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ARTICLE INFO	Hrvoje Butković, Višnja Samardžija, Sanja Tišma and Marina Funduk (2014). Industrial relations and social dialogue in the period of crisis: a comparative perspective. *Public and Municipal Finance*, *3*(2)
RELEASED ON	Wednesday, 17 December 2014
JOURNAL	"Public and Municipal Finance"
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

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Industrial relations and social dialogue in the period of crisis: a comparative perspective

Abstract

The aim of this research paper is to examine and compare the role of industrial relations and the social dialogue in conceptualizing responses to the economic crisis in six selected European countries. The paper displays dynamics of cooperation between the governments, the trade unions and the employer associations during the recession (2008-2013) in Bulgaria, Croatia, Estonia, Macedonia, Poland and Turkey. Methodologically, the paper primarily relies on comparing results of the six national research studies conducted in the mentioned countries during 2012 as part of wider EU funded research project[1]. Conditions in the six countries are analyzed in order to provide insight into relevant industrial relations practices. The paper assesses participation and influence of social partners in creating anti-crisis measures and legislation, changes in collective bargaining, changes at the bipartite and tripartite level as well as social partner's attitudes towards austerity measures and structural reforms. In the concluding section the findings of the six countries are comparatively analyzed from the point of view of similarities, differences and best practices which might be relevant for further development of industrial relations.

Key words: industrial relations, social dialogue, social partners, economic crisis, anti-crisis measures, collective bargaining, industrial actions.
JEL Classification: J52, J58, J88.

Introduction: the research question, methodology and data

The aim of this research paper is to display the role and impact of industrial relations on the formulation of policy responses during the economic crisis in six selected EU member states and the candidates. The research is focused on the following EU member states: Bulgaria, Croatia,[2] Estonia and Poland, as well as on the two EU candidate countries – FYR Macedonia (in continuation Macedonia) and Turkey.[3] All countries in the focus of this paper (with the exception of Turkey) used to be the socialist states. All of them are located in the wider area of Eastern and South-Eastern Europe and they were all (except Poland) deeply affected by the global economic crisis. They experienced transition to a free market economy and share many common issues such as: high unemployment, problems linked to privatization, inflexible labor markets, insufficient competitiveness, low level of foreign investments, weak judiciary systems, ineffective use of domestic knowledge, migration of skilled labor, etc. Unlike the old EU member states, these countries lack the tradition of effective social dialogue. However, it seems that the crisis in its initial stages fostered closer cooperation between social partners and created conditions for further development of industrial relations.[4]

The outset of this research paper are six national country studies published within the EU funded research project "The economic crisis impacts on industrial relations national systems: policy responses as key recovery tools" implemented in 2012. The primary reason for this project was insufficient knowledge about the impacts of the crisis on industrial relations in the mentioned countries. The country studies were prepared by local researchers supervised by partner institutions. Commonly agreed content template was used as well as the same research methods. Thematically, country studies analyze institutional and legislative frameworks for the development of industrial relations, challenges to the social dialogue posed by the economic crisis and the impacts of the social dialogue on the policy responses.

The research in all countries was implemented in three stages combining qualitative and quantitative methods of data analyses. The first stage included a desk research based on the information collected from official statistics, legal acts, strategic documents, analytical book materials, scientific journals, daily newspapers and social partners' websites. Qualitative in-depth interviews were carried out in the second stage, aiming to widen the results obtained

[1] This article analyzes in a comparative perspective results of the project "The economic crisis impact on industrial relations national systems: policy responses as key recovery tools" supported by the European Commission, DG for Employment, Social Affairs and Inclusion (reference number VP/2011/001, Budget Heading: 04.03. 03 01).

[2] In the period of conducting the research Croatia had a status of acceding country to the EU.

[3] The country studies within this project were carried out by the Centre for Economic Development (CED) from Sofia, Bulgaria in cooperation with the Confederation of Independent Trade Unions of Bulgaria (CITUB); the Institute for Development and International Relations (IRMO) Zagreb, Croatia; the Centre for Applied Social Sciences, University of Tartu, Estonia; the Centre for Research and Policy Making (CRPM) Skopje, Macedonia; the Institute of Public Affairs (ISP) Warsaw, Poland and the Economic Policy Research Foundation of Turkey (TEPAV).

[4] In this context it should be noted that the selected countries are or will be in a position to benefit from the European Social Fund which could fund projects aimed at strengthening their industrial relations.

in the first stage. The interviews were carried out with representatives of social partners, experts and policy makers in the area of industrial relations based on semi-structured questionnaires (5-10 interviews per country). Although the content of the interviews depended on specific situation in each country, the intention was to cover some of the following issues: the quality of social dialogue; capacities, efficiency, representativeness and influence of social partners; the evaluation of legal base; the quality of collective bargaining; the efficiency of bipartite and tripartite social dialogue; the role of the state and evolution of the crisis response measures. Each national research also included some brief company or sector based case studies relevant for the course of industrial relations during crisis. The collected data was verified during the third research stage, which included organization of the national round tables in all countries. Finalized country studies were discussed at the concluding international conference.[1]

This paper is a follow up of the mentioned project which resulted with the individual country studies and did not envisage the comparative assessment of the obtained results. In that sense, this work represents a step forward from the previously attained research results. In order to answer the principle research question of how the crisis affected industrial relations in the six countries, information obtained from the studies was supplemented with the comparative analyses of acquired results and additional sources including further academic and expert writings, latest national and the EU documents, as well as additional statistical sources. In the focus of the current analyses qualitative aspects are predominant and to a lesser degree quantitative issues.

