would be unilaterally phased in over twelve months, starting in October 2016. The BMA announced further strikes in response, but these were suspended. Despite support for the action, the new contract was imposed. In practice, this means that the new terms and conditions have been integrated into junior doctors’ contracts without the negotiated agreement of the relevant professional association. This is a major shift in approach to public sector industrial relations and is a direct challenge to the power of the BMA. Unsurprisingly, it has considerably changed the ‘tone’ of industrial relations in the sector.

Looking forward, the main industrial relations issues facing the NHS are the collective negotiations around the effects of continuing budget squeezes following the financial crisis, and also the desire of the government to increase the level of service provision without significantly increasing available resources.

#### 4.4 Quantitative outcomes

The NHS has become an increasingly quantified service in recent decades. A short internet search leads to publicly available information on A&E performance (% of patients seen within 4 hours), ratings by the Care Quality Commission (CQC) inspectorate, hospital mortality rates, the proportion of staff who would recommend friends and family to use the hospital, the proportion of patients rating the same, the percentage of patients waiting less than 18 weeks for treatment, as well as specific figures for cancer care. All of these measures can be weighted and aggregated in a plethora of different rankings of hospitals (and other NHS services).

The CQC has combined quantitative measures with its own inspection reports to provide a comprehensive baseline evaluation of acute hospital services in 2016-17. This important report (CQC 2017) shows a mixed picture both across the country and across time. To summarise, the demand on services rose considerably with one third of trusts having to issue an alert in December 2016 that they needed urgent action to cope with the pressure of patient numbers. 10% of patients on the waiting list for treatment in October 2016 have waited longer than the target of 18 weeks. Bed occupancy rates for general and acute services are very high and have been above the 85% target for acute trusts every quarter since 2014-15. The average stay for inpatients has declined dramatically over the past decade from 7.1 days to 5, and for the over-75s age group from 14.4 to 9.1. This reflects both changes in medical practices, and more effective management of the patient journey out of hospital and into other care settings.

The CQC report also highlights the increasing demand and deficits that many NHS providers run. The total NHS deficit in 2015-6 was £2.45 billion, and 60% of acute trusts forecast a deficit at the end of the financial year 2016-17. The CQC is unhesitating in linking this to safe patient care. They find that too many trusts do not have an effective safety culture and reliable systems aimed at avoiding unsafe practices. They also make the point that the quality of care in acute settings is affected by community practices that are also under-funded. Speaking to the state of day-to-day employment relations, the executive summary of the report concludes thus: 'Frontline staff are the heroes of our reports. We have found high levels of compassionate care in virtually every hospital... However, we have found that many hospitals do not listen effectively to the views of their staff. This is having a major impact on their ability to provide safe, efficient, high-quality care.' (CQC 2017: 9)

In this context, and combined with a push for significant service change driven from government, it is probably unsurprising that industrial relations have become more fractious in the sector over the period under consideration.

#### 4.5 Pay and workload

In 2017/18 NHS Employers argued to the pay review body that the NHS continues to face financial and service challenges and that, although there were recruitment issues for some roles, this was a supply issue and not related to pay. In the context of the government policy to cap public sector pay rises at 1%, the Secretary of State (Minister) for Health agreed an increase of 1% in March 2017, angering unions and professional associations, but capped pay has not been the major source of industrial relations unrest facing the NHS.

It is also important to note that at the centre of the junior doctors' dispute was pay during the move to providing seven-day care across the NHS. Although the majority of weekend care is already provided by junior doctors, they receive a pay premium dependent upon day and time. By expanding the definition of what constitutes 'normal hours', it would become less expensive to use these junior doctors at the weekend. Under the existing system, junior doctors received a basic pay rate from 7am to 7pm

Monday to Friday. The government proposal was to increase the basic rate by 13.5%, but to increase the range of hours that would not merit a premium.

Criticism of the proposals by the BMA was strong. In particular, the proposed contract was criticised for incentivising unsafe shift rosters as higher rates of pay would be available for those working longer shifts. In addition, the ending of guaranteed annual increment rises, in preference of increments based on skills development, would mean that pay increases would be slower over the course of careers; rather than receiving increased pay as a result of gaining experience, it would be tied to future promotion and supplemented by working unsociable hours. The proposals would therefore have had a disparate effect for women as they often progress more slowly through skills development because of taking time off and part-time working for care responsibilities.

