

CHAPTER 3: Public sector industrial relations in transition

The economic environment of recent years has had a transformatory effect on public sector industrial relations, with the crisis serving to accelerate and deepen changes that were already in train. The effects of this include a revival of unilateralism in the public sector, a recentralisation of wage-setting systems, an acceleration of the introduction of private sector-style HRM practices, and a general weakening of trade union influence over governments struggling to adapt to tough economic conditions.

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3.1. Introduction

In most EU Member States government responses to the economic and sovereign debt crises, which had their origins in 2007–2008, have severely hit the public sector. Traditional patterns of employment relations have been challenged, past trends in employment levels have been reversed, and public sector wages and pension systems have been cut and reformed in order to curb overall public sector pay-bill and reduce public debt.

This chapter provides an overview of the structure of the public sector, employment trends and the basic features of public sector employment relations in the EU-27, highlighting transformations in collective bargaining and wage-setting systems.

The chapter is organised as follows.

Section 2 deals with the size of the public sector. Section 3 is devoted to the analysis of some structural features of public sector employees, in terms of gender, part time/full time, temporary/open-ended employment and age. Section 4 analyses the employment status of public sector employees across the EU countries, with a distinction between those whose employment relationship is (still) regulated through a special statute, often under public and/or administrative law, and those with ordinary employment contracts under civil or commercial law, like their private sector counterparts. The right to collective bargaining of public employees and

possibly also the right to strike is linked to this distinction. Section 5 deals with trade unions and employers, with subsections devoted to trade union density and structure, employers' representatives, and the European sectoral social dialogue. The wage-setting systems prevailing in EU Member States are the topic of Section 6, the main distinction being made between systems based on unilateral government determination, systems where collective bargaining is the main method of wage determination, and hybrid or mixed systems. This is linked to the traditional issue of centralisation/decentralisation of industrial relations, as well as recent trends towards the differentiation and, possibly individualisation, of treatment which is addressed in Section 7. Section 8 deals with the issue of industrial conflict in the public services and the settlement of disputes. In the final Section, building on previous analyses, five country clusters are identified, summarising the main features that characterise public sector industrial relations systems across the EU-27.

3.2. Size of the public sector

For an overview of the issues surrounding the definition of the public sector, see chapter 1. In particular, Box 1.3 explains that data based on a classification of activities can only serve as a proxy and not an exact measurement of the public sector. Based on this, in this chapter we use sections O, P and Q of the Statistical

classification of economic activities of the European Community NACE Rev.2, from 2008 onwards⁽¹⁾. These sections include respectively: public administration and defence, compulsory social security; education; human health and social work activities⁽²⁾. The share of total employment of employees in these activities in 2008 and 2011 for the EU-27 countries plus Norway is reported in Appendix 3.1, while Table 3.1 below, first column, reports the share of all public sector activities (O+P+Q) of total employment as an average during 2008–2011.

Great variation across countries in the relative size of public sector employment is immediately apparent. Overall, four groups of countries can be identified (Table 3.2). At the two extreme poles are those with a very large public sector, with an employment share above 29% of total employment, and those with a much smaller public sector, with an employment share below 20%. The first group includes, in decreasing order, three out of four of the Nordic countries— Norway, Denmark, and

⁽¹⁾ A similar choice is made in Vaughan-Whitehead 2012, ch. 1, while in Glassner 2010 only section O (Public administration and Defence; Compulsory social security) is considered.

⁽²⁾ In detail:
Section O – PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY
84.1: Administration of the State and the economic and social policy of the community;
84.2: Provision of services to the community as a whole (Foreign affairs; Defence activities; Justice and judicial activities; Public order and safety activities; Fire service activities);
84.3: Compulsory social security activities;
Section P – EDUCATION
85.1: Pre-primary education
85.2: Primary education
85.3: Secondary education
85.4: Higher education
85.5: Other education
85.6: Educational support activities
Section Q – HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
86.1: Hospital activities
86.2: Medical and dental practice activities
86.9: Other human health activities
87.1: Residential nursing care activities
87.2: Residential care activities for mental retardation, mental health and substance abuse
87.3: Residential care activities for the elderly and disabled
87.9: Other residential care activities
88.1: Social work activities without accommodation for the elderly and disabled
88.9: Other social work activities without accommodation

Sweden— in connection with the traditional large extension of the welfare state, immediately followed by Belgium, Luxembourg,

France, the UK, and the Netherlands. The opposite group comprises five of the former communist, eastern European

countries, including Poland, Slovenia, the Czech Republic, Bulgaria, and Romania, plus Cyprus.

Table 3.1 Share of public sector employment in relation to total employment: comparison between different sources

	1 LFS-Eurostat 2008–2011 average (O+P+Q)	2 OECD General Govern. 2008^{a, b}	3 OECD General Gov. + Public Corporations 2008^{a, b}	4 EIRO 2004 or 2005
EU-27	24.4			
EU-15	25.8			
EU-12	25.7			
NO	34.7	29.6	34.5	33.9
DK	32.6	28.7	31.5	30.4
SE	32.1	26.2		
BE	31.5	17.1		24.9
LU	29.8	17.6	17.6	10
FR	29.7	21.9	24.4	20.3
UK	29.7	17.4	18.6	20.2
NL	29.5	12.6	21.4	11.5
FI	27.2	22.9	22.9	27.5
MT	25.4			32.1
DE	25.1	9.6	13.6	12
IE	25.1	14.8	16.7	17.9
LT	23.1			27.6
HU	22.6	19.5	19.5	20.8
AT	22.2	11.4		10.7
EE	21.7	18.7	22.3	
LV	21.4			34.7
EL	21.2	7.9	20.7	22.1
SK	21.1	10.7	19.3	22.5
ES	20.5	12.3	13.0	15.2
PT	20.4	12.1		15
IT	20.2	14.3	14.3	14.5
PL	19.8	9.7	21.4	26.2

	1 LFS-Eurostat 2008–2011 average (O+P+Q)	2 OECD General Govern. 2008^{a, b}	3 OECD General Gov. + Public Corporations 2008^{a, b}	4 EIRO 2004 or 2005
SI	19.6	14.7	22.6	23.2
CZ	19.1	12.8	19.4	14.7
CY	18.8			17.3
BG	18.5			26.2
RO	13.6			10.4

Also see Chapter 1 and Box 1.3 for a discussion of the definition, size and statistical classification of the public sector and public services. See appendix 3.2 and Chapter 4 (Table 4.6) for a discussion of the change in public sector employment.

Sources: 1) Eurostat LFS 2008-09-10-11, sections: O, P, Q; 2 and 3) OECD, *Government at a Glance 2011*, Fig. 21.1 and 21.2, based on ILO, LABORSTA database; 4) EIRO: Bordogna 2007.

NB: ^{a)} France and Portugal: 2006; ^{b)} Austria, Italy, the Czech Republic, the Netherlands and Poland: data are expressed in full-time equivalents.

Of the remaining countries, four—Finland, Malta, Germany, and Ireland—are closer to the group with the largest public sector, with an employment share around 25–27%, while 10 are closer to the lowest pole, with an employment share between 20 and 24%, including Lithuania, Hungary, Austria, Estonia, Latvia, Greece, Slovakia, Spain, Portugal, and Italy; only one case within the latter group, Lithuania, is slightly over 23%.

A simplified scheme would stress a divide between a group consisting of all the central and northern European countries of the former EU-15, with the exclusion of Austria and the inclusion of Malta, characterised by a relatively large public sector in terms of employment share, and a group of all the southern and eastern European countries, which have a lighter public sector.

It should be noted that the hierarchy would change significantly if only public administration and compulsory social security are considered. In this case all the Nordic countries (DK, NO, SE, FI) would be situated in the lowest part of the ranking, along with Ireland, Romania, and Lithuania, with up to 6% of total employment, while at the top, with 8% or over, we would find Luxembourg, France,

Table 3.2 Public sector employment share of total employment, average 2008/2011

Public sector share on total employment	Countries
Over 29%	Norway, Denmark, Sweden, Belgium, Luxembourg, France, UK, Netherlands.
25% — 29%	Finland, Malta, Germany, Ireland.
20% — 24%	Lithuania, Hungary, Austria, Estonia, Latvia, Greece, Slovakia, Spain, Portugal, Italy.
Below 20%	Poland, Slovenia, Czech Republic, Cyprus, Bulgaria, Romania.

The grouping of countries is based on 5 percentage-point intervals of public sector employment share as shown in Table 3.1, column 1.

Source: LFS Eurostat. NACE Rev.2. Sections O, P, Q.

Belgium, Malta and Greece, the remaining ones being in between.

However, as specified in Chapter 1, while the activities included in section O should certainly belong to the public sector, with few exceptions and uncertainties, sections P and Q include also private sector providers, to an extent that might significantly vary across countries, and there is little scope for controlling for this feature (see Box 1.1 in Chapter 1).

To partly remedy these inaccuracies due to the unavailability of more focused data, the three remaining columns in Table 3.1 report data coming from different sources: the OECD *Government at a Glance 2011*, related to employment in General Government and in General Government plus Public Corporations, and a comparative study on public sector industrial relations for the European Foundation of Living and Working Conditions (Bordogna 2007). In two

cases the data of the three sources overlap almost perfectly: Norway and Denmark, at the top of the ranking, with a public sector employment share always around or above 30%. In another group of countries the available sources are also quite convergent, including Hungary, Estonia, Portugal, Cyprus, Romania, and, if public corporations are also included in the OECD data, Slovakia, Greece, Slovenia, and the Czech Republic. However, for the remaining countries there are significant differences between the three (or two) sources. Among these, particularly remarkable are the discrepancies regarding Belgium, the Netherlands, France, Luxembourg, the UK, Ireland, Italy, Spain, and Germany. Most notable is probably the case of Germany, which in both the OECD and EIRO ranking has one of the leanest public sectors in the EU, half or even less than in the Eurostat source. This feature has been confirmed by national case studies (Keller 2011; also Holm-Hadulla et al. 2010). Similar discrepancies are confirmed by case studies regarding France, Italy and the UK (Bordogna and Neri 2011; Bach and Givan 2011).

The relative size of public sector employment aside, in about half of the countries the number of public employees has decreased since 2008 in the public administration, defence and social security sub-sector. The decrease is particularly notable in Latvia, Lithuania, Cyprus, the UK, Denmark, and Portugal, at more than 8%. These countries are followed by Belgium, France, Greece, Bulgaria, and the Netherlands, with a decrease between 3 and 7%. However, in the education and health and social work activities, the number of employees has increased in many cases, so that, overall, only seven countries registered in 2011 a reduction in aggregate public sector employment levels compared to 2008, namely Latvia, Lithuania, Bulgaria, Greece, the Netherlands, and, to a very limited extent, Italy and France. Only in two countries, Cyprus

and Luxembourg, was the public sector employment share in 2011 (slightly) lower than in 2008. In France and Italy the share remained unchanged, while in all the other countries it was higher, to a varying degree, which might also be due to the fact that job losses have affected the private sector in particular (for details, see Appendix 3.2; see also Glassner 2010: 8). Arguably the main effects on employment levels, and possibly on employment share, of the austerity programs that many countries have recently adopted will be felt in the years to come (see Chapter 4).

3.3. Employment structure

A number of features traditionally characterise public sector employment in comparison with the entire economy: a higher female employment share, a greater proportion of part-time work, more widespread use of temporary employment and a relatively older workforce. Further, the proportion of employees with tertiary education is relatively higher in the public sector (for similar considerations, Giordano *et al.* 2011: 14–5).

Female employment. The participation of women in public sector employment is much higher than in the entire economy: in all countries the public sector female employment share is at least 10 percentage points higher than in the entire economy, and in many cases more than 20 percentage points higher. While in the economy as a whole female employees always represent less than 50% of total employment, with the notable exceptions of the three Baltic countries, the percentage of women in the total public sector is always significantly higher than 60%, with the exception of Greece, Luxembourg, and Malta. In the three Baltic countries, the four Nordic countries, the UK, Ireland, Slovenia and Slovakia the figure is over 70% (Table 3.3).

There is, however, wide variation between the three subsectors of the public sector. In public administration, defence and social security, the percentage of female employees is in most countries is close to that of the entire economy, and in several cases even lower. This is due to the significant presence of some functions and roles that are traditionally exercised by men and where women are usually still a minority— not only police, armed forces and defence in general, but also prison guards, diplomatic services, and in some countries, the judiciary. By contrast, education, health and social work activities are characterised by occupations with a very high female density— teachers, social workers, nurses, and increasingly medical doctors. In such sectors women are in all countries the absolute majority. In education, female employees (mostly teachers) always represent at least two thirds of the entire workforce, with the exception of Finland, Malta, Spain, Greece, Denmark, Luxembourg, and the Netherlands. This feature is even more marked in the health and social work sector, where in 14 countries more than four out of five employees are women. Further, in another nine countries women represent more than three out of four employees.

In some cases this is linked to employment and welfare policies deliberately aimed at promoting female participation in the labour market, as is the case in the Nordic countries. Nevertheless, a very high female density can also be observed in the UK and in several Central and Eastern European countries, such as the three Baltic countries, Slovakia, Slovenia, Bulgaria, and Poland.

In most of the Mediterranean countries— Greece, Italy, Cyprus and Malta— this tendency is less pronounced, although with differences between the education and the health and social work sector.

Part-time employment. A feature connected with the high female share of public sector employment is the widespread use of part-time work, although

with wide variations across countries and between the three subsectors (Table 3.4). Looking at the public sector as a whole, only in eight out of the 23 countries that provide relevant data is the percentage of part-time workers lower than in the entire economy, including five Mediterranean countries (Portugal, Spain, Italy, Malta and Greece), two Eastern European countries (Poland and Slovenia), and Finland, which, with its modest 14%, is a peculiarity for a Nordic country. In all the remaining cases part-time work is more widespread than in the entire economy, and in some countries markedly more so. At the top of this ranking we find the Netherlands, with an astonishing 64% of part-timers. But also in many central and northern European countries at least one out of three public sector employees has a part-time job, including Norway, Sweden, Belgium, Germany, the UK, and, at a little distance, Austria and Denmark. A comparative assessment of the weight of public sector employment on total employment should therefore take into consideration these differences.