The first part of the paper discusses historic evolution of industrial relations as a concept and its contemporary characteristics in the countries of Eastern and South-Eastern Europe. In the second part the impacts of the economic downturn on industrial relations in six selected countries are being analyzed. It starts with comparative overview of the main economic indicators and principal characteristics of industrial relations in selected countries since the outbreak of the crisis. In continuation of that section for each of the six countries the dynamics of interactions between their social partners as well as crisis-driven change in industrial relations during the crisis period have been analyzed. The paper ends with a conclusion comparatively summarizing most important insights.

1. The research background

In the broadest sense, the concept of industrial relations implies relations between workers and employers in all aspects of these relationships. The term denotes a multidisciplinary field of scientific research that addresses the relationship between workers and employers on both micro and macro level, using the knowledge of sociology, economics, legal sciences, psychology and other basic disciplines (Kaufman, 2004). The social dialogue represents mainstay of collective industrial relations. According to the International Labor Organization (ILO), the social dialogue includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers on the issues of common interest relating to economic and social policy (Eurofound, 2013).

The concept of industrial relations has its roots in the U.S. where it first appeared in the mid-1880s. After the First World War large number of the U.S. companies established special departments for industrial relations which dealt with harmonization of relationship between workers and management in order to ensure social peace. The concept spread to Europe in the 1930s and in the second half of the 20th century it was established as a scientific discipline (Kaufman, 2004).

During the 1980s in developed capitalist states the trade union movement fall into crisis which reflected itself as a decline of the union density, fragmentation of the working class, decentralization of collective bargaining, weakening of the national reconciliation, individualization of industrial relations and weakening of the political exchange (Bagić, 2010). In these new circumstances the unions searched for the renewal of strategies classified by Rigby as changing the objectives of collective bargaining from quantitative to qualitative, development of social partnership at the company level, interventions at the political level, greater responsibility for the members' needs and development of supranational activities (Rigby, 1999).

In transitional states political and economic transformation in the early 1990s caused sharp decline in the trade union membership and density (Feldmann, 2006; Kubicek, 2004). Privatization and growing importance of the small and medium size companies caused division between the public sector where the trade union density is high and the private sector where it is low (Bagić, 2010). Employer density represents an even greater problem because in al-

[1] The concluding international conference "The economic crisis impacts on industrial relations national systems: policy responses as key recovery tools", Sofia, November 15-16, 2012.

most all transitional states it lays below 50%. This makes collective bargaining excessively difficult particularly at the sectoral level where trade unions often have no negotiating counterparts to conclude collective agreements (Guardiancich, 2012; Bagić, 2010).

The tripartite bodies in transitional states were established during the 1990s as a countermeasure to strike waves. They mainly perform advisory function promoting cooperation between trade unions, employers and the government. The tripartite bodies in transitional states established certain regularity in meeting despite weaknesses of the social partners. However, inadequate inclusion of these bodies in the policy-making processes often represents a problem (Avdagić, Rhodes and Visser, 2011; Bagić, 2010; Hassel, 2009).

Although industrial relations are predominantly in scope of the national policies in the EU member states it is hard to envisage policy processes without serious involvement of the social partners (Stubbs and Zrinščak, 2005). Regulations in the area of social policy and industrial relations are part of the European Social Model and of *acquis communautaire* (Samardžija, Vidačak and Vuletić, 2008; Bagić, 2010). The requirement to consult social partners is contained in many EU's directives covering the areas such as working time, anti-discriminatory practices, protection in the case of insolvency, health and safety, equal opportunities etc. (Avdagić, 2002). Therefore the EU accession process in transitional countries introduced a series of new requirements which implied the adoption of the new models of labor relations and social dialogue characterized by active role of the social partners in the policy-making processes (Samardžija, Vidačak and Vuletić, 2008).

2. Results: implications of the economic crisis on industrial relations in selected countries

2.1. A comparative overview. Out of six countries analyzed in this paper Poland was least affected by the economic crisis. Estonia and Turkey were severely hit, but they recovered more quickly than the others. In 2008-2013 only Estonia and Turkey had an increase in the GDP growth rate. In the same time period the most significant increase of the GDP per capita was recorded in Poland and Turkey. Gross industrial production was negative in most countries with Croatia and Macedonia showing the biggest downfall in 2012. On the contrary, in 2012 Turkey recorded four times bigger industrial production than in 2008.

Unemployment rate increased dramatically in all observed countries in the period from 2008 to 2013. Croatia has recorded the most alarming increase of unemployment, while Bulgaria follows. Macedonia has the highest unemployment rate amongst all observed countries, but it also has a tendency of slower increase of that indicator. Out of six analyzed countries, Estonia, Poland and Turkey have the lowest unemployment rate. However, while Estonia and Turkey show a decreasing tendency, Poland records the increasing tendency. The costs of labor stagnated or showed slight increase in most countries. Bulgaria recorded a rapid wage growth. However, this is primarily due to changes in the structure of employment, since the low skilled personnel which is relatively low paid was mostly affected by dismissals.