#### 4.6 Job quality and service provision

Although the BMA has been able to limit some of the proposed changes in the imposed contract, there will be some alterations to terms and conditions of employment. It is important to note here that industrial relations processes have mediated some of these impacts but that job quality will likely be reduced as a result of the need to work at evenings and weekends. If there is no increase in the number of junior doctors, but the hours they are required to cover are increased, this will necessarily result in an increased working time which may heighten workplace stress. The government have promised to protect wage levels up to 2019 for existing junior doctors, but new entrants will be worse off. Additionally, the removal of length of service-based seniority pay increments will have longer term impacts on pay.

Taken together, these raise real concerns about job quality and service provision. Professional associations are paying close attention to evidence of difficulties in retention of doctors and other medical staff, and evidence of effects on patient experience, although it is too early to be certain whether there are any long-term effects of this major breakdown in effective industrial relations in the sector.

#### 4.7 Nurses and other professions

The industrial dispute between junior doctors and the government has been by far the most prominent industrial relations issue in the UK in recent years and reflects a very real deterioration of relationships between social partners. Although there has been less high-profile discontent in other professions, it is not absent. Nurses are also highly unionised and represented mainly by the RCN and Unison. The RCN has never before taken industrial action, but has become increasingly frustrated by the pay cap of 1% imposed by the government.

This has led to the unprecedented step to survey RCN members about their support for possible industrial action. The laws around balloting for industrial action in the UK are quite complex and a survey of members has proved to be a useful interim step

before deciding whether to move to a full formal ballot of members. 78% of members who participated in the survey indicated that they would support a more formal ballot for industrial action. Although the College did not take industrial action, it seems likely that there will be continued dissatisfaction in the near future. Indeed, the fact that the survey was conducted is taken by many observers to be an indication of the breakdown of the normal functioning of industrial relations in the sector.

Unison is also following suit with a ballot for action amongst NHS staff, and many other unions and professional associations are considering their options. It seems likely, therefore, that we are entering a phase of considerable industrial unrest within the healthcare sector in general, and hospitals in particular. Specific issues of concern revolve around low pay and work intensification as a result of high levels of staff turnover.

#### 4.8 Wider issues - Brexit

Brexit is also a central concern for staffing in the NHS. NHS Employers report that there are approximately 62 000 EU workers in the NHS workforce – around 5.2% of the total workforce. The future of all EU nationals is currently being discussed, leaving employers (and staff themselves) across the UK with a great deal of uncertainty. It is likely that existing EU citizens will transfer to a form of ‘settled status’ which is likely to grant them the right to work. What remains entirely unclear is how Brexit will affect immigration controls more generally. Historically the NHS has usually been able to make a successful case to recruit staff overseas, and this is reflected in the fact that a further 75 000 staff for whom nationality data is recorded are from non-EU member states. Unsurprisingly, NHS Trusts are lobbying hard for the staffing impacts on the health sector to be given particular consideration.

#### 4.9 Summary - hospitals

Industrial relations in hospitals, and in particular the case of industrial action by junior doctors, gives a clear example of how the pressures of austerity combined with a need for increased service provision have led to increasingly conflictual relationships between social partners. A central motivation for the government in introducing the reform of junior doctors’ contracts was to increase the availability of service provision under their rhetoric of a seven day NHS. Although the service is likely to remain free at the point of use, the move towards extending the hours of provision is an on-going project. In addition to junior doctors in hospitals, it will require an increase in the availability of general practitioners which may cause further conflict with the BMA. An important argument from junior doctors rejecting these changes was the potential impact on the quality of service provision. Although this is difficult to measure with certainty it seems likely that without an increase in the number of jobs to match the increase in the availability of service, both job quality and service provision will worsen. Downward pressures on real pay are also driving concern in other occupational groups about staff turnover and poor conditions. This is likely to lead to a period of industrial unrest in the near future with pay and job quality as central issues.

## 5. Municipalities

Municipalities (local government) is the area of public spending that has been hardest hit since the financial crisis. Budget cuts since 2011 have varied across the country and have mainly targeted large urban authorities. Municipalities have several sources of income. Grants from central government have been cut by around 38% since 2010, but local authorities also raise income from local taxation. The ability of municipalities to increase local taxes varies considerably, so some councils have experienced a much more dramatic decrease in income than others. Overall, measured on a consistent basis, and excluding grants specifically for education, councils in England have seen an average real-terms cut of around 26% to their funding since 2009–10 (IFS 2016). This has clearly had a dramatic impact on services with adult social care being one of the hardest hit areas.