Variations across subsectors are also very relevant. The incidence of part-timers is predictably lower in the public administration, defence and social security sector, given the roles and occupations prevailing in these activities. In effect, in all the countries that provide data, with the only exception of Slovakia and Hungary, the percentage of part-time work is systematically and notably smaller than in the public sector as a whole, in several cases even less than half (Norway, Finland, Denmark, Poland, Ireland, Spain, Greece, Czech Republic). Likewise predictable, for the same reasons, is the higher incidence of part-timers in the education, health and social work sectors, especially in the latter sector. A sort of polarisation between countries is, however, observable. At one extreme, in a country like the Netherlands, these sectors appear to be the real reign of part-time workers, as these employees represent by a large margin the absolute majority, with

respectively six and almost eight units of personnel out of every 10. But, this outlier apart, in another group of countries the incidence of part-time work is also very significant, close to or above 30% and 40% of the workforce, respectively. This group contains all the Nordic countries (with the exception of Denmark and Finland) Germany, Austria, Belgium, and the UK. At the opposite pole, however, there are countries where the percentage of part-timers is surprisingly low even in these activities— it is below, and in some cases significantly below, 10%. These countries are Greece, Portugal, Slovakia, Hungary, Poland, Lithuania, Slovenia and in part Latvia, Cyprus and the Czech Republic. The line of division is apparently between central and northern European countries on the one hand, and southern and eastern European countries on the other hand.

Part-time employment increased between 2008 and 2011 in most countries where data are available. While in many cases there is apparently still a large margin for a greater use of part-time work, in some countries its presence is so high that there seems to be little room for any further significant increase.

Finally, in all countries, part-time work in the public sector is mostly, and in some cases almost exclusively, a female phenomenon, especially in the education, health and social work activities, where women are often 90% of all part-timers, or even more (Table 3.5).

Temporary employment. The incidence of temporary employment in the public sector as a whole varies strongly across EU countries, ranging in 2011 from around 7–8% in the UK, Luxembourg, and Greece to more than 20% in Spain, Portugal and Finland (Table 3.6). This reflects more general differences in national economic structures and regulatory systems across Europe. Despite these variations, temporary employment is systematically more widespread in the public sector as a whole than in the entire economy, with the exceptions of Estonia, Latvia,

Lithuania, Romania, the Netherlands and Poland. The difference between the public sector and the entire economy is particularly high in countries such as Finland (8 percentage points in 2011, 21.6% and 13.5%, respectively), Germany (16.8% and 12.9%), Norway, Denmark, Portugal, in part Austria and Belgium and until recently Cyprus, Greece and the Czech Republic. One obvious hypothesis for why this is the case could be the search for numerical flexibility in contexts where the regulatory framework of the employment relationship is particularly rigid, including employment security. A second hypothesis could be linked to attempts to contain labour costs. In other cases, the use of temporary employment could be a way of bypassing strict rules on hiring new employees on permanent contracts, as in some periods in Italy (Pedersini and Coletto 2009).

However, wide variations also exist between the different public sector activities. While temporary employment is in all countries less widespread, in the public administration, defence and social security sub-sector, it is usually notably more commonly used in the education, health and social work activities, with only three exceptions regarding education (Spain, Hungary and Slovakia) and a few more cases with reference to health activities.

In some countries, such as the Czech Republic, Greece, Spain, Cyprus, France, Italy, Poland (with wide variations over time), and Norway, a decreasing trend in the proportion, and at times also in the number, of temporary employees can be observed in recent years. This might have occurred because of two very different reasons, converging however towards the same result. On the one hand are government 'stabilisation' policies adopted within programs to reduce precarious employment, at times under trade union pressure, as has been the case to some extent in France and Italy, in the latter country especially in the education sector. On the other hand, and more recently (2011 and 2010),

are job cutting measures adopted within austerity programmes as a reaction to the economic crisis that have first of all affected temporary employees whose contracts have not been renewed (see also Chapter 4). Some countries, such as Italy and France, have experienced both measures in different years.

In other countries, however, the incidence of temporary employment has significantly increased, for example in Slovakia, Hungary, Portugal, Austria, and, to a lesser extent, Germany and the UK. In Slovakia, Hungary, Portugal and Austria this increase has been greater than in the entire economy. As already mentioned, this may be linked to the search for numerical flexibility within particularly rigid regulatory frameworks (including hiring rules) and to attempts to contain or reduce labour costs.

Age. A final feature with regard to the structure of public sector employment is age. In Table 3.7 this feature is measured by the ratio between young employees, from 15 to 39 years of age, and older employees of 50 years of age or over. Three characteristics are worth stressing. First, in the large majority of countries the ratio between young and older employees is lower in the public sector as a whole than in the entire economy, and in several cases much lower. This means that public sector employees are relatively older (see also OECD, *Government at a Glance 2011*: 106–07). The exceptions are Romania and partly Luxembourg, while Portugal, Cyprus and

Slovenia in recent years have markedly reversed their previously younger public sector employment structure; in Cyprus this coincided with a sharp decrease in temporary employment. A few countries, including Bulgaria, Estonia, Italy, Lithuania, Finland, and, until 2010, Sweden, display a ratio of below 1, which means an employment structure clearly biased towards older employees. This bias is particularly marked in Italy. Second, in all countries there is wide variation within the public sector between the different activities. While in several EU-15 countries the public administration, defence and social security activities have an older employment structure than the education and health subsectors (Belgium, Denmark, Germany, France, Spain, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, and Norway) the opposite is true for all eastern European countries, plus the UK. In other cases the picture is less definite, such as in Italy, where the oldest employment structure is found in education activities. Third, in the majority of countries a decreasing trend in the public sector young/older employees ratio is observable, resulting in part from cuts in temporary employment and in the replacement ratio, albeit not always more pronounced than in the entire economy. The few exceptions include the Czech Republic, Estonia, Malta, and in part Sweden, while in another group the ratio remains stable (Denmark, Luxembourg). Exceptions aside, on the whole younger workers seem to be harder hit by the crisis than their older counterparts.

In connection with measures recently adopted by many governments in response to the crisis— such as replacement freezes, cuts in temporary employment, worsening wage and working conditions that make public sector jobs less attractive, cuts in training expenditure, reforms of the pension systems that raise the general retirement age of public employees (see also Chapter 6) while at the same time temporarily encouraging early retirement to reduce employment levels and labour costs— this age structure might lead to unexpected and problematic consequences. Depending on the national conditions and the specific mix of measures, one consequence could be a further ageing of the public sector workforce. A second consequence might be a change in the skills composition of public sector employees, with a loss of human capital. Other possible consequences include staff shortages, mobility to the private sector or migration abroad, which has happened in the case of health professions in several eastern European countries such as Estonia, Hungary, Romania, Poland, the Czech Republic and Slovakia (Masso and Espenberg 2012: 69; Hámori and Kölló 2012: 175). A final consequence is a potential worsening of the quality of public services (Vaughan-Whitehead 2012: 15, 17, 20). Some of these potential outcomes, of course, depend on how reforms are designed and implemented, while the expected results are enhanced levels of efficiency.

Table 3.3 Employment of women, 2011

% total employed in sector, 15 years and over

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	45.5	66.9	46.1	71.3	78.0
EU-15	45.5	66.7	45.7	69.9	77.7
CEECs	45.4	66.3	45.5	69.8	77.3
Belgium	45.4	67.0	47.9	69.7	77.7
Bulgaria	47.9	66.7	45.1	80.9	81.0
Czech Republic	43.0	68.5	47.8	76.5	81.5
Denmark	47.4	70.3	54.0	58.2	81.0
Germany	46.1	66.9	47.6	69.4	76.8
Estonia	50.5	75.8	54.3	85.3	84.8
Ireland	46.6	72.2	47.8	74.7	81.3
Greece	40.3	52.8	34.8	65.0	64.3
Spain	44.8	61.5	42.3	65.8	77.2
France	47.5	66.9	51.2	66.4	78.6
Italy	40.7	60.5	34.0	76.3	68.6
Cyprus	45.3	59.9	38.3	72.3	74.1
Latvia	50.7	75.5	56.6	82.5	84.7
Lithuania	51.4	73.9	51.3	78.4	87.0
Luxembourg	43.4	56.8	34.7	65.2	76.0
Hungary	46.0	67.7	49.3	76.7	77.8
Malta	34.6	51.7	31.5	65.4	57.7
Netherlands	46.2	68.8	39.1	62.8	83.1
Austria	46.2	65.3	43.6	70.4	77.3
Poland	44.9	69.7	50.3	77.4	81.7
Portugal	46.8	66.3	37.0	76.7	80.7
Romania	45.0	62.4	38.6	74.6	78.3
Slovenia	45.9	70.8	49.3	79.0	82.1
Slovakia	44.3	70.3	51.6	79.9	83.2
Finland	48.3	76.2	54.0	66.3	87.2
Sweden	47.4	73.9	54.9	72.9	82.0
United Kingdom	46.4	70.2	50.0	72.0	78.4
Norway	47.5	71.9	48.8	63.7	81.2

Source: LFS Eurostat.

Table 3.4 Part-time employment, 2011

% in each sector, 15 years and over

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	19.5	24.8	13.1	25.9	32.1
EU-15	22.5	28.2	15.2	30.0	35.2
CEECs	22.4	28.1	15.1	30.1	35.1
Belgium	25.1	35.4	23.5	31.2	46.1
Bulgaria	2.4				
Czech Republic	5.5	8.0	3.8	12.2	8.2
Denmark	25.9	31.3	15.0	24.6	39.3
Germany	26.6	34.1	17.9	40.7	40.1
Estonia	10.6	18.9	3.5	19.8	17.5
Ireland	23.5	26.3	11.6	24.4	33.8
Greece	6.8	4.9	1.6	9.6	3.9
Spain	13.8	12.0	5.4	17.0	14.5
France	17.9	23.8	17.9	24.0	28.1
Italy	15.5	13.7	7.3	12.6	20.1
Cyprus	10.0			16.8	8.8
Latvia	9.2			10.3	10.1
Lithuania	8.7			11.9	7.6
Luxembourg	18.3	26.7	18.1	23.2	39.6
Hungary	6.8	7.6	10.0	6.6	6.0
Malta	13.2	12.9	5.4	13.5	20.4
Netherlands	49.1	63.9	32.6	61.0	77.4
Austria	25.2	32.2	19.9	30.5	42.2
Poland	8.0	7.2	3.0	9.7	8.9
Portugal	13.3	6.0	2.1	10.4	5.0
Romania	10.5				
Slovenia	10.4	8.9	5.1	11.1	9.7
Slovakia	4.1	7.8	13.8	4.8	3.6
Finland	14.9	14.0	6.0	15.6	15.7
Sweden	25.9	36.5	18.2	32.2	46.7
United Kingdom	26.8	33.4	18.4	38.4	36.6
Norway	28.1	37.5	13.3	31.0	46.5

Source: LFS Eurostat.

Table 3.5 Women as a percentage of total employed part-time in each sector, 2011*15 years and over*

	Total economy	Total public sector	Public administration, defence, social security	Education	Health and social work activities
EU-27	74.8	85.6	80.1	81.0	89.7
EU-15	76.1	86.0	81.4	81.4	89.8
CEECs	76.3	86.0	81.5	81.3	89.9
Belgium	78.6	88.0	83.7	82.6	91.9
Bulgaria	52.4				
Czech Republic	73.8	80.7	65.3	81.5	86.6
Denmark	68.9	83.2	77.1	71.3	87.5
Germany	79.2	86.4	87.3	80.9	88.9
Estonia	73.6			82.3	
Ireland	70.8	88.5	84.9	83.1	91.4
Greece	60.7	75.1	62.1	77.2	76.6
Spain	76.0	80.5	70.7	75.1	89.4
France	79.8	86.1	81.9	81.2	90.2
Italy	77.2	83.3	71.8	83.4	86.8
Cyprus	59.0			83.7	92.3
Latvia	59.5			75.0	
Lithuania	61.6			72.0	91.4
Luxembourg	85.2	89.4	83.3	85.7	94.4
Hungary	62.3	64.4	55.2	70.5	74.2
Malta	67.3			76.2	86.2
Netherlands	72.2	86.0	71.3	76.1	91.7
Austria	80.9	88.2	85.7	85.0	90.6
Poland	62.3	75.6	63.8	71.8	85.6
Portugal	57.3			71.5	71.9
Romania	49.5				
Slovenia	58.9	69.4	60.0	65.5	81.1
Slovakia	62.6	65.0	51.9	87.3	94.8
Finland	63.5	81.8	78.6	74.2	85.6
Sweden	72.1	85.4	75.1	82.6	88.4
United Kingdom	74.7	87.4	83.1	84.7	90.7
Norway	72.3	84.4	62.7	73.7	88.8

Source: LFS Eurostat.