Due to economic decline, the downfall of production and the overall demand, consumer prices have significantly been reduced in all countries. Fiscal balance was negative in all countries. In Croatia in 2013 the fiscal deficit was more than two times bigger than in 2008. On the other hand, Estonia in 2013 showed the most significant decrease of its fiscal deficit compared to 2008. Scarce public budgets compelled governments to borrow more money from the lenders which was reflected in rising figures of the public debt in all countries except in Turkey. In 2013 the highest share of the public debt in the GDP was recorded in Croatia and Poland. In the same year Estonia had the lowest share of public debt in the GDP, but it also shows most progressive increase of that indicator.

The inflow of the foreign direct investments (FDI) has slowed down due to global economic crisis and its spill over effects. The biggest decrease was recorded in Bulgaria, Croatia and Macedonia, while the fall in Estonia was negligible. Due to increased borrowing, the gross external debt has risen in Macedonia, Croatia, Poland and Turkey, while Bulgaria and Croatia record the highest shares. However, Bulgaria and Estonia show a tendency towards lowering the share of gross external debt in their GDP (see Table 1).

Table 1. The main economic indicators for selected countries

	Indicators	2008	2009	2010	2011	2012	2013
Bulgaria	GDP, real change (in %)	6.2	-5.5	0.4	1.8	0.6	0.9
	GDP per capita (EUR at PPP)	10900	10300	10700	11700	12100	12300
	Gross industrial production, real change (in %)	0.6	-18.2	2.1	5.8	-0.3	-0.1
	Unemployment rate (LFS, in %, average)	5.6	6.8	10.2	11.2	12.3	12.9
	Average gross monthly wages (EUR)	279	311	331	351	374	413
	Consumer prices (in % p.a.)	12.0	2.5	3.0	3.4	2.4	0.4
	Fiscal balance (% of GDP)	1.7	-4.3	-3.1	-2.0	-0.8	-1.5
	Public debt (% of GDP)	13.7	14.6	16.2	16.3	18.5	20.0
	FDI inflow (EUR mn)	6728	2438	1152	1330	1070	1092
	Gross external debt (% of GDP)	105.1	108.3	102.7	94.3	94.6	93.5
Croatia	GDP, real change (in %)	2.1	-6.9	-2.3	0.0	-2.0	-1.0
	GDP per capita (EUR at PPP)	15800	14500	14300	15200	15700	15600
	Gross industrial production, real change (in %)	1.1	-9.2	-1.4	-1.2	-5.5	-1.8
	Unemployment rate (LFS, in %, average)	8.4	9.1	11.8	13.5	15.9	17.5
	Average gross monthly wages (EUR)	1044	1051	1054	1049	1048	1048
	Consumer prices (in % p.a.)	6.1	2.4	1.1	2.2	3.4	2.3
	Fiscal balance (% of GDP)	-2.0	-4.7	-6.4	-7.8	-5.0	-5.5
	Public debt (% of GDP)	29.3	35.8	44.9	51.6	55.8	62.0
	FDI inflow (EUR mn)	4246	2404	318	1091	1055	437
	Gross external debt (% of GDP)	83.6	97.7	104.6	103.8	102.6	105.3
Estonia	GDP, real change (in %)	-4.2	-14.1	2.6	9.6	3.9	0.8
	GDP per capita (EUR at PPP)	17200	14700	15500	17500	18500	19300
	Gross industrial production, real change (in %)	-5.2	-24.0	23.6	19.9	1.0	2.9
	Unemployment rate (LFS, in %, average)	5.5	13.8	16.9	12.5	10.0	8.6
	Average gross monthly wages (EUR)	825	784	792	839	887	952
	Consumer prices (in % p.a.)	10.6	0.2	2.7	5.1	4.2	3.2
	Fiscal balance (% of GDP)	-2.9	-2.0	0.2	1.1	-0.2	-0.5
	Public debt (% of GDP)	4.5	7.2	6.7	6.1	9.8	10.2
	FDI inflow (EUR mn)	1181	1325	1207	245	1180	715
	Gross external debt (% of GDP)	117.2	125.0	114.3	94.0	95.4	87.4
Macedonia	GDP, real change (in %)	5.0	-0.9	2.9	2.8	-0.4	3.0
	GDP per capita (EUR at PPP)	8400	8500	8700	9000	9000	9400
	Gross industrial production, real change (in %)	5.1	-8.7	-4.8	6.9	-2.7	3.2
	Unemployment rate (LFS, in %, average)	33.8	32.2	32.0	31.4	31.0	29.0
	Average gross monthly wages (EUR)	428	488	491	497	498	504
	Consumer prices (in % p.a.)	8.3	-0.8	1.6	3.9	3.3	2.8
	Fiscal balance (% of GDP)	-0.9	-2.7	-2.4	-2.5	-3.9	-4.0
	Public debt (% of GDP)	27.9	31.7	34.8	35.0	36.0	36.0
	FDI inflow (EUR mn)	400	145	160	337	72	251
	Gross external debt (% of GDP)	49.2	56.4	58.2	64.9	69.4	66.1
Poland	GDP, real change (in %)	5.1	1.6	3.9	4.5	1.9	1.6
	GDP per capita (EUR at PPP)	14100	14200	15300	16400	17100	17700
	Gross industrial production, real change (in %)	2.6	-3.8	11.1	6.7	1.2	2.3
	Unemployment rate (LFS, in %, average)	7.1	8.2	9.6	9.7	10.1	10.6
	Average gross monthly wages (EUR)	838	717	807	826	844	870
	Consumer prices (in % p.a.)	4.2	4.0	2.7	3.9	3.7	0.9
	Fiscal balance (% of GDP)	-3.7	-7.4	-7.9	-5.0	-3.9	-4.8
	Public debt (% of GDP)	47.1	50.9	54.9	56.2	55.6	58.2
	FDI inflow (EUR mn)	10135	9339	10518	14896	4763	-4577
	Gross external debt (% of GDP)	47.8	62.6	66.9	67.4	72.7	70.9
Turkey	GDP, real change (in %)	0.7	-4.8	9.0	8.8	2.2	3.8
	GDP per capita (EUR at PPP)	11700,0	10900,0	12200	13400	13700	14300
	Gross industrial production, real change (in %)	-0.6	-9.8	12.8	10.0	2.4	2.5
	Unemployment rate (LFS, in %, average)	9.8	12.6	10.7	8.8	8.2	8.5