Local government in the United Kingdom has a rather complicated structure, partly as there are differing systems for the three nations with devolved powers (Northern Ireland, Scotland and Wales) as compared to England. Outside of Greater London, England does not have a devolved parliament or regional assemblies. England has a total of 353 principal authorities, some of which may work together to form a combined authority, such as the Greater Manchester Combined Authority. This was formed in response to the financial crisis of 2007/2008 as it enabled the pooling of resources amongst ten different local authorities in the region. The new combined authority has powers over, for example, public transport, waste management, and housing. The situation in Northern Ireland, Scotland and Wales is rather different owing to the role of national governments as outlined previously.

349 out of 352 English councils are members of the Local Government Association (LGA), as well as a number of authorities including fire services and national parks. This was formed as part of the UK local government reform of the 1990s which saw the creation of unitary authorities, single tier organisations responsible for all local government functions within an area. Further to this, the 22 Welsh councils are members of the Welsh Local Government Organisation, a constituent part of the LGA which retains full autonomy in dealing with matters relating to Wales. By contrast, the Northern Ireland Local Government Association and Convention of Scottish Local Authorities are independent bodies.

### 5.1 Local government policy in the last 15 years

It is notable that in the context of such significant spending reductions employment relations are tense, but there has been little sign of overt conflict. By and large social partners have negotiated significant changes in service provision without major industrial disputes. The exception was the 2011 national strike over pensions which is discussed below. Although there are undoubtedly examples of effective negotiation of reductions in services, it is probable that this relatively low level of overt conflict also reflects the weakness of local authority unions in the face of such significant restructuring and cuts.

Previous sections have highlighted how budget constraints have been a strong feature across the public sector. However, Williams and Scott (2016) stress that unprotected areas such as funding to local authorities have been particularly strongly hit as a result of the way cuts have been managed. This largely results from the fact that many services – social services are an example – require a given level of funding in order to ensure the provision of statutory services. This leaves relatively fewer services as the focus of cuts. The Institute for Fiscal Studies (IFS) (2016) reports that services in that category include planning and development, housing and culture services. Here cuts have been particularly dramatic – often over 40%. A complicating issue is that where services are provided by a company outside the local authority, contracts are usually stipulated to last for a particular duration and cannot be ceased or renegotiated during that period. This leaves even fewer areas where local authorities can make cuts relatively quickly.

Interestingly, the scale of the reduction in funding has led to criticism from Conservative representatives in local government. Lord Porter, the Conservative chairman of the Local Government Association (LGA), argued in 2015 that any further cuts were likely to lead to provision of statutory services and nothing more. A report by the LGA in the run up to the general election of 2017 stated that local government faces an estimated overall funding gap of £5.8 billion by 2019/2020, and a £2.3 billion gap in the funding for social care by 2020. Unsurprisingly, therefore, cuts in local government have been much deeper than in ringfenced areas such as health and education and are likely to continue to worsen. The LGA has predicted that funding will have been reduced by 64% from 2010 to 2020, with inevitable concerns about a reduction in the quantity of jobs, the quality of the pay and conditions of these jobs, and impacts on the services provided.

## 5.2 Industrial relations and social partners

The sector is relatively well-organised and has strong mechanisms of collective negotiation and social partnership. Pay rises have been limited to the 1% public sector pay cap. Generally industrial relations have been mostly constructive, reflecting both the acknowledgement by unions that municipalities have been particularly badly hit by budget cuts, and also the weakened bargaining position of the unions as job losses have hit the sector. An example of the sometimes conflictual nature of industrial relations can be seen in the public sector strike of 2011 over pensions. Workers across all areas of the public sector were facing proposed changes such as a rise in contribution payments, linking the retirement age to the state pension age, a move from final salary to career average schemes, and a move from using the consumer price index rate of inflation for yearly uplifts. Members of 29 different trade unions took action on 30<sup>th</sup> November 2011, and local authority workers were particularly visible. The dispute formed part of wider discontent amongst public sector workers about the effects of the austerity agenda on pensions, pay increases, workforce size and job quality.