Table 3.6 Number employed in temporary jobs as % of total employees in each sector (15 years and over)

	All sectors				Public sectors				Public administration				Education				Health			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
	EU-27	11.8	11.3	11.6	11.7	13.3	13.3	13.2	13.1	11.4	11.7	11.6	11.2	15.7	15.5	15.4	15.4	13.0	12.8	12.8
EU-15	12.2	11.7	11.8	12.0	14.1	13.9	13.8	13.8	11.7	11.9	11.7	11.5	17.3	16.9	16.8	16.9	13.6	13.4	13.3	13.3
CEECs	12.3	11.7	11.8	12.0	14.0	13.8	13.7	13.7	11.8	12.0	11.8	11.6	17.2	16.8	16.7	16.7	13.3	13.1	13.0	13.0
Belgium	7.1	7.0	7.0	7.7	8.9	9.3	9.0	9.5	5.4	5.8	5.6	5.9	15.7	16.7	16.2	16.8	7.0	6.8	6.4	7.0
Bulgaria	4.4	4.1	3.9	3.6					5.2	5.1	4.3	6.1					4.7	5.1	4.6	5.4
Czech Republic	6.7	7.0	7.3	7.0	10.2	10.1	9.3	8.9	10.2	10.0	10.5	10.0	12.1	12.3	10.6	9.6	8.7	8.2	7.0	7.2
Denmark	7.8	7.9	7.7	8.0	10.8	11.0	10.2	10.7	7.1	7.0	7.7	8.3	13.8	13.0	12.5	13.3	10.8	11.5	9.9	10.2
Germany	13.0	12.8	12.9	12.9	16.3	16.6	16.6	16.8	12.7	12.9	12.9	13.2	20.3	21.4	21.1	21.3	16.4	16.4	16.5	16.5
Estonia	2.2	2.3	3.4	4.1																
Ireland	6.9	7.0	7.7	8.2	9.7	9.7	9.6	9.6	4.2	2.8	2.9	2.7	14.8	14.8	14.8	15.6	8.9	9.5	9.3	9.0
Greece	7.4	7.8	7.9	7.3	9.3	9.6	9.4	7.7	9.0	9.7	8.7	6.2	10.0	10.5	10.4	8.6	8.9	8.4	9.0	9.0
Spain	24.1	21.1	20.7	21.1	26.4	25.1	23.7	24.3	22.1	22.6	20.7	21.5	26.4	24.9	22.9	23.3	30.7	28.0	27.4	27.9
France	13.3	12.8	13.3	13.5	16.0	15.7	15.6	15.0	15.7	15.4	14.8	14.1	18.1	18.2	18.3	18.4	15.0	14.6	14.8	14.0
Italy	9.9	9.3	9.5	10.0	11.9	10.9	10.3	10.3	8.2	7.4	7.3	7.1	18.2	17.1	15.9	15.6	8.9	7.9	7.5	8.1
Cyprus	11.1	10.7	11.0	11.1	18.0	16.8	14.6	13.8	16.7	15.9	13.5	11.3	21.0	19.8	17.9	19.2	15.3	13.6	11.0	7.5
Latvia	3.0	3.8	6.0	5.7																
Lithuania	2.1	2.0	2.2	2.5																
Luxembourg	5.8	6.5	6.5	6.5	7.4	8.5	8.6	7.6	4.6	6.5	6.7	5.3	10.6	12.0	11.6	9.9	7.9	8.0	8.3	8.4
Hungary	6.9	7.4	8.5	7.9	8.2	10.7	12.8	10.7	14.7	20.2	23.9	19.2	5.3	6.7	8.2	7.3	4.5	4.6	5.3	5.0
Malta	3.7	4.2	4.9	5.7																
Netherlands	15.6	15.6	15.6	15.5	12.4	13.3	13.2	12.3	9.7	10.4	10.1	7.8	13.6	13.6	15.2	14.1	12.9	14.3	13.6	13.4
Austria	7.7	7.9	8.1	8.2	8.9	9.7	9.7	10.1	6.8	7.1	6.6	7.5	13.1	14.2	14.8	14.7	7.7	8.7	8.4	8.9
Poland	20.8	20.4	21.1	20.8	15.4	15.9	16.0	14.1	15.4	16.1	15.3	12.8	14.5	15.6	15.6	14.3	16.5	16.2	17.4	15.3
Portugal	17.4	16.8	17.8	17.5	20.1	20.8	22.9	21.8	14.4	14.7	19.8	16.3	24.0	25.7	26.5	27.2	22.2	21.7	21.9	21.1
Romania	0.8	0.7	0.7	1.0					2.1	1.5	1.4		2.1							
Slovenia	14.9	13.7	14.3	15.1	16.5	16.2	15.7	16.4	15.9	16.8	12.8	13.5	18.0	17.3	17.9	18.5	15.0	13.9	15.7	16.6
Slovakia	4.0	3.7	4.8	5.6	3.9	5.4	6.9	8.4	5.1	9.1	11.9	16.2	3.0	3.8	4.8	4.6	3.4	2.7	3.1	2.9
Finland	13.1	12.6	13.4	13.5	21.8	21.9	21.7	21.6	12.4	12.4	11.9	13.2	28.5	28.1	27.3	25.9	21.8	22.1	22.0	22.2
Sweden	14.4	13.6	14.1	14.7	17.1	16.2	16.1	17.2	12.9	12.3	12.3	12.4	17.7	16.5	16.3	18.1	18.2	17.5	17.6	18.6
United Kingdom	4.7	4.9	5.2	5.3	6.8	6.7	7.1	7.1	4.4	4.8	4.8	4.7	10.7	9.5	10.6	10.5	5.4	5.5	5.3	5.5
Norway	8.3	7.4	7.7	7.4	12.5	11.0	10.8	10.8	8.9	8.0	7.4	6.5	13.8	12.1	11.4	13.2	13.0	11.5	11.5	11.0

Source: Eurostat. LFS.

Table 3.7 Ratio of number employed aged 15–39 relative to number employed aged 50 and over in each sector, 2008–2011

	All sectors				Public sectors				Public administration				Education				Health			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
EU-27	1.9	1.8	1.7	1.6	1.4	1.3	1.3	1.2	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.1	1.5	1.4	1.4	1.3
EU-15	1.8	1.7	1.7	1.6	1.3	1.3	1.2	1.2	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.1	1.5	1.4	1.4	1.3
CEECs	1.9	1.7	1.7	1.6	1.3	1.3	1.2	1.2	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.1	1.2	1.4	1.4	1.3
Belgium	2.1	2.0	1.9	1.8	1.7	1.7	1.5	1.5	1.2	1.3	1.1	1.1	1.1	1.9	1.8	1.6	2.1	1.8	1.7	1.6
Bulgaria	1.7	1.7	1.6	1.5	1.0	0.9	0.9	0.8	1.7	1.6	1.5	1.4	1.4	0.7	0.6	0.5	0.8	0.7	0.7	0.6
Czech Republic	1.7	1.7	1.7	1.7	1.2	1.2	1.3	1.3	1.5	1.4	1.6	1.7	1.7	0.9	0.9	1.0	1.2	1.3	1.3	1.2
Denmark	1.7	1.7	1.6	1.6	1.2	1.3	1.2	1.2	1.1	1.2	1.1	1.0	1.0	1.2	1.2	1.2	1.3	1.3	1.2	1.2
Germany	1.6	1.5	1.4	1.3	1.3	1.3	1.2	1.2	1.1	1.0	1.0	0.9	1.1	1.1	1.1	1.2	1.6	1.5	1.4	1.4
Estonia	1.6	1.5	1.5	1.5	0.9	0.8	1.0	0.9	1.5	1.4	2.0	1.5	0.7	0.6	0.7	0.6	0.7	0.5	0.7	0.9
Ireland	2.5	2.3	2.1	2.0	1.7	1.6	1.6	1.5	1.6	1.7	1.8	1.8	1.6	1.5	1.6	1.6	1.7	1.7	1.5	1.4
Greece	1.9	1.8	1.7	1.6	1.7	1.7	1.6	1.5	1.9	1.9	1.6	1.7	1.5	1.6	1.5	1.3	1.6	1.7	1.8	1.5
Spain	2.5	2.2	2.1	1.9	1.5	1.4	1.3	1.2	1.4	1.3	1.2	1.1	1.5	1.5	1.4	1.3	1.7	1.5	1.4	1.3
France	1.9	1.8	1.8	1.7	1.5	1.4	1.3	1.3	1.5	1.3	1.2	1.1	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.3
Italy	1.9	1.8	1.7	1.6	1.0	0.9	0.8	0.8	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.6	1.3	1.2	1.1	1.0
Cyprus	1.9	1.8	1.8	1.8	2.1	2.1	1.7	1.6	2.3	2.3	1.9	1.6	2.5	2.7	2.1	2.2	1.2	1.3	1.0	0.9
Latvia	1.6	1.6	1.7	1.6	1.2	1.1	1.3	1.1	1.9	2.3	2.6	2.7	0.9	0.8	1.0	0.9	0.8	0.6	0.8	0.7
Lithuania	1.9	1.7	1.7	1.5	1.1	1.1	1.0	0.9	2.3	2.1	2.1	1.9	0.9	0.9	0.7	0.7	0.9	0.8	0.8	0.8
Luxembourg	2.4	2.3	2.1	2.1	2.1	2.3	2.1	2.1	2.2	2.1	2.0	1.8	2.2	2.2	2.3	2.4	1.9	2.8	2.2	2.2
Hungary	2.0	1.9	1.9	1.8	1.5	1.4	1.3	1.3	2.5	2.1	2.0	2.1	1.0	1.0	0.9	0.9	1.5	1.4	1.2	1.1
Malta	2.5	2.5	2.4	2.5	1.9	1.8	1.8	2.1	1.8	1.8	1.9	2.4	2.1	2.4	2.0	2.3	1.8	1.4	1.6	1.6
Netherlands	2.0	1.8	1.8	1.7	1.3	1.2	1.3	1.2	1.3	1.2	1.1	1.0	0.9	0.9	1.1	1.1	1.4	1.4	1.5	1.4
Austria	2.3	2.2	2.0	2.0	1.7	1.6	1.5	1.5	1.5	1.3	1.2	1.1	1.4	1.2	1.2	1.3	2.4	2.3	2.2	1.9
Poland	2.2	2.2	2.1	2.0	1.9	1.9	1.8	1.6	2.6	2.7	2.6	2.6	1.7	1.7	1.5	1.3	1.6	1.5	1.3	1.2
Portugal	1.6	1.6	1.5	1.6	1.7	1.6	1.6	1.5	1.4	1.4	1.5	1.3	1.7	1.6	1.6	1.4	1.9	1.7	1.8	1.9
Romania	1.8	1.8	1.8	1.8	2.1	2.1	2.1	2.1	3.2	2.9	2.7	2.8	1.5	1.6	1.6	1.5	1.9	1.9	2.1	2.1
Slovenia	2.2	2.0	1.9	2.0	2.3	2.1	1.9	1.8	2.6	2.2	2.5	2.1	2.2	2.0	1.5	1.6	2.2	2.0	2.1	1.7
Slovakia	2.2	2.1	2.0	1.9	1.3	1.3	1.4	1.3	1.6	1.7	1.8	1.7	1.0	1.0	1.1	0.9	1.3	1.1	1.3	1.2
Finland	1.4	1.4	1.3	1.3	1.0	1.0	0.9	1.0	0.9	0.8	0.7	0.9	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Sweden	1.4	1.3	1.4	1.4	1.0	1.0	1.0	1.0	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
United Kingdom	1.8	1.7	1.7	1.6	1.3	1.3	1.3	1.2	1.5	1.6	1.5	1.4	1.1	1.1	1.2	1.1	1.3	1.3	1.3	1.2
Norway	1.7	1.6	1.6	1.5	1.3	1.2	1.2	1.2	1.0	1.0	0.9	0.9	1.0	0.9	0.9	1.0	1.5	1.5	1.4	1.4

Source: Eurostat. LFS.

3.4. Employment status and the right to collective bargaining

The nature and regulation of the employment relationship of public employees are crucial features that directly affect collective bargaining and industrial relations in the sector. Put simply, it makes a difference whether all or a significant part of public employees are denied the right to collectively negotiate terms and conditions of employment or the right to take industrial action. These features, in turn, are linked to the legal and administrative tradition in each country.

In the comparative public administration literature, a standard distinction is made between countries with a *Rechtsstaat* tradition, either of Napoleonic or Prussian origin, and the Anglo-Saxon model (Kickert 2007, 2008; Peters 2010; Painter and Peters 2010; Ziller 2003). Within the first tradition, typical of many continental European countries, despite considerable differences among them, a basic feature was the primacy of the law, whereby laws and regulations were the exclusive source of administrative action and administration was mainly restricted to executing legislation and administering regulations based on the law (Kickert 2007: 28–9). Linked to this strongly legalistic conception was a body of state officials whose tasks were to fulfil sovereign functions on behalf of the authority of the state (external defence, internal order, administration of justice, administration of taxes). Within such a framework, it was hardly conceivable that these functionaries could have interests in contrast to the general interest of the state of which they were servants. Hence a distinctive model of employment regulation was derived, separated from that prevailing in the private sector and characterised by two essential elements. On the one hand, they were denied collective bargaining rights (and at times also the right to strike and the right of association) in favour of the

unilateral regulation of terms and conditions of employment through laws or administrative measures. On the other hand, they enjoyed a special employment *status* consisting of various substantive and procedural prerogatives, in terms of recruitment procedures, employment security, a career path based on seniority, pension treatment, and other guarantees. In case of dispute, their regulation was subject to administrative law and administrative tribunals. The employment relations approach linked to this framework is often labelled in the literature as the ‘sovereign employer model’ to stress the unilateralism that characterises it (Beaumont 1992).

By contrast, within the common law tradition of the British experience, there is no fundamental division between public and private sector employment legislation: the legal boundaries between the two areas of employment have never been clearly demarcated. The distinction between administrative law and administrative tribunals, on the one hand, and civil law and ordinary courts, on the other hand, is absent. Also the formal *status* of civil servants has been uncertain for many decades, until the High Court in 1991 recognised that they were employed by the Crown under contracts of employment (Winchester and Bach 1999: 22–3). Despite this absence of legal distinction, even in the British public services, for decades employment relations followed a different pattern from that prevailing in the private sector, often summarised as the ‘model employer’ approach (Beaumont 1992). The main feature of this model is the preference for joint regulation and a generally more ‘benign’ attitude of the employer towards the employees and trade unions than in the private sector (see Section 5).

In no country has either of these two approaches been implemented in their full ideal-type configuration (Bordogna 2003 and 2007). Leaving aside important differences, however, both models identified a distinctive relationship between the state and its employees

which differed in important respects from the regulation of employment in the private sector. This distinction is based on the acknowledgment of the unique role of the State as employer, and of the particular context— the set of incentives and constraints— in which the public sector employer operates (Ferner 1985; Beaumont 1992).

This distinctiveness of public sector employment regulation partly weakened in the 1960s and 1970s as the number of public employees involved in education, health and social work activities increased rapidly in connection with the expansion of the welfare state and soon exceeded the workforce employed in the traditional functions of the state (Treu 1987). As a consequence, in several countries where collective bargaining was previously banned, the right to bargain started to be recognised for various groups of public employees, although at times with a number of limitations.