Table 1 (cont.). The main economic indicators for selected countries

	Indicators	2008	2009	2010	2011	2012	2013
	Average gross monthly wages (EUR)	834	.	-	-	-	-
	Consumer prices (in % p.a.)	10.4	6.3	8.6	6.5	9.0	7.5
	Fiscal balance (% of GDP)	-2.8	-6.9	-2.7	-0.8	-2.4	-1.7
	Public debt (% of GDP)	40.0	46.1	42.4	39.9	36.2	34.6
	Current account (% of GDP)	-5.6	-2.2	-6.2	-9.7	-6.2	-7.9
	FDI inflow (EUR mn)	13217	6085	6803	11581	10290	9550
	Gross external debt (% of GDP)	40.5	42.4	39.7	42.4	42.0	44.9

Source: WIIW – The Vienna Institute for International Economic Studies, 2014. Annual database.

Table 2 shows that tripartite bodies exist in all six countries. However, in some countries their irregular meetings and inadequate composition during the economic downturn point towards much needed improvements. In some cases tripartite bodies managed to negotiate agreements on the anti-crisis measures, particularly in the initial phase of the crisis. Although contents and frequency of these agreements vary from country to country, generally they point towards willingness of the social partners to achieve social partnership based on trade-offs aiming at the common good. At the bipartite level the crisis often served as a catalyst for constructive dialog between employers and the trade unions, although the absence of strategic national frameworks that could provide more uniform developments at the sectoral level represents a problem in all countries (EIROnline, 2013c).

Table 2. The main characteristics of industrial relations in selected countries (in 2013)

	Croatia	Poland	Estonia	Bulgaria	Macedonia	Turkey
Existence of a national tripartite body	Yes	Yes	Yes	Yes	Yes	Yes
Coverage of employees by collective agreements	60%	25% (2012)	32.7%	33% (2011)	100%	8%* (2012)
Trade union density	35%	12%	10.7%	17.5%	28% (2010)	5.9%** (2010)
Employer organisation density	25-30%	20% (2010)	25%	42%	23.5% (2010)	

Source: EIROnline – European Industrial Relations Observatory On-line, 2013 c. Industrial Relations Country Profiles.
* European Commission, 2012. Turkey 2012 Progress Report SWD, 2012. 336 final
** TEPAV - Economic Policy Research Foundation of Turkey, 2012. The Economic Crisis Impact on Industrial Relations National System in Turkey: Policy Responses as Key Recovery Tools.

In all countries (except in Croatia and Macedonia) the coverage of employees by collective agreements and the trade union density lay below the EU average. The quality of collective agreements in these countries is sometimes problematic and the practice of breaching collective agreements without sanctions has been documented (Bagić, 2010; Guardiancich, 2012).

2.2. Bulgaria. Because of the crisis in the public sector, the salaries and social payments were frozen, while the prices were rising. In the real sector the construction, machine building and the light industry were particularly hardly hit. The social dialogue had an important role in conceptualizing the anti-crisis measures, particularly in initial stages. However, the government often unilaterally breached provisions of existing agreements (CED and CITUB, 2012).

In December 2008 employer associations and trade unions proposed to the government the measures aimed at preserving jobs, reducing unemployment, supporting the companies and unemployed workers, decreasing informal economy, short-time working as well as changes in taxation and the banking sector. However, only a few of these measures were adopted by the government (European Commission, 2011). After formation of the new government in September 2009 the tripartite social dialogue was renewed resulting in 32 anti-crisis measures adopted with a full consensus. It included measures for curbing the grey economy, fighting the tax evasion, strengthening control against smuggling, expending the food voucher system etc. (CED and CITUB, 2012). In March 2010 the anti-crisis measures were updated by the tripartite agreement or the third package of 59 measures focusing on supporting employment, households, businesses and state finances. It contained a mechanism for increasing the minimum wage, removal of the upper limit on unemployment benefits and schemes to support labor mobility (ibidem; Markova, 2012).