Ultimately the industrial action had little effect on the austerity agenda, as the proposed changes to pensions have occurred in almost all occupations. Workforce reductions have also taken place, although mainly through failing to fill vacant posts rather than

compulsory redundancies, and pay increases in the public sector continue to lag behind inflation. The wider context of the financial crisis and the drive towards an austerity agenda has undoubtedly led to changes in job quality and quantity.

National agreements have led to low wage increases in the context of increasing inflation, and the unions were able to do little to negotiate on these issues. This, however, has led to rather more consensual relations at a local level, with both unions and councils reporting that they felt cuts were being imposed upon them. Pension changes have also affected workers in these organisations, although there was little change in other aspects of job quality such as training and development opportunities, qualifications required, and the types of contracts being offered, although some leaders reported a slight increase in the use of agency staff and subcontractors.

### 5.3 Quantitative outcomes

Public data on spending highlights both the dramatic nature of the cuts in this area, and the extremely varied effects of cuts. An influential report from the Joseph Rowntree Foundation (2015) shows the particular effects of budget cuts on poorer communities. The report shows that the municipalities with the most deprived populations have been hardest hit with a £220 cut per head of the population, as compared to just £40 per head in the more affluent municipalities. This is largely explained by policies which have tended to benefit voters in more affluent areas who represent the core vote for the governing Conservative Party.

An alternative source of quantitative data relates to the views of senior managers in municipalities about service quality (IFS 2017). This study interestingly shows that almost 90% of respondents say that they believed they had been able to maintain service quality in 2016-17 despite the cuts, and views did not vary significantly across municipalities with very different income structures. What is striking about this survey is the pessimism of respondents in the longer term. Only one third of respondents was confident that they could maintain service levels in the medium term (2019-20) falling to only one in six who had confidence about the long-term future (2021-22).

There are other measures of service quality that provide important snapshots of the challenges facing local authorities. One such measure is the number of times municipalities have broken the statutory responsibility that has existed since 2003 not to house families with children in insecure accommodation such as B&Bs or hostels for longer than 6 weeks. A report by the Financial Times showed that: 'English councils broke that law 701 times on December 31 2014, affecting an estimated 1 000 children – a sevenfold increase on the same day in 2009 – as they struggled to accommodate the growing number of families caught by Britain's housing crisis.' (Financial Times 2015). Another snapshot is given by the Department for Communities and Local Government which also reported a considerable increase in the sale of assets owned by local government from 2012-13 to 2016-17. As well as council buildings, other assets such as works of art, and areas of natural beauty owned by local authorities have been put up for sale to cover reductions in other income streams.



According to the largest union, Unison, approximately 500 000 jobs have been lost from local councils since 2010, which is approximately half of the total job losses from the public sector during that period. What is remarkable about this figure is that all social partners agree that the real difficulties lie ahead. There are reductions in all income streams projected for at least the next 5 years and little opportunity for most municipalities to raise local taxes to cover any deficits. There is remarkable unanimity that cuts have already affected the quantity and quality of jobs in the sector and that this is only going to get worse in future years.

#### 5.4 Job quality and service provision

As local authority funding has not been protected by ringfencing, the reduced available budget is being felt in this sector even more keenly than in schools and hospitals. Unsurprisingly this is evident in the reduction of jobs in the sector. Council leaders report that their main concern had been to protect frontline services, particularly in social care and education, and that as a result there were few services that had been stopped completely. By contrast, efficiencies had been found in many back-office functions, and council leaders pointed to cost saving schemes such as reducing the number of cleaners, moving to paperless offices, closing satellite offices, requiring people to work from hot desks or in the field, and an increase in digital working. Some of these efficiencies have also translated into the way services are provided to customers, for example through providing online renewal of car parking permits or co-locating services in 'one-stop' shops. Indeed, some leaders suggested that the austerity agenda had forced them into efficiency savings that they would not otherwise have considered.

There is also evidence of some services being moved to the third sector, for example staffing of libraries, or control of local public conveniences being handed over to the local community. Some councils found other innovative ways of raising revenues, for example through engaging with the private sector to provide consultancy, or through more traditional means, such as charging for public conveniences or raising charges at leisure centres. Others employed consultants to conduct cost-cutting exercises. Importantly, the overall line from councils was that efficiencies were found through reductions in the number of staff, and that this had lessened the impact on service provision, although whether that can be sustainable into the future is unclear.