Further challenges to this separate regulation came in connection with the bureaucratic reform agenda pursued in many countries in the 1980s and 1990s, often along the guidelines of the New Public Management (NPM) doctrine. NPM aimed to remove any difference between the public and the private sector as a way of increasing the efficiency and effectiveness of public services (OECD 1995; Hood 1991 and 1995; Bordogna 2008; Pedersini 2009; Pollitt and Bouckaert 2011; Pollitt 2011). Beside the UK, moves in this direction have taken place in several continental European countries, such as Italy and the Nordic countries. Italy, for example, used to share the legalistic administrative tradition of France and of German *Beamte*, with a separate system of employment regulation and the unilateral determination of pay and working conditions. However, after a partial change in 1983, Italy went through a major reform in 1992–1993, reinforced in 1997–1998. The employment relationship of more than 80% of Italian public employees was privatised and contractualised, including for managers

(and top level managers since 1998). Collective bargaining became the main method of regulating terms and conditions of employment, and the exclusive method with regard to pay, possibly supplemented by individual negotiations for top managers. Jurisdiction shifted from administrative law and courts to the civil code and ordinary tribunals, reducing the scope of the special prerogatives enjoyed by public employees in relation to the private sector workforce. The traditional career-based system for managerial staff was also partially amended, allowing the recruitment of a certain proportion of personnel on a contractual basis from outside the public administration (Bordogna and Neri 2011).

Similar developments have taken place in the Nordic countries, with reductions in special statutory employment protection for civil servants and the determination of parts or all of their terms and conditions of employment via collective negotiations at central and local level (Ibsen *et al.* 2011). In the Netherlands as well, a shift from unilateral regulation of terms and conditions of employment on the part of the government (Minister of the Interior) towards collective negotiations at sectoral level have taken place since 1993, meaning that that central government can no longer unilaterally change existing conditions (Steijn & Leisink, 2007).

However, despite several institutional and policy changes implemented over the past three decades along the above-mentioned guidelines, it is generally recognised that the 'set of rules that govern pay and working conditions still differ significantly across private and public sectors in most EU countries', as recently stressed by an ECB working paper (Giordano *et al.* 2011: 7). Other comparative studies confirm this feature, stressing that the NPM-inspired reforms were less widespread than expected (Pollitt *et al.* 2007; Goldfinch and Wallis 2010; Pollitt and Bouckaert 2011; Pollitt 2011), and have had differentiated effects on public service employment relations

(Bordogna 2008; Bach and Bordogna 2011). In particular, in several countries the special status of employment has not been abolished for large sections, or even the totality of public employees. The clearest examples of this are Germany and France. In Germany, civil servants, or *Beamte*, to whom the right to strike and the right to collective bargaining are denied, still make up around 38–40% of total public employees, unevenly distributed in all the three levels of government— federal, state and municipal, with a greater density at the first two levels (Keller 2011; EPSU 2008). This group is still governed by public law, with a special service and loyalty relationship with the administration. Career public servants are appointed with, in principle, permanent tenure, not hired on a contractual basis. Their status is clearly separated from the group of white- and blue-collar employees (*Angestellte* and *Arbeiter*⁽³⁾), governed by private law and with the same rights as their private sector counterparts. The ratio between the two groups has been relatively stable over time (Keller 2011). Even after privatisation, a large number of German railways and postal service employees retain the status of *Beamte*, with the privileges and restrictions attached to this (ETUI 2008). In France, all the *fonctionnaires publiques titulaires*, which are almost the totality of public employees, still have a special employment status subject to administrative law and with rather weak bargaining rights, even after the 2010 law on the renewal of social dialogue in the public sector (Bordogna and Neri 2011; EUROFOUND 2010b). To a lesser extent, in many other continental European countries there is a group of public employees with a special employment status (Austria, Spain, Portugal, Greece, Belgium, Bulgaria, Hungary, Estonia, Latvia, Lithuania, the Czech Republic, Poland, and Romania), although

(³) The legal distinction between white and blue-collar employees (*Angestellte* and *Arbeiter*) was abolished in 2005 by collective agreement (TVöD), and since then a new uniform classification system exists for the two groups (*Arbeitnehmer*), separated from career civil servants (*Beamte*).

precise employment conditions may vary from country to country, and a reduction in special prerogatives in the direction of harmonization with the private sector has recently taken place, driven partly by economic pressures (see for instance Greece, in Ioannou 2012). Further, the proportion of this group in terms of total public sector employment, while usually higher in the central government/public administration sector, varies across countries (see also various national studies in Vaughan-Whitehead 2012).

In brief, while the right to organise is most unproblematic and the right to strike is most problematic for public sector employees throughout the different countries, the picture is more varied and uncertain with regards to collective bargaining rights. In many countries this right, at least for certain groups of public sector workers, 'is widely restricted or is embedded in specific structures and procedures that do not allow for the same bargaining rights, coverage and results as in the private sector' (Clauwaert and Warneck 2008: 22–23; also Gernigon 2007; Casale 2008).

3.5. Trade unions and employers

Public sector industrial relations often display peculiar features not only in terms of the regulation of employment relations, but also with reference to representation, both on the employee and employer sides.

First, union densities are systematically higher than in the private sector (see for instance Visser 2006, Pedersini 2010a). Of course, this concerns the sections of public sector employment with full right of association (which, as mentioned above, is the least problematic element of industrial relations in the public sector and can be regarded as generally available). The main reason for this is the positive attitude that public employers typically have with respect to recognition

of the role of trade unions, which often takes the form of promotional measures in terms of special union rights and prerogatives, for example, time off to carry out union activities (Clegg 1976). In practice, public employees are unlikely to encounter negative attitudes concerning union affiliation from their employer (while this can happen in the private sector), which may affect their career prospects. Moreover, given the traditional homogeneous character of terms and conditions of employment in the public sector, with less room for individual bargaining— although increasing in recent decades, at least for certain occupations— improvements in terms of higher wages and better working conditions can be attained essentially by collective action and representation through trade unions. In other terms, in the public sector, participation costs are lower and the ‘free riding’ alternative is weaker as individual advancements are difficult to achieve. In some cases, being part of a union can also bring specific benefits in terms of a better capacity to protect individual interests through the pressure union representatives can exert on a politically sensitive employer.

Second, union representation tends to be more segmented than in the private sector. This reflects, on the one hand, the significant presence in the public sector of relatively strong professional groups and identities, such as those involved in the medical professions, teachers and professors, and higher functionaries. On the other hand, the absence of market constraints, the political sensitivity of employment issues and the relevant bargaining power that certain groups of public employees hold, such as those of a particular contract type, can encourage the

creation of a plurality of professional trade unions, which in some cases may pursue particularistic objectives, that is, the improvement of the conditions of their specific constituency without considering the impacts of their demands on other groups of workers or on the public at large.

Third, on the employer side, with particular reference to the bargaining table, there are political entities and representatives (such as ministries and ministers) or independent agencies. Again, the absence of market constraints makes political decisions crucial, for instance in terms of the economic resources available for wage bargaining. However, there can be important differences depending on whether the responsibility of negotiations and consultation with trade unions lies with direct political representatives or administrative officers and managers (the ‘employers’ in practice) or independent agencies. This latter solution increases the distance between the political sphere and the regulation of public employment relations— and it is therefore often proposed in order to emulate private sector conditions; however, this has some potential drawbacks linked to the loss of direct knowledge of organisational features and day-to-day work issues and practices.

3.5.1. Trade union density

The issue of trade union density in the public sector was introduced in Chapter 1 of this report. Table 3.8 shows trade union density in the public and private sectors at the end of 2000s and, where available, variations since the beginning of the decade. As the data illustrate, trade union density in the public sector is

systematically higher than in the private sector. The difference can be very wide, as in the UK (57% vs. 15%), Greece (64% vs. 19%), and Ireland (67% vs. 21%). The difference is particularly significant in some of the Nordic countries: in Norway it is more than 40 percentage points (80% compared with 38%) and in Finland it is over 30 percentage points (82% compared with 50%).

Further, the trend in the most recent decade seems to indicate a stronger capacity of public sector unions to contrast the erosion of density. However, in this case there are several exceptions and the difference is not always wide. The stronger position of the public sector is clearly evident in Denmark, Finland (where private sector unionisation fell by nearly 20 percentage points in the 2000s) and Norway (two percentage points less in the public sector and five in the private sector). Ireland even shows a positive trend in the public sector (+ 11 percentage points) and a negative trend in the private sector (-10 percentage points). But in the other cases there is no substantial difference (Austria, Germany, the Netherlands, Sweden, and the UK). France shows a decrease of public sector union density, compared to stability in the private sector. However, this takes place in the context of a very low density rate in the private sector (4.5%), which may be considered a sort of minimum level with limited scope for further decrease. The importance of the public sector for trade unions is also apparent when looking at the share of members in total national union membership. It is usually above one third of all union members, with a peak of 61% in the UK and other countries where it exceeds 50% (Greece, France, Ireland, the Netherlands and Norway).

Table 3.8 Trade union density in the public and private sectors in selected EU countries, 2000–2009

	Public sector (% employees)	Private sector (% employees)	Public sector (% national union membership)	Public sector %-point change 2000–09	Private sector %-point change 2000–09
AT	53.0	33.0	40.0	-7.0	-6.0
BE	n.a.	n.a.	25.0	n.a.	n.a.
DE	36.0	17.0	40.0	-6.0	-6.0
DK	83.0	62.0	40.0	-3.9	-9.6
EL	63.8	19.4	55.9	n.a.	n.a.
ES	n.a.	n.a.	31.2	n.a.	n.a.
FI	81.6	50.4	40.1	-7.4	-19.6
FR	15.0	4.5	57.0	-2.0	0.0
IE	66.6	21.1	54.2	10.6	-9.9
IT	50.0	32.2	n.a.	n.a.	n.a.
LU	n.a.	n.a.	30.7	n.a.	n.a.
NL	38.0	15.0	51.0	-4.0	-4.0
NO	80.0	38.0	52.0	-2.0	-5.0
PT	45.0	37.0	n.a.	n.a.	n.a.
SE	84.0	65.0	49.0	-8.0	-9.0
UK	56.6	15.1	61.1	-3.7	-3.7

Source: ICTWSS (Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts), <http://www.uva-aias.net/208>.

It must be mentioned however that density rates are often lower in the countries not covered by Table 3.8, because data are not available. According to a recent study (Bordogna 2007), unionisation, at least in central government, is 'quite often close to zero [...] in most of the former communist countries of central and eastern Europe'. This refers in particular to the three Baltic countries (Estonia, Lithuania and Latvia), where union membership was practically non-existent in 2006, and to the Czech Republic, Poland (3%) and Slovakia (10%). The exceptions are Hungary, Slovenia, Bulgaria and Romania, where union density was generally above 25% and exceeded 50% in Romania.

3.5.2. Trade union structure

An indication of the fragmentation of trade union representation in the public sector can be derived from the representativeness studies carried out by the European Foundation for the Improvement of Living and Working Conditions. In recent years, a number of sectoral representativeness studies have been published, including three on significant parts of the three sectors under review here: public administration (2011), education (2011) and hospitals (2009). Table 3.9 indicates the number of trade unions covered by the studies. All three studies include a

high number of trade unions (private sector studies usually include a far lower number of unions, often under 100 and in rare instances only slightly above this threshold). The fragmentation of representation is particularly evident in public administration and the health sector. It is also interesting to note that the representational domain of the trade unions in both sectors is often 'sectional' (50% in public administration and 62% in education), that is, it includes only part of the sector, for instance some special occupational groups. This is contrary to the tendency emerging in the private sector, where, following mergers between industrial unions and in presence of broad

representational domains (such as all blue- or white-collar workers), the most common situation is 'overlap', with membership spanning different sectors. Multi-unionism is particularly present in certain countries (Italy, Portugal, and

Denmark), but especially in the public administration sector it appears as a common feature across EU countries. See also Chapter 1 of this report for details of the individual unions operating in the public sector.

3.5.3. Employer representatives

As suggested above, the nature of the bargaining party in the public sector can be quite different and this can have important consequences on the negotiation process and outcomes. Basically, we can distinguish between 'technical' bodies, established either as an independent entity or within a government structure; 'managerial' representatives, which means that the relevant senior manager of the public organisation is directly responsible for negotiations; or 'political' representatives, when the bargaining process is conducted directly by a political representative (such as a minister or mayor).

If we concentrate, in this case, on the public administration, the above mentioned representativeness study (Eurofound 2011a: p. 33) shows that the presence of 'independent agencies/separately managed bodies' which bargain on behalf of public authorities is quite limited and involves only Denmark, Finland, Italy and Sweden. In other countries or for distinct sections of the public administration, 'associations of regional/local state level administration' are present. This is the case, for instance, in Denmark, Finland, Germany, Ireland, Latvia, Luxembourg and Sweden. It is interesting to note that some of these bodies and associations are public law bodies with compulsory membership. This is the case in Italy, where Aran bargains on behalf of all public administrations at the national level; Denmark, with SEA, the State Employer's Authority; Finland, where KT groups together local authorities and VTML covers central government; and Sweden, where AV is the Swedish Agency for Government Employers.

However, in 17 of the 26 countries covered by the study (France was excluded from the study), 'it is the central state or regional authorities themselves rather than separate employers' associations which conduct negotiations with organised labour or unilaterally determine

Table 3.9 Number of trade unions covered by the Eurofound representativeness studies (Public administration, Education, Hospitals)

	Public administration	Education	Hospitals
AT	4	4	5
BE	4	12	8
BG	6	4	2
CY	1	8	7
CZ	5	3	3
DE	7	6	5
DK	24	10	18
EE	2	3	4
ES	6	9	5
FI	8	8	7
FR	7	12	8
EL	2	4	5
HU	8	7	6
IE	9	6	8
IT	56	24	19
LT	4	4	4
LU	5	6	2
LV	6	1	2
MT	4	4	4
NL	15	10	3
PL	7	5	4
PT	14	36	11
RO	17	4	4
SE	9	10	10
SI	9	3	5
SK	8	3	1
UK	9	10	12
<i>Total</i>	<i>256</i>	<i>216</i>	<i>172</i>
<i>Mean</i>	<i>9,5</i>	<i>8,0</i>	<i>6,4</i>

Source: EIRO, Representativeness studies, <http://www.eurofound.europa.eu/eiro/representativeness.htm>

the employment conditions' (Eurofound 2011a, p. 33). Therefore, we can consider that, in the majority of cases, the regulation of the employment relationship within the public administration sector remains very close to political responsibility and authority.