Unilateral decisions of the government caused constant outbreaks of conflicts. A decision of restricting the budget deficit to not more than 2% was made without consultations with the social partners. Furthermore the trade unions openly opposed continuation of the pre-crisis policy of low direct and high indirect taxes (EIROnline, 2013a). At the end of 2011 two trade union confederations withdraw their delegations from the national tripartite body and organized protests against the proposed pension reform. However the government only slightly modified its initial proposal and adopted a gradual increase (until 2020) of the retirement age to 65 for man and 63 for woman as well as the gradual increase of working years needed for the retirement to 40 for man and 37 for women (CED and CITUB, 2012; Markova, 2012).

At the end of 2011 new stricter criteria for representativeness of the employer and the trade union organizations have been adopted through respective amendments of the labor law. These new criteria were greatly opposed by the social partners (CED and CITUB, 2012). In July 2012 government unilaterally imposed a new system of flexible payments in the public administration (ibidem; Markova 2012).

In the area of collective bargaining there was continuous activity at the bipartite (mainly company) level, but it was limited to the companies and sectors where collective bargaining existed before the crisis. This generally enabled keeping the basic parameters in collective agreements from the pre-crisis times. However, as a consequence of crisis the focus of collective agreements has shifted from pay to keeping employment and a trend of decentralization in collective bargaining is noticeable (CED and CITUB, 2012). In some sectoral collective agreements opening clauses were agreed enabling deviations from the binding clauses of collective agreements within certain limits. These clauses covered issues such as the level of wages, the regular payment of wages and the working time (EIROnline, 2013a). The labor law in Bulgaria allows extension of collective agreements by ministerial decree. For the first time this instrument was used in 2010 and since then several sectoral collective agreements were extended (Markova, 2012).

2.3. Croatia. During 2008 and 2009 social dialogue at the national level in Croatia was used as a forum for discussions and in some cases for the conceptualization of the anti-crisis measures. The most important of these measures included: the establishment of the national minimum wage; temporary 2% or 4% tax (depending on the amount) on the net salaries, pensions and other incomes; the increase of the VAT from 22 to 23%; the freezing of hiring and wages in the public sector as well as training and public works programs (Butković, Samardžija and Tišma, 2012; Gotovac, 2011; Samardžija and Vuletić, 2008). In 2009 the government tried to support short-time work through the law on job retention subsidies. However, the eligibility criteria in this law were so restrictive and the incentives provided to employers so limited that only a few employers received the subsidy (Gotovac, 2011).

The social dialogue at the tripartite level lasted until May 2010 when the government proposed amendments to the labor law limiting the prolonged application of collective agreements and introducing more flexible forms of employment. As a result, trade union confederations withdrew from the national tripartite body and collected citizens' signatures calling for a referendum on that issue. The tripartite social dialogue was broken for almost a year and eventually the government was compelled to withdraw amendments to the labor law (Butković, Samardžija and Tišma, 2012; Gotovac, 2011).

The government's economic recovery program was adopted in April 2010 with the action plan for its implementation. The program aimed at limiting the role of the state in the economy and it contained measures for reducing the budget expenditure, simplifying tax system, encouraging investments, enhancing liquidity, supporting enterprises and improving labor market and social policies (Gotovac, 2011). In 2010 the hiring freeze in public administration was replaced by a system which allows one new employee to replace two leaving employees (Franičević and Matković, 2013). In the same year the government modified pension insurance system by penalizing early retirements (Gotovac, 2011).

The new government elected in December 2011 immediately started adopting measures and legislation aimed at the stabilization of the economy. Most of these measures were not the outcome of the social dialogues but unilaterally imposed. The decision to reduce public spending from 42% in 2012 to 39.9% by 2016 was opposed by the trade unions but supported by the employers. Despite the protest from both the employers and the trade unions, the VAT was further increased from 23 to 25% in March 2012 (Butković, Samardžija and Tišma, 2012).

In July 2012 the government unilaterally enacted the law on representativeness which prescribed stricter criteria for the representativeness of the trade union confederations and employer associations for participation in tripartite bodies and for collective bargaining. For taking part in collective bargaining the trade union was obliged to assemble at least 20% of all unionized workers in the area. This law also limited the extended application of collective agreements to a period of three months (ibidem). At the beginning of 2013 the government announced enactment of the new labor law which was opposed by the trade unions fearing the reduction of workers' rights.[1] In March 2013 a 3% reduction of all salaries in the public sector was implemented without prior discussion in the national tripartite body.

The overall coverage with collective agreements (some extended before the crisis) was not affected by the crisis, but a decentralization trend is visible (Miličević-Pezelj, 2012). In the public sector the government was compelled to withdraw some rights of workers, such as Christmas bonuses, vacation allowances and anniversary bonuses (Butković, Samardžija and Tišma, 2012). The sectoral level dialogue was neglected particularly in sectors mostly exposed to the effects of the crisis, such as the manufacturing, trade and construction (Gotovac, 2011). At the company level, particularly in larger companies, social dialogue often helped to reduce labor costs and preserve employment. In some cases short-time work was agreed (EIROnline, 2012a; Butković, Samardžija and Tišma, 2012).

2.4. Estonia. The economic crisis struck Estonia faster than the other EU member states due to its small size and open economy which make it vulnerable to external shocks (Espenberg and Vahaste, 2012). At the beginning of 2009 Estonian social partners and the government agreed on a set of measures for addressing the crisis aimed at maintaining jobs and providing assistance to unemployed. However due to constantly rising unemployment the government was compelled to introduce new bolder measures for 2009-2010 which assigned some 45 million euros to the employment program. In adoption of this second plan social partners were less involved. It was supported by the employers but the trade unions expressed some reservations due to possible misuse of subsidies by the employers (European Commission, 2013a).