#### 5.5 Job quantity, workload, pay, and work intensification

The main response to the budget constraints has been a reduction in the workforce. These cuts have tended to come from central functions rather than front-line services, and have occurred through natural wastage and not filling vacant posts, with little reliance on redundancy. Some municipalities reported a small increase in the number of agency staff, or the use of outsourced services. One important change had been the number of people acting up into roles above their normal pay grade. A further implication of the reduction in the quantity of jobs was on the reduction of the quality

of jobs of the remaining staff because of workload increases, raising concerns that this was having a negative impact on the well-being of these workers.

Despite some industrial action, most notably around pensions in the early days of the coalition government, neither trade unions nor local councils had been able to significantly influence the direction of UK government policy. Instead, they were having to find ways of meeting the challenges of substantially reduced funding. Interestingly, despite the notable implications of the austerity agenda, relationships between unions and councils were reported to be generally positive by council leaders. This is partly because pay scales are negotiated nationally, and locally there was little scope for unions to negotiate to improve pay. Indeed, there was a feeling that cuts were being imposed on councils from central government, and that managers and unions could work together to help mitigate the impacts.

Performance measures also drive the nature and form of job quality and quantity. All councils must report consumer key performance indicators (KPIs), and in some instances this led to concentrating on meeting KPIs to the detriment of other aspects of service delivery. For example, published targets for recycling waste mean that this service has remained important to local authorities during this difficult period. Interviewees also reported that there has been an improvement in many services as measured by these KPIs despite increased workload for council employees at a time of reductions in the quantity of jobs. This suggests that the impacts of budget cuts on service quality has been mediated by changes to work organisation. Questions remain however as to how many further reorganisations of work there is scope for as budgets are likely to remain tight and continue to be reduced for the foreseeable future.

## 5.6 Summary - municipalities

This section has examined the case of local government in the UK, identifying several areas of similarity with the other case studies, including the influence of the financial crisis, the changing political orientation of the UK government, and the wider austerity agenda. A further consideration is the differing impacts across the nations of the UK as a result of devolved powers. One particular contrast drawn is the importance of ringfencing when comparing this sector to those areas that have had more protection, such as the NHS. The lack of ringfencing protection for local government has led to a severe impact on the quantity and quality of jobs, which has further effects on service provision both currently and in the future. This means that local government is the area in the UK which has seen the most dramatic impact with several councils in severe financial difficulties, and with many indicating that their future provision will not stretch beyond statutory responsibilities.

## 6. Comparison

The aim of this section is to draw comparisons across the three sectors: primary education, hospitals, and municipalities. While there are many commonalities, in the broader context of the austerity agenda, there are also some important differences.

### 6.1 Ringfencing

An important difference between the education, hospital and municipality sectors is whether or not they are subject to ringfenced funding. Although health and education have both faced funding challenges, the challenges facing municipalities are on a different scale. That said, ringfencing does not mean an absence of cuts. Although there is a pledge not to reduce funding in health and education, there are undoubtedly pressures to ensure resources go further which, in turn, create challenges for job quality, work organisation and staff turnover. In all three areas, social partners are expecting even greater pressures on budgets in coming years.

### 6.2 Wage restraint – public sector pay cap

A common theme across education, health, and municipalities has been wage restraint, with a governmental policy since 2010 to cap wage rises to 1% in all three sectors. This does not mean that no-one receives a pay rise of more than 1% because individuals may progress up pay scales, receive bonuses, or receive increases for additional responsibilities. However, this does mean that someone at the top of their scale is likely to not have had a pay rise above 1% for several years. In the context of inflation running above 2%, this has resulted in real-terms pay cuts for large numbers of workers in the three sectors, leading to problems with recruitment into some roles and into some geographical areas.

This wage restraint policy has led to criticism not only from workers and their representatives, but also has seen public opinion become more sympathetic to the wage demands of these workers, particularly in the context of rising inflation. High-profile stories, such as the reliance of some nurses on food banks, have further highlighted the problems of this approach. In summer 2017 the Conservative government agreed to breach the 1% cap for police and prison officers as there have been serious issues of staff retention in both sectors. The latest proposals are for this to continue for both police and prison officers, with increases above 1% for other groups including the armed forces. It remains unclear where the resources will come from to fund this, and what will be expected in return.