3.5.4. European sectoral social dialogue

In addition to national bargaining, there are a number of European sectoral social dialogue committees which cover the public sector. For example, the committee for Local and Regional Government involves the European Federation of Public Service Unions (EPSU) and the Council of European Municipalities and Regions (CCRE-CEMR). Although it started to work formally in 2004, the parties had already been working together since 1998. For example, CEMR and EPSU adopted a joint declaration in 1998 on equality between men and women at work. Building on this experience and on the actions taken by member organisations following this joint declaration (such as positive action programmes, diversification of women's educational and professional choices, campaigning against sexual harassment, encouraging work-life balance and supporting equal pay for work of equal value), CCRE-CEMR and EPSU agreed in 2007 a set of joint guidelines for equality action plans in local and regional government. In 2004, they identified four themes to structure their cooperation over the following years: strengthening social dialogue in local and regional government in the new Member States and in candidate countries; supporting the reform process in local and regional government; promoting diversity and equality in local and regional government; and evaluating experience in various forms of service provision.

This sectoral social dialogue committee has also agreed a series of joint statements on the economic crisis on the occasion of different European Council

meetings (February 2009, February 2010, December 2010, October 2011). In the face of increasing austerity measures, the European social partners have consistently stressed the need to adequately fund local authorities in order to enable them to provide services to citizens. They maintain that a coordinated and well-organised public sector is a key element to be 'better able to react to the crisis and deliver or contribute to solutions for citizens' (February 2010 Joint Statement). Indeed, CCRE-CEMR and EPSU underline that it is 'unacceptable that many local and regional governments are confronted with decreasing revenue at a time when demands are increasing', and they highlight 'the capacity to maintain and develop competent and motivated staff' (February 2010 Joint Statement). Moreover, the 2011 Joint Statement states that 'resources for local and regional government are continuously cut, which leaves local and regional government with new and greater obligations to maintain quality local public services', with greater risks of exclusion for 'the most vulnerable, the young, the elderly, the low-skilled or the unemployed'.

They are also demanding a more prominent voice and the recognition of the role of the public sector in EU policies. In their response to the European Commission's Green Paper on *Restructuring and anticipation of change: what lessons from recent experiences?* of 30 March 2012, EPSU and CCRE-CEMR express their concern that austerity measures and labour law reforms may weaken social dialogue when it is most needed to accompany restructuring in the public sector and emphasise the positive contribution that social dialogue has played in certain countries. They maintain that 'the financial crisis has highlighted the important leading role of local and regional governments in providing support [...] for new jobs, education, training, employment, social protection and adapted service provision to their region/area'.

Moreover, they argue that 'the best anticipative long term approach to restructuring and changes is through Social Dialogue based on trust'.

For hospitals and healthcare, a social dialogue committee was established in 2006 and includes EPSU and the European Hospital and Healthcare Employers Association (HOSPEEM). EPSU and HOSPEEM signed in 2008 a code of conduct and follow up on Ethical Cross-Border Recruitment and Retention in the Hospital Sector. The implementation phase was expected to last three years and at the end of the fourth year an assessment of the project will be undertaken. This sectoral social dialogue committee has not addressed the economic crisis directly, concentrating instead on specific issues such as the prevention of sharp injuries in 2009 or the recognition of professional qualifications in 2011, as a response to the European Commission's Green Paper on *Reviewing the Directive on the Recognition of Professional Qualifications 2005/36/EC*.

In education, a sectoral social dialogue committee was set up in 2010 with ETUCE (the European Trade Union Committee for Education) on the employee side and EFEE (the European Federation of Education Employers) for the employers. The committee adopted its first joint texts in January 2011. The first is a joint declaration which supports investing in education, training and research as an 'investment in the future' to foster sustainable growth and social well-being. The second covers a set of 'Joint Guidelines on Trans-regional cooperation in Lifelong Learning among education stakeholders', which are to be implemented in 2011–2012 and assessed in 2013. In addition, the social partners in this sector have engaged in joint work on a number of projects, including on work-related stress, recruitment and retention, and skills development.

Most recently a new sectoral social dialogue committee was launched for Central Government Administrations in December 2010. It brings together

TUNED (the Trade Unions' National and European Administration Delegation), which is an EPSU-led trade union delegation consisting of affiliates of EPSU and CESI, and EUPAE (European Union Public Administration Employers). In June 2011, these social partners agreed on a 2011–2013 work programme which includes responses to European Commission initiatives such as the revision of the working time Directive, the free movement of workers in the public sector, gender equality and skills and training, improving the image and attractiveness of the civil service, and moves to 'develop further a joint reflection on the effects of the crisis and the measures taken in the central government administrations, in particular in collecting and analysing data with regards to the impact on well being at work, the civil service attractiveness, and the challenges of recruitment in times of demographic changes' (Social Dialogue Committee for Central Government Administrations 2011: 3).

In December 2011, TUNED and EUPAE released a statement on the 'Effects of the Crisis in the Central Government Administrations' which recalled that austerity measures were affecting the sector's workforce, its remuneration and potentially its working conditions. The statement underlined the importance of public administration in addressing the crisis and providing citizens with adequate services as well as the crucial role of workers in achieving these goals. The response of this sectoral social dialogue committee to the European Commission's Green Paper on *Restructuring and Anticipation of Change: What lessons from recent experiences?* underlines how the financial crisis has on the one hand 'highlighted the important role central government administrations play in regulating the market, providing employment and social protection and jobs', and on the other hand has led to 'programmes of pay, pensions and job cuts or freezes, reforms of working conditions as well as changes of labour law'. The social partners in this sector also

state that 'a major feature of restructuring in the public sector is that the social dialogue has been sidelined', although there are cases where social dialogue has contributed to settling disputes and overcoming tensions— for example in Ireland, Lithuania and Slovenia— thereby showing 'that it is possible for social dialogue to deliver results in tense national contexts'. In Slovenia, there are rising tensions in the area of social dialogue— for example, no new social agreement has yet been adopted since the expiry of the previous one in 2009 due to the differing expectations of the social partners. Further, there is continuing opposition from public sector unions to government plans for additional public sector pay cuts.

As can be seen, the economic crisis has been addressed in some of the sectoral social dialogue committees in the public sector by means of joint statements. These documents have reviewed the impact of the economic downturn on the relevant sectors, notably central and local administrations, and stressed the importance of supporting public service provision through adequate funding and staffing, in terms of both employment and skill levels, and promoting social dialogue to accompany reform and restructuring. In this sense, although they have contributed to the debate, they have not directly affected policy implementation.

3.6. Wage setting systems

In connection with the above-mentioned specific regulation of the employment relationship in the public sector, which persists in many EU countries, three formally different wage-setting systems can be found in the public sector: a) unilateral determination on the part of the government or public authorities, through laws or administrative acts; b) free collective bargaining, along the lines of wage setting in the private sector; c) mixed or hybrid arrangements, that

are neither unilateral determination nor collective bargaining. The latter mechanism refers mainly to the UK experience of the pay review bodies, which must be considered as a special case as they cannot be equated with either of the above systems of pay determination, although they share some elements of both.

A further issue arises when the outcomes of negotiations need a decision of the government to be implemented. One possibility is that this decision is just a procedural formality that can be taken for granted, in which case this system can be classed as *de facto* collective bargaining (the Italian experience between 1983 and 1993, for instance, or Cyprus). A different possibility is when the outcomes of negotiations are never binding for the government and can be substantially amended or totally disregarded, as in France, in which case the system is closer to unilateral regulation than to collective bargaining.

In general terms, free collective bargaining prevails in the UK (except for the groups of employees under the pay review body system), all the Nordic countries, Ireland, the Netherlands, Belgium, Italy, Spain, and, with qualifications, Cyprus, Malta, Luxembourg, Greece and Portugal. In Portugal the government has the power to decide unilaterally in the case of a stalemate in negotiations. In Greece also, civil servants under public law have been permitted since 1999 to negotiate their terms and conditions of employment (training, health and safety, mobility, trade union prerogatives), but pay issues are excluded, while public sector employees under private contracts enjoy full bargaining rights in line with rights enjoyed by private sector employees (Ioannou 1999; 2012). In Luxembourg, wage agreements must be confirmed by law.

In most Eastern European countries, the state plays a strong role in relation to trade unions and collective bargaining, with the exception of Slovenia, even when forms of joint consultation take place (ETUI Warneck

& Clauwaert 2009). In some cases, collective bargaining in a strict sense does not take place (Bulgaria, Poland), or its viability is very uncertain and indeterminate, as in the Baltic countries and Hungary (Masso and Espenberg 2012; Hámmori and Köllő 2012). In others, negotiations take place, but they do not cover pay issues, and pay mechanisms are established by the state (the Czech Republic, Romania). In others, negotiations are allowed, pay issues included, but agreements do not have validity until a formal decision is taken by the government or relevant authorities (Slovakia). On the whole, various restrictions on collective bargaining apply, and these have in many cases been further strengthened during the economic crisis. A case in point is Romania, where a 2011 law seriously reduced the scope of social dialogue, to the advantage of legislative regulation, limited the extension of negotiated provisions, and tightened representativeness criteria, further weakening the role of trade unions, despite their relatively high density rate (Vasile 2012).

In many cases, the above-mentioned institutional mechanisms co-exist in the same country, with a varying balance between them, applied to different segments of the public sector workforce; in other cases modified forms or contaminations between them can be observed.

Germany, as already mentioned, is the clearest example of the co-existence of the first two wage-setting systems, with its dualistic regulatory model separating civil servants from the rest of public employees (and from private sector employees). Until the 1990s these legally different mechanisms could be considered to some extent functionally equivalent, leading to similar working conditions despite different forms of employment and interest representation, thanks to the pattern-setting role of negotiations regarding white- and blue-collar workers. However, in recent times, pressed by the economic crisis and budget constraints, government and public employers have often used their legally guaranteed, unilateral regulatory powers to significantly change the working

conditions of civil servants, uncoupling bargaining processes and outcomes in the two domains (Keller 2011: 2344). These developments show that it would be misleading to interpret this system as *de facto* negotiations between the state and the unions, assimilating it into collective bargaining, as is at times assumed (Glassner 2010): this would overlook the fact that, in critical circumstances, such a regulatory model gives the public employers a much greater degree of freedom than collective bargaining.

A similar co-existence characterises most continental European countries, connected with groups of employees, especially in the public administration sector, with separate, distinct rules that prevent or limit collective bargaining. What is distinctive about Germany, however, is the size of this group and the fact that such rules and restrictions are not limited to specific functions, as in the majority of other market economies, but to the group of *Beamte* as a whole (Keller 2011: 2333). Austria is a similar case, with restrictions to collective bargaining rights extended to an even larger group of public employees (EUROFOUND 2008). In Italy, on the contrary, groups with limited bargaining rights (but public law status) are a minority of public employees, as the large majority have terms and conditions of employment that are regulated via collective negotiations since 1993.

The last two wage-setting systems, as mentioned above, co-exist in the UK. Along with widely diffused collective bargaining practices, the proportion of employees covered by pay review bodies, whose chair and members are appointed by the government, has been increasing steadily, now including more than two million employees, which is around or above 35% of total public employment. There are currently six such bodies covering armed forces, doctors and dentists, the National Health Service, prison officers, school teachers, and senior salaries (high level holders of judicial offices, senior civil servants, senior officers of the armed forces, and top senior officers of the NHS); police officers have

partially distinct advisory and negotiating boards (www.ome.uk.com). This system differs both from unilateral regulation and collective bargaining in that wages and salaries are directly determined by neither the government nor the employers, nor collectively negotiated by the interested parties (Bordogna and Winchester 2001). Rather, these bodies make annual recommendations to the government and relevant authorities (of England, Scotland and Wales) about pay increases based on independent research and evidence received from both the employers and representative organisations of the employees and other interested parties. Although in most cases the government accepts the recommendations of the pay review bodies, in particular circumstances it can use its nominal power to reject or amend them, as it did in 2009. It may happen that on such occasions trade unions, interpreting the system as a form of unilateral regulation, accuse the government of imposing a 'diktat', jeopardising the independence of the review bodies, as in 2011 and 2012.

France is an example of contamination between the first two systems. Legislation dating from 1983 introduced a right to limited forms of collective negotiations (*colloques préliminaires, négociations préalables*) concerning pay issues for all public functionaries. The government, however, retains the ultimate power to unilaterally determine pay increases, not only in the sense that the outcomes of these negotiations need to be formally approved by the government or the parliament, but primarily in the sense that the outcomes are not binding for the government, which is not obliged to even open the negotiations, let alone to reach an agreement, as has been the case for possibly the majority of years since 1983. This ultimate decisional power of the government has not been removed even after the important reform relating to the renewal of social dialogue in the public sector, approved in July 2010. Nevertheless, the prerogatives of social dialogue have to some extent been strengthened and the scope of negotiations has been enlarged to several issues other than pay (Bordogna and Neri 2011;

EUROFOUND 2010). Given these characteristics, France is certainly closer to the model of unilateral determination than to a model where the right to collective bargaining is fully established, although forms of joint regulation are not excluded.

Against this background, a clearly observable trend in recent years, under pressure

from the economic crisis, is a strong and widespread revival of unilateralism, even in countries where collective bargaining rights and practices are well established. Austerity packages affecting public sector salaries, employment levels and pension systems have been adopted by many governments without negotiations, and often not even consultation with trade unions

(for more details, see Chapters 4 and 6 of this report. See also Vaughan-Whitehead 2012; and European Commission 2011: Ch. 3). In addition to employment, salaries and pensions, the tradition of free collective bargaining or of a broader social dialogue, where it has existed, has also been a victim of governments' policies in response to the crisis.

Box 3.1 Comparing the influence of public-private sector pay on the procurement of local government services

Based on a draft by Damian Grimshaw and Jill Rubery (Manchester Business School).