The majority of the government's anti-crisis measures were perceived by the social partners as unilateral or reached without proper consultations (Espenberg and Vahaste, 2012). Estonian Parliament in April 2010 enacted the law which prescribed reaching the retirement age of 65 for both men and women by 2026. Although opposed by the trade unions, the enactment of this law was supported by the employers (EIROnline, 2012b). At the end of 2011 both the trade unions and the employers protested against the government's decision to include the reserves of the Unemployment Insurance Fund and the Health Insurance Fund in the state budget. Furthermore, they protested against unilateral rising of unemployment insurance contributions (Espenberg and Vahaste, 2012).

A positive development can be detected in 2011 when Estonian Employers Confederation and Estonian Trade Union Confederation agreed to increase the monthly minimum wage by 4% from beginning of 2012. Based on that agreement, the government enacted appropriate legislation (European Commission, 2013a).

For industrial relations one of the crucial problems was the government's frequent violation of legislation and reached agreements such as the new law on employment contracts. The renewed law in 2012 made it easier for employers to lay off workers but it also contained social provisions targeted at supporting unemployed in finding a new job. However, a couple of months after adoption of this renewed law the government unilaterally decided to postpone implementation of most social provisions (ibidem).

In March 2012 the Estonian trade unions in the area of education started the strike, which included some 17.000 teachers and lasted for three days. The strike was successful resulting in a 15% increase in teachers' wages. This event proved that trade unions in Estonia still have a considerable force and that government faced with potential industrial actions has to become more engaged in constructive social dialogue (Espenberg and Vahaste, 2012).

The collective bargaining in Estonia mostly takes place at the company level. In 2009 the number of collective agreements was cut by approximately one half and this trend continued in the later years. Furthermore, in the public sector government was constrained to withdraw some provisions in collective agreements (ibidem). Similarly, in many companies the representatives of employees accepted new collective agreements or amendments to the old ones which reduced previously guaranteed rights (European Commission, 2013a). In March 2012, despite strong protest of the trade unions, government passed new legislation which simplified termination of collective agreements. After the expiry of their initial term, collective agreements can be terminated by either party giving a three months' notice (EIROnline, 2012b).

2.5. Macedonia. Throughout the crisis in Macedonia the trade unions put priority to employment safety even at the expense of bigger taxes, while employers advocated fiscal burden reliefs, greater solvency through regular VAT refunding and strict control of the labor costs (Risteska, 2012). The global crisis had its most significant impact on the textile and the metal industry which are the biggest export branches (ibidem).

[1] In July 2014 the Croatian Parliament adopted the new labor law which was not supported by either the trade union confederations or the employer associations.

In the period between mid-2008 and mid-2009 the government passed two packages of anti-crisis measures largely focused on reduction of regulatory obstacles to business. These measures were not discussed with the social partners in the national tripartite body. Instead they were consulted with commercial chambers (ibidem; Mojsoska Blazevski, 2011). At the peak of the crisis in mid-2009 the government, with the approval of the commercial chambers, passed the so called third package of anti-crisis measures which introduced a flat tax rate on public salaries and allowed differed payment of unpaid public costs and for the import (Risteska, 2012). At the peak of the crisis the government also introduced a freeze of wages in the public sector (Mojsoska Blazevski, 2011).

Since 2010 a dialogue was established between the government and the social partners in the national tripartite body which resulted in adoption of two additional anti-crisis packages. The fourth package promoted active measures on the labor market as well as measures which allowed easier access to funding for the businesses and stimulated construction. In 2012 the fifth package of measures introduced a combination of developmental and social measures aimed at creating new jobs (Risteska, 2012).

The initiation of the tripartite social dialogue in 2010 was made possible with 2009 changes in the labor law which relaxed previously prescribed representativeness requirements to 10% for the trade union and employer associations at the national and 20% at the sectoral level (ibidem; Mojsoska Blazevski, 2011). Furthermore, the 2009 labor law amendments established the so called national collective agreements (one for the public and one for the private sector). This step secured coverage with collective agreements of almost 100% as well as solid grounds for negotiating collective agreements at the sectoral and company level (Anceva, 2011).

The social dialogue in the national tripartite body was often bypassed by the government. For example, in 2012 without consulting the social partners, the government changed internal rules of the Health Fund and adopted the new law on pension insurance. On both occasions some rights were cut (Anceva, 2012). The tripartite level social dialogue was characterized with asymmetry of power in favor of the government and to a lesser degree of the employers. Some 70% of the anti-crisis measures proposed by the employers were eventually adopted, while proposals from the trade unions were mostly ignored (Risteska, 2012). Despite setbacks at the tripartite level, on many occasions the bipartite company level social dialogue secured operation and the survival of the companies (ibidem).

The introduction of the law on the minimum wage in January 2012 represents a direct result of constructive social dialogue in the national tripartite body (Anceva, 2012). Although proposals by the trade unions were mostly ignored, the government often acted as a protector of public and workers' interests. This is visible from the decisions, such as the introduction of compensations for the redundant workers and the preservation of the basis for calculating salaries in the textile industry (Risteska, 2012).