### 6.3 Deteriorating conditions

In addition to falling wages in the context of rising inflation, overall conditions in many roles in the cases investigated have deteriorated. The links between quantity of

jobs and quality of jobs can perhaps be seen most clearly in the case of education and local government staff, with a reduction in the number of staff leading to increased workloads for those who remain. Although there were suggestions from council leaders that some efficiencies had been found by working in a different way, particularly the centralisation and automation of some services, there was also broad agreement that workloads had intensified for those workers who remained. Changes to pensions arrangements for many occupational groups has also worsened overall remuneration packages for these jobs. The ringfencing of health and education budgets is likely to be a key explanatory factor in why these services have not had to restructure as deeply as local government services. Even without the massive budget cuts, these services have faced increasing staff turnover.

#### 6.4 Work extensification and work intensification

As noted above, the reduction in the quantity of jobs - especially in education and municipalities - has led to an intensification of roles for those that remain. A further impact on jobs, particularly in hospitals, is the extensification of work. This was seen in the case of the junior doctors' strike, which highlighted safety concerns as the government attempts to move to seven-day service provision in the NHS. Although framed as a response to the needs of patients to have appointments available in the evenings and at weekends, there is also a desire to sweat the assets of the organisation harder, meaning that, for example, operating theatres are routinely used for seven days a week instead of five. This desire to sweat the assets also creates a need to sweat labour, leading to both intensification and extensification of these roles. This is likely to be a major response of public services as future cuts will require the reorganisation of work.

#### 6.5 Workforce composition

In addition to changing the quantity and quality of roles in each sector, important changes to workforce composition are also provoked by the current context of austerity. For example, in the case of primary education this can be seen in the changing roles of teaching assistants. The use of voluntary redundancy schemes in local councils is likely to lead to a younger workforce, but perhaps one for which tacit knowledge about organisational procedures has been lost. In the case of hospitals, the removal of training bursaries for nurses is likely to have significant impacts on the development of new staff from the UK, while Brexit is likely to impact the recruitment of staff from the EU.

#### 6.6 The role of pay review bodies

A further impact of austerity has been the shift from what could be considered as 'steady-state' industrial relations in the public sector. One example of this is the government challenging of the authority of pay review bodies by not automatically implementing recommended pay increases. This is a dramatic shift of approach to public sector pay

management, and industrial relations in general. Pay review bodies are widely regarded to be a mechanism through which to provide an independent assessment of what is a necessary and affordable pay rise within a specific sector or occupational group. In this regard, it is seen as a mechanism to ‘depoliticise’ the pay-setting process by placing the responsibility for making recommendations into the hands of an independent panel that takes evidence from stakeholders. By rejecting the recommendations of pay review bodies, Ministers risk ‘re-politicising’ public sector pay as well as undermining the role of the bodies.

## 6.7 Resistance

All three case studies have featured examples of resistance. In primary education, this is seen in strike action and the boycott of primary assessment tests. In municipalities, this can be seen in national strike action over pension changes in 2011. National strike action is difficult to co-ordinate in the UK because of laws restricting the use of strikes, so it was noteworthy that unions across the public sector could co-ordinate effectively. In hospitals, the industrial action taken by the junior doctors is extraordinary as the BMA has always preferred to use its significant negotiating power rather than take strike action. The shift of activity represents a very real break with the past and disruption to the largely steady state of collective negotiation in the health sector. BMA representatives are clear that the action was undertaken reluctantly and in the face of what they judged to be very little likelihood of effective negotiation around the form and implementation of the new contracts. It is also worth noting that although there were important concessions, the action was largely ineffective at challenging the core principles underpinning the new contract and its imposition. Although this action has been unsuccessful in preventing these changes, there appears to be a continuing appetite for possible industrial action with the support for a ballot for strike action from the Royal College of Nursing being a particularly striking change of strategic direction.

A summary of these findings can be found in the table below.

## 7. Conclusions

This chapter has highlighted some of the profound changes and challenges facing public sector industrial relations in the UK since the financial crisis. In common with many discussions about public sector employment relations, the key explanation of different approaches relates to the government agendas. The UK has seen three general elections during the period under consideration, and three distinct periods of policy direction: Labour (to 2010), Coalition (2010 to 2015), and Conservative (2015 onwards). From 2010 onwards, there has been a clear policy to reduce public sector spending, cap public sector wage rises, and fundamentally reform the provision of public services. While it is clear that this agenda has led to some similar issues within the health, education and municipalities sectors around wage restraint and job quality, the impacts of this have varied across sectors. Whether or not funding has been ringfenced is a crucial explanatory factor in the sectoral effects.