Understanding pay patterns among workers in the public and private sectors is important in the analysis of factors influencing procurement decisions. However, direct comparison of pay for similar occupational groups is only one part of the analysis. Other factors include: coverage of collective bargaining (which may be uniform across public and private sectors or divided); the level of the statutory minimum wage (especially for services that involve low-wage workers); and segmentation in the legal employment status of workers (varying for example with the public, private and joint ownership character of the organisation). We consider these inter-related issues drawing on case studies of municipalities undertaken for an EU-financed project involving experts from five countries who have produced five national reports listed in the references⁽¹⁾.

A meta-analysis of the results of a sample of decomposition studies comparing public and private sector pay reveals significant inter-country differences in public-private pay patterns. The results suggest a public sector pay premium at the median wage for men and women in France and the UK and for women only in Germany, but a public sector pay penalty in Hungary and Sweden. Of particular interest is evidence of pay gaps among the lower paid (Table 3.10). Quantile regression studies suggest those countries with public sector pay premiums at the median experience even higher premiums among the lower paid, especially for women (although for female part-timers in the UK the public sector premium increases with the level of pay). In Sweden, the size of the wage penalty among public sector workers is fairly consistent along the pay distribution, while in Hungary both sectors tend to pay the minimum wage at the bottom (possibly with a higher incidence of minimum wage workers in the public sector) and there are large pay penalties for professional groups.

Evidence from local government case studies in France, Germany, Hungary, Sweden and the UK tests the extent to which this portrayal of pay gaps is a realistic reflection of the experiences of procurement. The evidence is mixed (Table 3.10).

Table 3.10: Comparing decomposition results with case-study evidence on the public sector pay premium

	Summary results of decomposition studies		Local government case-study evidence	
	Public sector pay premium at the median wage?	Larger premium for the lower paid?	Private sector contractors offer lower pay?	Worse private sector pay a cause of union resistance to outsourcing?
France	Yes	Yes (larger for women)	No	No (some examples of resistance to insourcing)
Germany	Yes for women only	Yes (large for women, small for men)	Yes (although the gap has reduced)	Yes
Hungary	No (penalty since 2007, but premium during 2002–6)	No (higher low pay incidence in public sector)	No	No
Sweden	No	No (similar sized penalty at all wage levels)	No	No
UK	Yes	Yes (larger for women)	Yes	Yes

Source: Grimshaw et al. (2012).

⁽¹⁾ Project reference VS/2011/0141, 'Public sector pay and social dialogue during the fiscal crisis: the effects of pay reforms and procurement strategies on wage and employment inequalities', coordinated by Damian Grimshaw.

In France, the case studies in fact paint a picture of better conditions among private contractors than in local government and reluctance among employees to move back into local government despite some political initiatives within municipalities to insource services. Nevertheless, the picture is complicated by the presence of varying public-private organisational forms and differences in public and private employment law. An example of outsourced school catering records better pay prospects for the catering workers in a public-private organisation (with majority public ownership) than in the municipality, and thus limited trade union support for proposals to re-internalise services. By contrast, an example of in-house waste services finds low pay and a compressed seniority-related pay-scale, but with some trade-offs with working hours and work effort. The situation is further complicated by penalties associated with the re-municipalisation of services and workers: insourced workers lose private sector fringe benefits (such as healthcare and other benefits negotiated by the works council of the private sector company), and they lose at least half their accumulated seniority entitlements, meaning they miss out on seniority-related pay rises until their experience in the municipality has caught up with their protected position in the payscale. These factors help explain the reluctance of workers (and unions) in target private sector companies in some of the case study examples to agree to proposed insourcing.

In Germany, the case studies generally accord with the pattern of public-private sector pay differences, with lower pay offered by private sector providers of local government services. However, the pattern is changing rapidly following the introduction of a new low pay grade (grade 1) in the national collective agreement for federal and municipal workers designed explicitly to reduce cost incentives to outsource. When combined with the introduction of a patchwork of sector minimum wages, these institutional changes have weakened the strength of pay differences as a driver for procurement decisions. Four new binding sector minimum wages are especially relevant to local government—those set in the sectors of elderly care, commercial cleaning, waste services and temporary agencies.

In West Germany, the public-private gap in minimum pay is now very limited for cleaning and care services, slightly wider for waste services (at 54 cents per hour) but of a significant size for temporary agency workers (around €1.50). In East Germany, there is much wider differential for cleaning and care services, a narrow gap in waste services (caused by a unified base rate for East and West Germany in the collective agreement) and a very wide public-private gap for temporary agency workers. The negligible pay differential for provision of cleaning services in West Germany is one reason why some municipalities have taken cleaning activities back in-house, although under alternative mixes of public-private ownership; both case-study examples involved the hiring of cleaners on grade 1. The picture for waste services provision is more complex, since despite a lower sector minimum wage in West Germany, the collective agreements in the private sector set much higher wages, close to those prevailing in the public sector. This diminishes the cost incentives for procurement involving private sector firms covered by the collective agreement, but we do not know the share of waste service workers in the private sector who work in firms outside the sector collective agreement, nor what share are paid the statutory minimum wage for the sector. The case-study data suggest that companies outside the collective agreement provide less generous bonuses, pensions and employment protection. A further dampening pressure on conditions (as well as the low sector minimum wage) derives from the very low minimum for temporary agencies, which supply workers in this (and other) sectors.

In Hungary, the pay gaps revealed by the case studies also fit with the results of econometric decomposition studies. The financial precariousness of many municipalities has dampened local government pay during the austerity crisis and acts as an incentive for employees (and unions) to accept transfers to the private or third sector. In one case study, elderly care workers accepted the outsourcing to a church organisation following a period of severe financial problems within the municipality and the revoking of a raft of supplementary wage benefits. However, while basic pay may be higher in private sector contractors delivering local government services, overall employment conditions are more vulnerable due to a switch in legal employment status from public to private sector. In practice, this means that coverage of the legal system of wage tariffs set out in the public sector pay arrangement is replaced by the thin protection associated with the Labour Code, limited to application of the two statutory national minimum wages (a standard and skilled minimum wage). In one municipality, the perception among interviewees was that everyone was paid the minimum wage regardless of whether they worked for the municipality, a municipal-owned company or a private sector or third sector (e.g. church) subcontractor.

Sweden's relatively inclusive system of industrial relations means that pay differences are not a strong driver of outsourcing and insourcing decisions in local government. With high collective bargaining coverage, strong union membership and a convergence of trends in wage setting in both public and private sectors ('negotiated decentralisation'), outsourcing and insourcing decisions are not motivated by differences in pay and industrial relations. Public and private sector collective agreements exist for all five areas of investigated services (public transport, school catering, cleaning, waste services and elderly care); moreover, the sector agreements for school catering and cleaning are in fact integrated across public and private sector organisations. Also, the minimum annual wage rises in 2012 were very similar across the public and private sector agreements.

In the UK the industrial relations model divided between strong collective bargaining coverage for public sector workers and weak coverage for private sector workers means that workers in private sector contractors delivering elderly care, cleaning and school catering services are paid at, or only slightly above, the statutory national minimum wage. At first sight the national

collective agreement for local government would appear to set a wage that is increasingly competitive with private sector companies; a pay freeze and increases in the national minimum wage have combined to shrink the gap with the collectively agreed base rate from 9% to 2% during 2009–2012.

However, case studies of six UK municipalities reveal evidence of local interventions to improve pay for the lowest paid. These respond to varying combinations of political, managerial and union interests to address problems of poverty (particularly by introducing a 'living wage'), improve staff retention and compensate for higher work effort in a reduced workforce following downsizing. These interventions conflict with the strongly ideological central government demand for a revision of public sector pay to become 'more market facing', which would reduce pay among low paid public sector workers. Our evidence suggests pay is pushing in two directions— towards reducing local government workers' pay as a result of a failure of the national agreement to win pay rises and yet a widening gap with the private sector for the very lowest paid following local level collective agreements. The overall effect on the role of pay differences in influencing procurement of low-wage services in UK local government would thus appear to be neutral.

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3.7. Centralisation, decentralisation, differentiation

As in the private sector, over the last two decades public sector collective bargaining and wage-setting systems in many countries have undergone two connected trends, albeit with important exceptions and qualifications: decentralisation of pay negotiations (European Commission 2011: Ch 1), and (partial) substitution of automatic, collective, seniority-based pay and career systems with more selective and discretionary systems, often based on performance or merit criteria, leading to differentiation of careers and terms and conditions of public employees. In several cases these trends represent a significant break with a tradition of centralisation and nationally uniform procedures and terms and conditions. Where decentralisation has occurred, moreover, an important difference from an industrial relations perspective is whether this process has taken place within or outside of a centrally coordinated framework (Traxler 1995).

The reasons for these changes differ according to country. In some they are linked to the federal form of the state (Belgium, Germany), in others they are linked to processes of administrative and institutional decentralisation and increased managerial autonomy, connected to the transfer of services and tasks to lower levels of government or external agencies, as in Austria, Denmark, Norway, Finland, Sweden, Hungary, Ireland, Italy, Portugal, Spain, Slovenia and the UK.

From an employment relations and HRM perspective, the main purpose of this has been to achieve flexibility in pay and terms of employment, making these more responsive to variations in local/sectoral labour market conditions and organizational needs. An additional reason, strongly stressed in the NPM approach and inspired by moral hazard theory, has been to reduce opportunistic behaviour within public organisations by making agents more responsive and responsible to their principal and more exposed to the potential costs of their actions. Selective pay systems, such as

performance-related pay, are expected to transfer the costs of hypothetical opportunistic behaviour at least partially onto the individual employee, through the denial of pay increases or promotions that were previously granted automatically. A similar effect is expected in the case of decentralisation of pay bargaining, by linking the level where collective negotiations take place and resources are distributed more closely to the level where resources are ideally produced.

Theory and international comparison suggest however that the expected beneficial effects of decentralisation of bargaining and differentiation/individualisation of pay cannot be taken for granted but depend on appropriate institutional conditions. If these are absent, as it is often the case in public services and public sector employment relations, unintended and even perverse effects may follow. For example, the gains in terms of agency costs may be offset by the rise in transaction costs; collusive behaviours between the decentralized bargaining parties may occur instead than more responsible strategies (Rexed *et al.* 2007; Bordogna 2008).

These considerations apart, the consequences of the recent economic crisis and government austerity packages on such trends are not univocal. In general, the effects appear to be greater on decentralisation processes than on the differentiation/individualisation of pay and career systems. In various cases, bargaining decentralisation has been halted or even reversed.

The second trend, on the contrary, has apparently been strengthened in several countries, along with the adoption of more private-sector-style HRM practices, although it has been to some extent hampered by the scarcity of resources. In both cases, a stronger recourse to unilateralism on the part of public employers has been instrumental in these changes. Significant differences are, however, observable across countries, depending on the gravity of governments' financial difficulties but also on the appropriateness of the institutional arrangements under which decentralisation and differentiation were previously pursued. Comparisons of public and private sector pay practices should also take into account qualification levels, which tend to be higher in the public sector (IFO 2004).

The Nordic countries are examples of coordinated decentralisation, with a two-tier collective bargaining system in state and regional/municipal sectors, where the main public service unions form cartels to negotiate with a centralised bargaining agent on the employers' side (Ibsen *et al.* 2011). This two-tier structure allows a certain percentage of wage increases to be decentralised to local bargaining, with coordinating mechanisms that differ from country to country but are rather effective in all, including the possibility of partial allocations on the basis of merit, qualifications, results and responsibilities and therefore differentiation on an individual or group basis. In Denmark, these changes were linked to a major public sector reform in 2007 which merged 13 counties and 271 municipalities into five regions and

98 municipalities, enlarging the coverage of both the municipal and state agreement areas. A strong role of coordination is played by the Ministry of Finance, which controls the budgets of state and regions/municipalities and conducts collective bargaining in the state sector. In addition, in Denmark wage developments in the public sector are linked to developments in the private sector.

In Norway the process of coordinated decentralisation took place within a framework of structural devolution to agencies that started in the 1980s, accompanied by the creation of large state-owned companies in various services and by a system of management by objectives centrally monitored through strict budget allocations both in the state and municipal sectors. A regional reform to merge counties into larger regional units has also recently been implemented in Norway, although more modest compared to the Danish example. Since the 1990s the main agreements of the state, county and municipality sectors allow the distribution of wage supplements at the local level of bargaining, to align structural devolution of responsibility with managerial tools of personnel management, although this autonomy may be curbed by budgetary constraints and centralised controls. Differentiation/individualisation of pay has also increased in recent years in both the state and municipal sectors, partly breaking with the high uniformity of the past, although in this case as well within limits imposed by budget constraints.

Through three waves of reform inspired by the NPM approach—based on efficiency gains, privatisations and free consumers' choice—Sweden has the most decentralised wage bargaining system. In some respects it is even more decentralised than in the private sector, with significant possibilities for individualised remuneration systems and lighter central controls than in Denmark and Norway. Despite this, sectoral agreements still play a coordinating role, albeit weakened,

and mechanisms exist to align local level responsibilities with local autonomy (Ibsen *et al.* 2011).

Cases of coordinated decentralisation, although in different forms than in the Nordic countries, are also seen in Ireland, partly in the Netherlands after 1993, and also in the Czech Republic and Spain. A 1993 reform in the Netherlands moved the determination of pay and working conditions of all public sector employees, which was previously the central responsibility of the Minister of the Interior, to sector-level negotiations between employers and employee organisations (Steijn and Leisink 2007), meaning a shift both from unilateral to joint regulation and from centralised determination to decentralised negotiations.

Italy represents a case of decentralisation within a two-tier bargaining system, albeit less coordinated than in other countries, following amendments to the 1993 reform adopted in 1997–98. As a consequence, the number of national sectoral agreements for non-managerial staff has increased from eight to 12. More importantly, centralised controls on local-level negotiations have been significantly weakened and individual employers have been allowed to add financial resources in local-level pay negotiations above the amounts decided upon by national agreements. However, this process of bargaining decentralisation has occurred without adequate mechanisms to align actors' autonomy and responsibilities at local level and in particular the financial responsibilities of public employers. Such a misalignment between autonomy and responsibility has facilitated collusive rather than responsible behaviours of the decentralised bargaining parties, leading in the following years to local-level pay increases largely exceeding those of the private sector in the same period. This in turn prompted the re-establishment of centralised controls on the part of the government over the entire bargaining machinery and new amendments in 2009 (the so-called Brunetta reform) to reduce

the scope and autonomy of local-level negotiations and partially re-centralise the bargaining structure at national level, with the legal obligation to move from the previous 12 sectoral bargaining units at national level to no more than four.