2.6. Poland. The country represents a unique case in the European context as far as the economic crisis is concerned because its national economy never slipped into recession. The early period of the crisis was marked by a very dynamic bipartite and tripartite social dialogue. In the subsequent period, when it became clear that recession had been avoided, the government lost interest in the social dialogue and turned towards unilateral decision-making (Czarzasty and Owczarek, 2012).

In March 2009 the representatives of Poland's trade unions and employers identified 13 proposals on which they found a consensus. Most important among these measures were: public aid to companies to preserve jobs, improving the availability of loans to businesses, subsidies for low incomes, a gradual increase of the national minimum wage, lifting constrains on the fixed term employment, a 12-month working hours reference period and the increased flexibility of the working time (Czarzasty and Owczarek, 2012; Guardiancich and Pliszkiewicz, 2012). Later on, in 2009, the government adopted a number of temporary laws which reflected 13 points of the social partners. However, the involvement of the social partners in composing the anti-crisis package stopped at formulation of the 13 points since employers and the trade unions were not included in the legislative process (ibidem). When in 2011 the anti-crisis legislation expired, in most cases the government decided not to renew it (Guardiancich and Pliszkiewicz, 2012).

In 2010 and 2011 the government focused on the numerous measures to diminish public deficit which were not a product of the social dialogue but were unilaterally imposed. It introduced the reduction of spending in public administration, VAT increase from 22 to 23 %, public sector pay freeze, reduced spending on low-efficient labor market programs, the liquidation of tax reliefs on bio-components in motor fuels and the increase of the excise tax on tobacco products (Czarzasty and Owczarek, 2012).

In 2011 and 2012 the government introduced two reforms of the pension system. The first reform concentrated on transferring a part of the pension contribution from privately owned Open Pension Funds to the state managed Social Insurance Institution. It was implemented despite strong opposition from trade unions and independent experts who claimed that it undermines the goals of the previous pension reform (Czarzasty and Owczarek, 2012; Guardiancich and Pliszkiewicz, 2012). With the second reform the retirement age was increased to 67 equally for men and women. The increase was set as gradual by four months every year. The trade unions unanimously opposed it, while employers partly supported it. The Independent and Self-Governing Trade Union Solidarity even managed to collect two million signatures under a motion for a referendum on that issue but it was rejected by the Parliament (ibidem).

The company remains a predominant level of collective bargaining in Poland while the coverage with collective agreements is constantly diminishing (EIROnline, 2013b). Despite this, bipartite negotiation during the recession often resulted in solutions that were linked to the 13 points agreed by the social partners (Guardiancich and Pliszkiewicz, 2012). For the employers suffering from temporary financial difficulties the labor law offers a possibility of suspending the application of collective agreements or the application of less favorable conditions. The suspension can last up to three years and must be agreed with the representative trade unions. Since 2008 such suspensions were documented at all levels, mostly in the processing industry, transport and in management of stock (ibidem).

2.7. Turkey. In 2009 Turkish economy became the tenth economy in the world that contracted by the most. The country managed to recover from the crisis already in 2010, but the GDP growth was only partly followed by the reduction in unemployment. The manufacturing industry was the sector mostly hit by the crisis. In this but also in other sectors the economic crisis often forced the trade unions to accept more flexible wages (TEPAV, 2012).

In order to address the crisis in 2009 the government introduced measures for increasing the domestic demand and managing the unemployment, and most of them were discussed with the social partners in the tripartite bodies (ibidem). As part of these measures the government enacted the law on restructuring debt records and the law on restructuring payments for the credit card debts. Furthermore, the government introduced payments to employees suspended from production, temporary tax reduction package for the private consumption as well as the corporate tax reductions to investments tied to incentive certificates. Sector restrictions on contract labor were lifted and employee leasing services allowed. The government also increased spending on the projects that could attract private sector investments and on the stimulus programs for employment market.

Despite the existence of the formal tripartite bodies, the trade union and employer associations viewed their involvement in drafting the laws as inadequate. The trade unions and employers often had a say only after the draft law was already prepared, which made the integration of their views and negotiations with the government difficult (ibidem).

The strike of the Turkish Civil Aviation Workers Union (Hava-Is) in 2012 pointed towards difficulties in implementing the right to strike in the private sector. The unsuccessful negotiations on the wage increase resulted in Turkish Airlines lobbing the government to enact the law prohibiting the right to strike and lock-out in the aviation sector due to its strategic importance. Immediately after the enactment of such law, Turkish Airlines initiated a lawsuit against the Hava-Is workers which were on strike. Due to public opposition to such developments the contested law was eventually cancelled (ibidem).

The extremely low unionization rate and coverage of collective agreements in Turkey (see Table 2) is largely caused by restrictive legislative provisions (European Commission, 2012). In the early 2012 the new trade union law for the civil service granted collective bargaining rights to the public servants. However, it is not fully in line with the EU *acquis* and the ILO conventions, especially with regard to the right to strike and the process of collective bargaining (ibidem).