Table 1 Comparing the three sectors

	Primary education	Hospitals	Municipalities
Evolution of IR since crisis	<p>Ringfenced budget but declining in real terms. Budget allocation formula changing.</p> <p>IR becoming more tense, especially with regard to pay levels and retention of qualified staff (teachers).</p> <p>1% national pay cap applied since 2010.</p>	<p>Ringfenced budget but significantly declining budget in real terms owing to increased demand for services.</p> <p>Dramatic increase in tensions over contracts for hospital doctors. Very high-profile strike action.</p> <p>1% national pay cap applied since 2010.</p>	<p>Budgets not ringfenced. Average cuts of around 26% but considerable geographic variation.</p> <p>Some increase in industrial action – high-profile pension strike 2011. Reports of increasingly tense relations, particularly with central government.</p> <p>1% national pay cap applied since 2010.</p>
Role of IR in shaping the sector	<p>Strong collective organisation. Multiple, competing unions.</p> <p>National terms and conditions for teachers agreed through collective bargaining.</p> <p>Teachers' pay decided through independent pay review body.</p> <p>Locally agreed pay, terms and conditions for other roles e.g. teaching assistants.</p>	<p>Strong collective organisation. Multiple unions and professional associations mainly organised along occupational lines.</p> <p>National terms and conditions agreed through bargaining and pay review.</p> <p>Local pay, terms and conditions for occupations such as healthcare assistants.</p> <p>Sectoral social partnership active.</p>	<p>Strong collective organisation.</p> <p>National terms and conditions agreed through National Joint Council for Local Government Services.</p> <p>Squeeze on differentials at lower grades with notable uprating of national minimum wage.</p>
Reform effects on employment	<p>School funding likely to target schools differentially. Workforce reduction where funding reduced.</p> <p>Development of academy schools encourages schools to break away from national pay, terms and conditions.</p> <p>Increasing labour turnover.</p>	<p>Little change in staffing levels, although significant concerns about recruitment and retention of overseas staff post-Brexit.</p> <p>Imposition of contract on junior doctors indicates significant shift of approach from government.</p>	<p>Significant job losses. Further significant losses almost certain to occur in near future.</p> <p>Increased workload, stress etc. Reduced job quality.</p> <p>Increased labour turnover. Reduction in quality of contracts.</p>
Employment effects on services	<p>Growing dissatisfaction and tensions.</p> <p>Some evidence of large class sizes.</p> <p>Retention concerns.</p> <p>Difficulties attracting quality graduates to sector.</p>	<p>Dramatic change of delivery of services during strike action by doctors.</p> <p>Evidence of increasing problems for many employers achieving national targets. Largely attributed to budget squeeze rather than poor employment relations.</p>	<p>Dramatic cuts in unprotected services.</p> <p>Future cuts likely to be considerable as e.g. contracts with providers end.</p> <p>Most municipalities report difficulties even providing statutory services.</p>

Source: Authors' own composition.

Nonetheless, in all the sectors and regions, common pressures relate to a changing funding context in which service providers are certainly expected to do more with the same resources, and often with more restricted resources. Government pay restraint policies mean that staff are facing below-inflation pay rises while redundancies and higher staff turnover mean there are often fewer staff to perform the revised roles.

This context has caused a great deal of dissatisfaction among staff and unions and is leading to increasingly tense industrial relations in all three sectors. A particularly interesting commonality is the increase in industrial action, although even in the more densely unionised UK public sector, this has had little effect in reversing the impacts of austerity. While there has been an effort to 'pull together' to deliver changes, in some cases those changes have created a context that has led to industrial action, especially in the health sector. By contrast, although municipalities have undoubtedly been hit hardest by spending cuts, there are good examples of restructuring of services to attempt to maintain a level of service provision. Two points emerge from this assessment. First, where there has been an opportunity for services to restructure to eliminate inefficiencies and find new ways of working these have been regarded by many providers as 'low hanging fruit'. In other words, more profound changes will be required to achieve further savings. Inevitably, the more substantial a proposed reorganisation, the longer it will take to negotiate with social partners.