In Spain also, a trend towards decentralisation took place in the 1990s and 2000s, in connection with the process of greater administrative autonomy given to regions and local governments, in turn giving rise to relatively complicated and at times overlapping regulations. To partly contrast these trends, in 2006 a reform of legislation on employee representation and determination of employment conditions in the public administration (*LORAP, Ley de Órganos de Representación, Determinación de las Condiciones de Trabajo y Participación del Personal al Servicio de las Administraciones Públicas*, approved in 1987 and amended in 1990 and 1994) was adopted to coordinate the regulation of some common issues for salaried employees and civil servants across the various administration levels (state, autonomous communities and local entities; EIRO 2011).

A process of decentralisation of the determination of employment conditions and, where it was permitted, of collective bargaining, took place also in many Eastern European countries after the end of communist regimes, at times in a rather disorganised way. In some countries, collective bargaining, for the groups of employees for which this is permitted, takes place only at the company or individual employer level. This is due either to the weakness of trade unions (Estonia, Latvia) or the lack of employers' association at sectoral level (the Czech Republic), or both reasons. In Romania, the wages of public employees were until recently determined by a large number of rules, with significant variations between different parts of the system, giving rise to more than 400 wage levels with a 1:29 ratio between the minimum and maximum wage. This complicated and

dispersed system was reformed by a 2009 framework law, amended in 2010, to harmonise the wage system of public sector workers within a comprehensive design to restructure public sector employment and pay. This new legislation, initially agreed upon by trade unions, was eventually unilaterally imposed by the government (Vasile 2012: 274–76).

The clearest example of uncoordinated, decentralised single-level bargaining structure is probably that of the UK central government during the period of Conservative cabinets between 1979 and 1996. Here, the highly centralised civil service system and civil-service-wide pay determination were replaced with around 90 semi-autonomous executive agencies, each with its own wage and grading system, and forms of performance-related pay. However, this break-up of previously unified conditions of employment in locally-based systems, aimed at increasing flexibility, had unintended consequences in terms of fragmented career pathways, staff transfer problems, and rigidities. Under subsequent governments, forms of devolution of pay determination have been maintained to support modernisation, albeit embedded within coherent national frameworks, in an attempt to reduce pay dispersion (Bach and Givan 2011). Considering, moreover, that bargaining decentralisation has always been weaker in other parts of the public sector and the increased role of the pay review bodies, it is probably inappropriate to identify the present public sector wage-setting system in the UK as a case of uncoordinated decentralisation. In any case, within this framework, the recent economic crisis has favoured, as in other countries, forms of recentralisation and unilateralism.

France and Germany are traditionally credited with the most centralised wage-setting systems among all the EU-27 Member States (Bordogna and Winchester 2001). This is still the case in France, whereas recent developments in Germany require qualifications.

In France negotiations on wage increases, when they take place, are held between the representative trade unions and the Minister of Public Function, within limits set by the Minister of Finance. One bargaining unit covers all the employees of the three public functions (central government, including education; local government; and hospitals). When a decision is taken by the government to increase wages and salaries by a certain percentage, whether agreed with trade unions or not, this decision affects in a uniform way all six million public functionaries. It is hard to find in Europe an equally centralised system, either in the public or the private sector. The above-mentioned recent law on the renewal of social dialogue in the public sector may have effects on the representative trade unions which are admitted to negotiations and on the number of matters that can be negotiated (Eurofound 2011c), but not on the extreme centralisation of the system of pay determination. Forms of performance-related pay and individualisation of terms and conditions have been introduced in recent years, initially for functionaries of the higher grades, and then partially extended to the lower grades. On the whole, however, this does not seem so far to have significantly altered the traditionally uniform HRM practices that characterise French public bureaucracy.

The German wage-setting system used to be almost as centralised as the French system, despite the federal constitutional structure of the state. Centralisation was granted by a unitary bargaining coalition on the employers' side covering all three levels of government— federal level (*Bund*), federal states (*Länder*) and municipalities—, led by the Ministry of the Interior. Thus, in the German case also, only one collective agreement covering a major bargaining unit is used to set pay and working conditions for all public employees. The substantive components of the agreements were usually transferred to civil servants by formal decisions of the Federal Parliament. Thus, despite different forms of employment

and interest representation, changes to working conditions were basically the same for all public employees, civil servants included (Keller 2011: 2344). Recently, however, two factors have partially altered this highly centralised structure. First, in 2003 the Bargaining Association of German states (TdL) left the unitary bargaining coalition and started independent negotiations, concluding in 2006 an important separate agreement with state-specific arrangements. Second, a break up also occurred within the Bargaining Association at the state level with the exit of the state of Berlin and the state of Hesse, which started a form of single employer bargaining. So, in a short period of time, changes in horizontal and vertical integration altered the highly centralised bargaining structures that characterised the German system, with its uniform and standardised employment conditions (Keller 2011). It remains to be seen whether these developments are isolated events or signal more structural transformations. The economic crisis seems to reinforce this trend towards a greater differentiation. This is also pursued through a wider use of the regulatory powers of public employers to first unilaterally enforce changes in pay and working conditions of civil servants and then attempt to extend them via collective bargaining to other public employees. Greater decentralisation and differentiation *via* stronger unilateralism seem to be the effects of the crisis on German public sector employment relations.

Connected to, but analytically distinct from, decentralisation trends are processes of differentiation and even individualisation of pay and terms and conditions. This has occurred in most countries under programmes of modernisation of public administrations, inspired to a greater or lesser extent by the NPM doctrine. However, there is great variation across countries with regard to the extent to which these measures, in the form of performance-related pay (PRP) or similar mechanisms, have been implemented, especially

among non-managerial staff (Bach and Bordogna 2011). They are more diffused among managers and senior civil servants, although the incidence of pay linked to performance should not be emphasised⁽⁴⁾. These trends towards the differentiation of terms and conditions have not been halted, in principle, by the recent economic crisis; rather, the scarcity of resources has often created obstacles to their practical implementation— recent developments linked to part of the 2009 reform in Italy is a case in point (Pedersini 2010b).

3.8. Industrial conflict and settlement of disputes

As noted above and introduced in Chapter 1 of this report, the right to strike is the most problematic issue for public sector employees throughout the EU (Clauwaert and Warneck 2008: 22-23). Restrictions often apply, although with notable variations across countries and different groups of public employees. In general, central government employees (defence, police, magistrates) and career civil servants are more frequently subject to limitations, if not simply forbidden to take industrial action. However, special regulations can also be found in various countries for other groups of employees, especially those providing essential public services such as health services, education, and transport. In the latter case, restrictions usually apply irrespective of the public or private nature of the provider and of the legal employment status of employees; moreover, they have different characteristics depending upon whether the right to strike is constitutionally protected (as in Italy, France, Spain and Greece) or not.

(4) According to a OECD study on performance-based arrangements for senior civil servants (including Germany, Italy, Netherlands, Ireland, Spain and Sweden among other OECD countries), this component is never higher than 8%, and in several cases significantly lower (OECD 2007: Table 5).

Apart from the armed forces, police and the judiciary, severe restrictions or explicit prohibition on taking strike action in the case of career civil servants exist in several countries such as Germany, Austria, Belgium, Bulgaria, Denmark, Estonia, Hungary, Latvia, and Poland. The case of German *Beamte* is probably the clearest example of this, while in Estonia and Austria the right to strike is either banned or has a very uncertain status for all public employees. Contractual employees can usually take industrial action related to contract renewal, although they are often subject to peace obligation clauses during the period of validity of collective agreements (as in Germany, Denmark and other Nordic countries, Bulgaria, the Czech Republic, and Ireland). Such clauses do not exist in countries such as Italy, France, Luxembourg, Slovakia, the UK, and, of course, in countries where formal collective agreements are excluded for all or groups of public employees.

In several countries special rules exist, for instance regarding advance notice before taking industrial action or the provision of minimum services to be guaranteed in case of a strike, as in Italy, Luxembourg, Slovenia, Lithuania, and Hungary. These rules may refer to 'essential public services' or to services of 'special public interest', irrespective of the public or private nature of the employer and the legal status of the employees. The Italian legislation, for instance, defines as essential public services, irrespective of the legal status of the provider, all those services which aim to satisfy the constitutionally protected rights of the person to life, safety, health, mobility, education, and information, to name but a few (law 146/1990, amended in 2000). A similar regulation was approved in France in 2007. In Hungary, the right to strike was curtailed in 2011 by requiring prior agreement between the parties on 'adequate services' (Hámori and Köllő 2012: 183).

Other special regulations or institutions relate to the procedures used to handle collective disputes in the public sector.

In some countries special conciliation, mediation and arbitration procedures for the civil service exist, as in Denmark, Finland, Ireland, the Netherlands, Norway, and Greece (Bordogna 2007). In Norway, where not only employees with ordinary contracts but also civil servants have the right to strike, mediation is always compulsory in the state sector and arbitration is compulsory for senior civil service (Stokke 2002). In the Netherlands, a special Advisory and Arbitration Board (Aac) dates from 1994. In Denmark two arbitration systems for all public servants exist, based on different laws: one is a disciplinary court for statutory civil servants (the Civil Servants' Disciplinary Court), while the other is an industrial relations court for staff covered by collective agreements. For contractual staff there is, moreover, the Independent Public Conciliator, to which social partners can take a matter concerning a conflict of interest if they are unable to reach an agreement (Andersen *et al.* 1999; Stokke 2002). In Ireland, a scheme of conciliation and arbitration for the civil service was introduced in 1950, with a third party dispute resolution institution (the Civil Service Arbitration Board) and joint councils for conciliation purposes. Such formal mechanisms of conflict resolution for collective disputes do not exist in Germany, where mediation agreements are concluded by the autonomous social partners or by decisions of the courts (Keller 1999).

In other countries, such as Malta, Romania, Slovakia and Slovenia, the institutions and mechanisms to handle collective disputes are the same in the public and private sector.

Within this web of rules, or despite it, over the last decades there has been a shift of the relative weight of labour disputes from the industrial/manufacturing sectors towards the (public) services sector (EU Commission 2011; EUROFOUND 2010; Bordogna and Cella 2002; Shalev 1992). In recent years, as a response to the economic crisis, this trend has intensified in several countries, especially where

austerity packages have particularly hit public employees, although with some exceptions, such as many Eastern European countries (see also Chapter 4 of this report). Often, however, workers' protests have occurred in form of mass demonstrations, street violence and riots, rather than strikes in the strict sense (Bordogna 2010).

3.9. Conclusions: Identifying clusters

From the point of view of public sector industrial relations, the European Union is a 'mosaic of diversity'. Despite some trends towards convergence both between countries and between the public and private sector within each national case, to a greater degree than in the private sector employment and industrial relations are here deeply rooted in country-specific legal, normative and institutional traditions that contribute to this diversity and make comparison difficult.

However, in summarising the key features of public sector industrial relations, five main country clusters can be identified. Some have relatively strong common features, and are therefore clearly identifiable, while in others marked diversities exist within the group.

A first, clearly identifiable group is that of the Nordic countries: Denmark, Sweden, Finland and Norway. The main characteristics of this group are: the largest, or among the largest (Finland), size of public sector employment in the EU-27, with a high female presence and a strong welfare state; significant harmonisation processes between career civil servants and employees employed on ordinary contracts, although differences do persist in these countries; very high trade union density, though declining slightly in recent years, and wide collective negotiations practices within a rather decentralised, two-tier bargaining system with strong and effective coordination

mechanisms; and few restrictions on the right to strike but special machinery for collective dispute resolution. Elements of the NPM doctrine have been adopted, including forms of performance-related pay, but incorporated within public administration systems that maintain some (neo-) weberian characteristics (Pollitt *et al.* 2007; Ibsen *et al.* 2011). Partial differences relate to the incidence of part-time workers (comparatively low in Finland), of temporary workers (very high in Finland and Sweden), and of young workers (ratio with elder workers below 1 in Finland and Sweden). From an industrial relations point of view, Ireland shares some features with this group of countries rather than with the UK, to which it is often associated. The rate of unionisation is quite high, there is special machinery for handling collective disputes in the civil service, and national 'tripartite concertation' has an important regulatory role for central government employees, as in Finland. This is despite difficulties in recent years and the fact that the single level bargaining system is in itself more centralised than in the Nordic countries. Ireland has a public sector employment share that is relatively high but lower than the Nordic countries, the UK and the Netherlands. The incidence of women, part-time workers and, especially, young employees is relatively high, while the presence of temporary employees is relatively low. The Netherlands also has some features in common with this group, although its union density rate is notably lower and its two-tier collective bargaining system is characterised by a weaker degree of coordination; other features of the Netherlands, however, are probably closer to those of the following group.

Germany, France, Austria, and in part Belgium, Luxembourg and the Netherlands, with a Rechtsstaat tradition of Napoleonic or Prussian origin, have in common a strong component of career civil servants, which make up a large proportion of central government employees, and in France almost all public employees. Career civil servants do

not have the right to bargain collectively (in France and in Belgium this right has a weak status), and in Germany, Austria and, with some uncertainty, Belgium, career civil servants are also excluded from the right to strike. This right is instead constitutionally protected in France without distinction between private and public sector employees, as in Italy, which creates somewhat common regulatory problems.

Germany, Belgium (at least in central government) and, to an even greater extent, Austria, have a medium-high trade union density. Density rates are relatively low in France, although notably higher than in the private sector. In Germany the union density rate of *Beamte* is probably higher than that of public sector employees under ordinary contracts, which have the same bargaining rights as private sector employees. In all countries wage determination is relatively centralised, particularly in France and Germany, although in Germany there have been some decentralising trends in recent years. The public sector employment share is high in Belgium, Luxembourg and the Netherlands, but comparatively low in Germany and Austria. The female employment share is rather high in all cases (just below 70%), although lower than in the Nordic countries. Part-time working is widespread in Germany, Austria, Belgium and of course the Netherlands, but less so in Luxembourg and France. The incidence of temporary workers is high in France and Germany, but notably lower in Austria, Belgium and Luxembourg. The ratio between young and older workers is higher than 2 in Luxembourg and significantly higher than 1 in the other countries, with the partial exception of Germany, but in most cases has been decreasing since 2008. In the comparative public administration literature, these countries have recently been included within the 'neo-weberian state' model (Pollitt *et al.* 2007).