In November 2012 the law on trade unions and collective bargaining entered into force. It reduced the thresholds for the trade unions from membership level of at least 10% in the industrial sector and at least 50% at the workplace to a 3% membership level in the industrial sector while requirements at the workplace remained unchanged (Minasyan and Uslusoy, 2013). Although this law facilitates internal functioning of trade unions, eases membership procedures and lifts the ban on strike in certain sectors, the requirement of a double threshold to meet the trade union representativeness still hinders their ability to act and negotiate collective agreements (European Commission, 2013b).

Conclusions

Industrial relations and the tripartite social dialogue played an important role in conceptualizing government's anti-crisis measures in Bulgaria, Croatia, Estonia and Poland during the initial phase of the crisis (2008 and 2009). The early anti-crisis measures in these countries mainly focused on stabilization of the state finances, job protection, supporting employment, providing loans to businesses and increasing consumption. These measures provided temporary support for employers and workers, although in some cases problems in their implementation were recorded.

In Bulgaria three packages of anti-crisis measures were adopted targeting a wide variety of issues from curbing the grey economy and tax evasion to short-time working and increasing of the national minimum wage. In Croatia the most important measures included the introduction of the minimum wage, the establishment of the temporary crisis tax on salaries and incomes and the support for short-time working. Due to the dramatic rise of unemployment in Estonia, most measures were focused on maintaining jobs and providing assistance to unemployed. Finally, in Poland social partners found agreement on a number of issues which were later transformed into specific measures. These ranged from increasing the minimum wage and lifting constraints to fixed term employment to raising the flexibility of working time and improving the availability of loans to businesses.

In Macedonia and Turkey the governments acted as the protectors of public interest and adopted similar anti-crisis measures. In Macedonia initially the focus was largely on reducing the regulatory obstacles to business. However, later on more attention was paid to the social measures as well. In Turkey, the most important anti-crisis measures included a tax reduction for private consumption, corporate tax reductions for investments, the lifting of sector restrictions on contract labor, as well as the stimulus programs for employment market.

As the crisis deepened and spread into the public sector, governments in all six countries introduced pay freezes in the public sector, increased taxes and started cutting their budget spending. Since 2010 the governments of all analyzed countries abandoned many of their early anti-crisis measures and unilaterally initiated structural reforms which often decreased the level of existing rights. The pension systems were among the most affected areas. They were reformed in Bulgaria, Estonia and Poland, all of which increased the retirement age and the working years needed for retirement, while in Croatia and Macedonia some right were cut. In order to stabilize public finances the government of Estonia included reserves of its unemployment and health insurance funds in the state budget. Similarly in Poland the government transferred a part of the privately owned pension funds to an institution managed by the state. On both occasions, these acts were opposed by the social partners who were of the opinion that they undermine efforts of the previous reforms.

Unilateral actions by the governments since 2010 caused breakdowns of the tripartite social dialogue in all six countries. The trade unions in all countries expressed opposition to the overall economic courses of their governments, which were focused on the reduction of public spending and which attained a certain degree of support from the employers. However, larger sectoral level strikes were rare. Sudden weakening of the trade unions as partners in the social dialogue resulted in their increased politisation. In Croatia and Poland the trade unions even initiated motions for referendums related to the implementation of particular structural reforms. While in Poland this kind of activity failed at first attempt, in Croatia it merely succeeded to win some time for the trade unions by delaying planed reforms for a year or two. In Estonia difficulties in applying the flexicurity principle in transitional and crisis ridden setting became evident. With regard to the renewed legislation on employment contracts the Estonian government made it easier for employers to lay off workers, but postponed the application of initially agreed social provisions. Despite problems at the tripartite level, the bipartite dialogue at the company level generally functioned well which contributed to mitigating worst effects of the economic crisis. However, problems in further development of the sectoral social dialogue were documented in the examined countries.

In all six countries the focus of collective agreements shifted from the wages to keeping the employment. Furthermore, a decentralization trend in collective bargaining and the practice of suspending application of collective agreements (or some provisions) have been spread. In Estonia and Poland, as a result of the crisis, the coverage of collective agreements decreased while in Croatia it remained unchanged. In Bulgaria, Macedonia and Turkey the coverage of collective agreements increased. However, in Bulgaria this was not the outcome of intensified collective bargaining, but rather a result of the newly adopted practice of extending collective agreements. The new stricter criteria for the representativeness of employer and trade union organizations for collective bargaining and representation in the tripartite bodies were introduced in Bulgaria and Croatia. In Macedonia and Turkey these criteria were relaxed, which could contribute to the consolidation of their traditionally weak social partners. In Croatia and Estonia, despite strong protests from the trade unions, the termination of collective agreements was simplified.

Deepening of the crisis in the post 2010 period caused the deterioration of industrial relations in all examined countries. Governments frequently chose unilateral actions over more complicated and time consuming process of building consensus with the social partners. This allowed the governments to respond quickly to the changing environment, but it also affected the quality of proposed measures which for the most part have been narrowly focused on consolidation of state finances. As such, they often lacked longer term perspective and caused social unrest.

The described developments are not confined to selected six countries. Throughout Europe governments embraced unilateralism often breaching their own traditions and the standards inscribed in the EU *acquis* (European Commission, 2013a). However, long duration of crisis and generally weak results in restoring growth and employment show that sustainable solutions which will lead out of the crisis can hardly be created without a more substantial involvement of the social partners. Therefore, efforts must be focused at restoring the broken trust and finding the way back to negotiating table.

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