Second, where changes are negotiated, social partners report reasonably constructive relationships even in the municipalities where budgets have been under most pressure. The dispute with junior doctors in the NHS was set in motion largely because of an inability to negotiate change and the eventual imposition of a new contract by the government. This strongly indicates that if large scale industrial disputes are to be avoided, on-going negotiation and compromise will be necessary from all sides as budgets are cut further. In other words, the mechanisms of collective regulation do seem to be effective in providing a 'safety valve' for negotiating the pressures of service reorganisation and budget cuts. In short, the mechanisms of industrial relations have largely proved effective in ensuring the continued running of public services even in very difficult circumstances.

This importance of this conclusion should not be underestimated in the context of such deep cuts and against the background of the Trade Union Act. The Act places considerable additional constraints on the actions of public sector unions. This has the potential not only to disrupt the smooth running of collective regulation in the public sector, but also to disrupt service provision if collective negotiation is undermined.

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All links were checked on 12.12.2019.

## Appendix

### List of interviews

ATL Officer  
 NUT Officer  
 Unison Officer  
 ATL Senior Activist  
 Local Council Lead – Education – Large urban authority in the Midlands.

### Interviews within municipality respondents:

Interview 1 South Rural  
 Interview 2 North Urban  
 Interview 3 North Rural  
 Interview 4 North Rural  
 Interview 5 South Rural  
 Interview 6 South Urban  
 Interview 7 South Rural  
 Interview 8 South Urban (two interviewees)  
 Interview 9 South Rural

### List of abbreviations

**A&E** Accident and Emergency department of a hospital  
**ATL** Association of Teachers and Lecturers  
**BBC** British Broadcasting Corporation  
**BMA** British Medical Association  
**CQC** Care Quality Commission  
**DfE** Department for Education  
**GDP** Gross Domestic Product  
**GP** General Practitioner: a community-based general doctor  
**HCHS** Hospital and community healthcare services  
**IFS** Institute for Fiscal Studies  
**LGA** Local Government Association  
**NAHT** National Association of Head Teachers  
**NASUWT** The Teachers' Union  
**NFF** National Funding Framework for schools  
**NHS** National Health Service  
**NUT** National Union of Teachers  
**Ofsted** The Office for Standards in Education  
**RBS** Royal Bank of Scotland  
**RCN** Royal College of Nursing  
**SATs** Standardised Assessment Tests  
**SEN** Special Educational Needs  
**STPCD** School Teachers' Pay and Conditions Document

<b>STRB</b>	School Teachers' Review Body
<b>TA</b>	Teaching Assistant
<b>TUC</b>	Trades Union Congress
<b>UK</b>	United Kingdom
<b>Unison</b>	A public sector trade union

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## **Working under pressure** **Employment, job quality and labour relations** **in Europe's public sector since the crisis**

Edited by Maarten Keune, Nuria Elena Ramos Martín and Mikkel Møllgaard

This book analyses the evolution of employment, job quality and labour relations in the public sector since the 2008 crisis in nine EU Member States: Denmark, France, Germany, the Netherlands, Italy, Slovakia, Spain, Czech Republic, and the UK. It focuses on three sub-sectors: primary education, health care and municipalities. The book shows that the public sector reforms of the past few decades, as well as the more recent crisis-related austerity policies, have had important consequences for the number and quality of jobs across the nine countries. Public sector workers have frequently had to shoulder the burden of budgetary pressures through declining employment levels and job quality, including stagnating or declining (real) wages and the intensification and 'extensification' of work. Declines in the number of jobs and job quality have been strongest in the countries where the crisis has been felt the deepest, in particular Italy and Spain. However, in the last few years, we have observed a moderate recovery in employment and/or job quality, particularly in healthcare and primary education.

We discern several broad trends in public sector labour relations. One is the turn of governments towards greater unilateralism in the initial crisis years. The second is the emergence of new industrial relations actors. Following the dissatisfaction of public sector workers and the limited success of the established trade unions to respond to this dissatisfaction, a variety of new unions, social movements, ad hoc pressure groups and other organisations have emerged. Thirdly, there has been a widespread increase in strikes, protests, campaigns and other forms of industrial action by public sector workers. Finally, the erosion of the quality of public services has become a central issue in the demands of trade unions and new social actors. They now consistently argue that good job quality for public sector employees is essential to guaranteeing and enhancing the quality of public services.

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