A third cluster, although with significant internal differences, is that of the

Southern European countries— Italy, Spain, Portugal, Greece, Malta and Cyprus. With regard to the employment structure, the public sector share is in this cluster comparatively medium-low, with the partial exception of Malta and, to a lesser extent, Greece. The female share in public employment is around 60% in Italy, Spain and Cyprus, higher in Portugal, and notably lower in Greece and Malta. The incidence of part-time working, where data exist (Italy and Spain), at 12–14% is much lower than in all the countries of the previous clusters, while the incidence of temporary workers, well above 20%, is in Spain and Portugal the highest of the EU-27 (along with Finland). It is medium-high in Cyprus, and lower in Italy and Greece. The ratio between young and older workers in Malta is the third highest in the EU-27, well above 1 in all the other countries, and the lowest by far in Italy, which has the oldest age structure in the EU. Trade union density is high in Greece (64%) and medium-high in Italy and Portugal (45–50%); data are not available for the remaining countries. As for employment relations, most of these countries (Italy, Greece, Spain, Portugal) used to share several features (with France as well), such as the special employment status of a large part of public employees and no or limited scope for collective bargaining rights, especially for civil servants. Since the early 1990s, however, Italy has moved towards the Nordic countries cluster, although with difficulties and specificities, adopting several NPM-inspired measures, at least the rhetoric of this⁽⁵⁾. Special employment status has been abolished for the large majority of public employees; jurisdiction has moved from administrative law and tribunals to private law and ordinary courts; collective bargaining, with a two-tier structure, has become the main method for determining terms and conditions of employment, including pay, and is widely practiced with some form of central coordination, however ineffective, between 1998 and

2007. Bargaining coverage, with regard to national collective agreements, is 100% due to the sole and compulsory employers' representation in ARAN. Forms of performance-related pay have been introduced since the late 1990s especially for managerial positions, although subject to weak assessment procedures, while they have less importance for non-managerial employees; the effects of the 2009 reform have still to be proven. The right to strike is constitutionally protected without distinctions between public and private employees, with limitations only for employees (both private and public) of the essential public services. In Greece, where union density is relatively high (64%, more than three times higher than in the private sector), the right to collective bargaining was introduced by legislation in 1999 for civil servants, although their public law status has not been abolished and pay issues are still excluded from negotiations; collective negotiations have greater influence for contract employees and in local government. In Portugal also, the special status of a relevant part of public employees has not been abolished, and although collective negotiations play a significant role in determining terms and conditions of employment, including of career civil servants, if they reach a stalemate the government maintains the power to act unilaterally. The union density rate is around 45%. The special employment status of a significant part of public employees, with the connected prerogatives, also survives in Spain, although, as in Portugal, almost one in four public employees has a temporary or fixed-term contract. Union density in the sector is around 30–31% (Muñoz de Bustillo and Antón 2012). In both countries NPM-inspired reforms have been introduced to a limited extent, at least until recently.

A final group with specific features consists of the former communist Central and Eastern European countries— Estonia, Lithuania, Latvia, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria and

⁽⁵⁾ Kickert (2007) interprets Italy as a case of New Public Management failure.

Romania. All these countries, with the partial exception of Hungary, have a comparatively small public sector employment share with a relatively high presence of women, particularly in the Baltic countries (around or above 75%), with few exceptions (mainly Romania). As far as available data show, there is a limited incidence of part-time and of temporary workers, with the partial exception, in the latter case, of Poland and Hungary. The share of young employees is very high in Romania, Slovenia and Poland, to a lesser extent in Hungary, the Czech Republic and Slovakia, but low in the Baltic countries and especially Bulgaria. No systematic, comparative data on unions are available, but trade unions are generally weak, with the exception of Romania and Slovenia. This is especially the case in central administration, where career civil servants with special employment status are still important and the practice of collective bargaining is limited or totally absent, either because of formal restrictions or because of the weakness of trade unions. Where collective negotiations exist, they often take place only at the individual employer level, in some cases also because of the absence of the relevant employers associations, as in the Czech Republic. Bargaining coverage is consequently very low. Social dialogue institutions exist in some countries, such as Hungary and Romania, but their role has been significantly restricted in recent years. Restrictions exist also with regard to the right to strike, especially in central administration. Overall, this group stands out for the weakness of industrial relations institutions and practices, with Slovenia as probably the main exception. For more details on industrial relations in the new Member States, see Chapter 2 of this report.

The UK can perhaps be considered a separate case, although some features of its employment structure are similar to those of other clusters. The share of public sector employment is

comparatively rather high, with a high presence of women and part-time employees. The percentage of temporary workers, however, is the lowest in the EU-27, while the ratio between young and older workers, although not particularly high, is well above 1. Some peculiarities in employment relations stand out. For example, there is no special status for public employees in general and civil servants, no special limitations on the right of association and the right to strike, with the exceptions of a few groups, although since the 1980s strike action is subject to general, rather strict procedural rules. Trade union density is medium-high in comparative terms and almost four times higher than in the private sector. Collective negotiations are widely practiced, within a single level bargaining system, but a significant proportion of public employees are covered by pay review bodies. Negotiations are rather decentralised in the civil service, although measures to reduce fragmentation and pay dispersion have been put into place since the late 1990s. Forms of performance-related pay are in operation, linked to various waves of NPM-inspired reforms adopted since the 1980s, but attention is also paid to equal pay and low-pay issues. The traditional model employer approach has been abandoned under the Thatcher governments, but employment relations in the public sector are still different from those in the private sector.

Within this framework, the measures adopted by many EU governments in response to the global economic crisis that began in 2007 not only have affected the employment levels, salaries and pension benefits of public employees (see evidence in Chapter 4 of this report), but in some instances have also strained the traditional regulatory system prevailing in the country. Sometimes these strains have halted or reversed consolidated patterns; in other cases they appear to have accelerated and deepened changes already underway. Four main problematic features can be

mentioned here (for an extensive analysis of the impact of the crisis on public sector industrial relations, see Chapter 4 of this report).

First, there has been a general revival of unilateralism, with few exceptions. In many cases measures affecting public employees and public service employment relations have been decided on relatively urgently without negotiations with trade unions and sometimes even outside consultative procedures. Where powers of unilateral determination formally existed, they have of course been utilized (France and Germany for *Beamte* are cases in point, but also various central and eastern European countries like the Baltic countries, the Czech Republic, Hungary, Romania— see Vaughan-Whitehead 2012); where collective bargaining or forms of social dialogue were allowed and practiced, these have been suspended or were less effective (Italy is a clear example, Ireland is another one, at least in the first phase of the crisis, but also the UK, Spain, Portugal, and Greece could be mentioned). It should also be noted, however, that where the social dialogue is not well-embedded in the public sector it is much more difficult to find consensus, particularly in a difficult economic context. For a more detailed examination of the tension between the role of government and the development of social dialogue, see Chapter 4.

Second, we have seen a process of recentralisation of wage-setting systems in many countries, as a consequence of centrally defined horizontal measures applied in a generalised and undifferentiated way to all services and all employees (Italy, France, UK, Ireland, Greece, Portugal, some central and eastern European countries), although in some cases the break-up of centralised systems has opened the way to processes of decentralisation and differentiation of procedures and terms and conditions, as in Germany.

A third point regards the traditional issue of the distinctiveness of public

service employment relations compared with the private sector. The removal of this feature was a crucial target of the NPM approach, within a wider programme towards a leaner and less distinctive public sector. In this respect, recent measures adopted in response to the economic crisis seem to have had ambivalent effects. On the one hand, probably the main distinctive feature of public sector employment

relations, namely the power of public employers to unilaterally determine the terms and conditions of civil servants, has been reaffirmed and possibly further strengthened, also influencing dynamics and outcomes related to public employees under private contract (like in Germany). On the other hand, these peculiar prerogatives have in some cases been used to accelerate the introduction into the public sector

of private-sector-style HRM practices and managerial techniques (like in Italy).

The final feature concerns public sector trade unions. While they remain the stronghold of national trade union movements almost everywhere, their role has generally been weakened by the crisis, at least in terms of capacity to influence governments' and public employers' policies.

ACKNOWLEDGEMENTS

Berndt Keller, University of Konstanz, Paul Marginson, University of Warwick, and Jelle Visser, University of Amsterdam, are gratefully acknowledged for their comments on an earlier draft of this chapter. We thank also Daniel Vaughan-Whitehead, ILO, and other comments from European Commission staff.

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APPENDIX

Appendix 3.1 Number employed in public sectors as % of total employed in all activities

	Public sectors		Public administration		Education		Health	
	2008	2011	2008	2011	2008	2011	2008	2011
EU-27	23.6	24.8	7.1	7.1	7.0	7.3	9.5	10.4
EU-15	24.9	26.3	7.3	7.2	7.0	7.5	10.6	11.6
Belgium	31.0	31.7	9.7	8.9	8.5	9.2	12.8	13.6
Bulgaria	17.8	19.2	7.0	7.6	6.1	6.4	4.7	5.2
Czech Republic	18.4	19.3	6.3	6.5	5.7	6.1	6.4	6.7
Denmark	30.8	33.4	6.0	5.6	7.2	9.0	17.6	18.8
Germany	24.6	25.4	7.2	7.0	6.1	6.2	11.3	12.2
Estonia	19.6	21.8	5.8	6.6	9.1	9.4	4.7	5.8
Ireland	22.3	26.6	5.0	5.7	6.8	7.9	10.5	13.0
Greece	20.4	22.2	8.3	8.8	7.0	7.5	5.1	5.9
Spain	18.2	22.2	6.3	7.8	5.7	6.5	6.2	7.9
France	29.6	29.6	10.3	9.7	6.9	6.7	12.4	13.2
Italy	20.1	20.4	6.2	6.3	6.9	6.7	7.0	7.4
Cyprus	19.2	18.8	8.0	7.1	7.1	7.8	4.1	3.9
Latvia	20.6	21.8	7.7	6.4	8.2	10.4	4.7	5.0
Lithuania	21.7	23.5	5.5	6.1	10.0	10.7	6.2	6.7
Luxembourg	30.2	29.9	11.8	11.8	8.4	8.1	10.0	10.0
Hungary	21.6	22.9	7.1	7.8	8.0	8.3	6.5	6.8
Malta	24.8	26.5	8.8	8.8	8.4	9.3	7.6	8.4
Netherlands	29.3	29.6	6.6	6.5	6.9	6.7	15.8	16.4
Austria	21.3	22.1	6.8	6.6	5.7	6.2	8.8	9.3
Poland	19.1	19.9	6.2	6.6	7.5	7.6	5.4	5.7
Portugal	19.0	21.6	6.6	6.4	6.6	7.6	5.8	7.6
Romania	13.4	13.8	5.0	5.1	4.3	4.3	4.1	4.4
Slovenia	18.8	20.6	5.7	6.3	7.5	8.4	5.6	5.9
Slovakia	19.8	22.0	6.9	8.2	6.7	7.0	6.2	6.8
Finland	26.2	27.9	4.6	4.7	6.5	7.2	15.1	16.0
Sweden	31.8	32.3	5.7	6.0	10.6	10.8	15.5	15.5
United Kingdom	28.5	30.1	7.1	6.3	9.1	10.4	12.3	13.4
Norway	32.7	35.6	5.6	5.7	8.7	8.3	18.4	21.6

Source: Eurostat.

NB: NACE rev.2 classification.

Appendix 3.2 Employment change in all activities and public sector, 2008–2011

% change

	All activities	Total public sector	Public administration	Education	Health
EU-27	-1.9	2.4	-1.1	1.1	5.9
EU-15	-1.8	2.5	-1.5	1.2	6.0
Belgium	1.9	5.7	0.7	5.5	10.3
Bulgaria	-10.3	-5.7	-4.8	-8.8	-3.1
Czech Republic	-2.5	-3.1	-6.8	-3.1	0.8
Denmark	-4.9	2.5	0.0	13.8	-1.4
Germany	2.0	3.8	-3.7	4.5	8.5
Estonia	-8.3	2.7	4.7	-4.8	14.6
Ireland	-13.8	2.2	-2.0	-0.5	5.9
Greece	-8.6	-2.9	-3.5	-4.3	0.3
Spain	-10.3	3.3	4.7	2.1	2.9
France	-0.9	0.6	-0.6	-2.5	3.1
Italy	-2.0	-1.6	-2.0	-6.6	3.5
Cyprus	-0.1	6.3	3.0	11.6	6.6
Latvia	-24.0	-11.1	-17.4	-7.2	-9.5
Lithuania	-9.8	-3.0	-2.4	-3.8	-2.2
Luxembourg	5.8	13.0	6.7	11.5	18.1
Hungary	-1.4	2.4	-4.1	4.1	8.8
Malta	4.2	2.2	-0.8	0.7	7.3
Netherlands	-0.4	7.1	3.1	1.6	10.9
Austria	1.8	3.5	0.4	3.4	5.6
Poland	1.9	6.3	8.1	3.8	7.7
Portugal	-5.6	3.7	-1.2	1.4	10.4
Romania	-3.3	1.2	0.1	-1.8	5.6
Slovenia	-5.5	5.5	1.0	8.3	6.7
Slovakia	-1.7	-0.1	-2.5	1.8	0.2
Finland	-1.6	1.3	-1.9	3.4	2.0
Sweden	0.8	0.6	-2.0	1.8	0.7
United Kingdom	-0.8	3.9	-5.4	3.7	8.5
Norway	-0.5	4.7	3.4	4.8	5.2

Source: Eurostat, National Accounts and Labour Force Survey.

NB: All figures come from the National Accounts except as noted here. For Bulgaria and Romania, data for public sector activities come from LFS; for Portugal, the change 2010–2011 is estimated from LFS data; for the UK, data for Public administration and Education relate to the number of jobs rather than number of persons employed; data for Health come from the LFS. The EU totals are based on the sum of employment in Member States in the different sectors. 'Total public sector' is the sum of employment in the three sectors shown.