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Current Situation and Future Trends of the Industrial Relations System and Trade Unions in Greece**

The Greek industrial relations system for the past decades, mainly in the private sector, has been based on Law 1876 of 1990, which introduced free collective bargaining and independent dispute resolution. Due to the financial crisis, new legislation modified the existing legal framework and led to curtailing collective bargaining and almost eliminating arbitration. These amendments are affecting trade unionism, however only hypotheses of possible scenarios may be formulated, as the country is undergoing an unprecedented financial and political change.

Key words: labor-management relations, trade unions, collective bargaining, dispute resolution, labor law (JEL: J51, J52, J53, K31)

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1. Introduction

The Greek industrial relations system during the last twenty years has been shaped by a rather liberal legal framework, mainly in the private sector. The legal framework was based on Law 1876 of 1990 which was unanimously voted by all political parties in the Greek Parliament during the ecumenical, i.e. all party, government. Wages and terms and conditions of employment have been the product of free collective bargaining and, in case of an impasse, resolution was sought by a body of neutral mediators and arbitrators. The social partners have willingly participated in the formation, implementation and the development of the system, as they were members of the committees during the formation of the legal framework, or participated in the boards of directors of organizations with tripartite representation that affected the industrial relations system, as for example, in the board of the independent Organization for Mediation and Arbitration (OMED).

In 2009 the world financial crisis together with the structural problems of the Greek economy created financing difficulties for the Greek state. An enormous government deficit of 32,342 million Euro reaching 13.6 per cent of the GDP and a government debt of 273,407 million Euro reaching a 115.1 per cent of the GDP was provisionally recorded by Eurostat for 2009, in April 2010 (Eurostat, 2010). The newly elected socialist government in October 2009, in order to protect the national economy took preliminary labour market restrictive measures such as the layoff of all employees on a training contract working in the public and the wider public sector, and later on it initiated salary cuts in the public sector by issuing Law 3833/2010 on 15 March 2010. As the measures were not adequate, the government decided to resort to external financing from the International Monetary Fund (IMF), the European Union (EU) and the European Central Bank (ECB). On 3 May 2010, the Greek government signed with the three lenders (called “Troika”) a “Memorandum of Economic and Financial Policies”, included in Law 3845/2010 of 6 May 2010, through which, among others, the government had to “reform the legal framework for wage bargaining in the private sector”. A series of austere measures followed that had an enormous impact on the industrial relations system (Patra, 2012).

In this paper we will examine the current situation of the industrial relations system and will try to make some projections on the future trends, based on past experiences and the current changes of the economic environment and the legal framework that had a great impact on collective bargaining and therefore on the future of labour unions.

2. Characteristics of the Greek industrial relations

During the last fifty years four basic elements have characterized the Greek industrial relations system. These elements are: (a) a considerable governmental intervention, (b) an intense political orientation of the labour movement, (c) the structural problems of Greek labour unions, and (d) the lack of initiative by the Greek employers in shaping the system (Nikolopoulos, 1988).

Some of these elements have been differentiated during the past decades, as a result of economic and political developments; however, they have certain common

characteristics which are worth noting as they have affected the industrial relations system.

(a) The first characteristic, *governmental intervention* is articulated by direct or indirect State involvement in the determination of pay and the terms and conditions of employment. Until the late 80s this involvement was direct, as the governing party imposed salary increases through a system of state-controlled compulsory arbitration, as it was shaped by Law 3239/1955. About half of the salary disputes were settled through this system (Ioannou, 2010), thus creating a precedent in the formation of the minimum wage structure.

An example of government intervention in the formation of basic wages and salaries was the introduction of “automatic indexation increases” (ATA), as a means to restrict salary increases and curtail inflation. ATA was first introduced in May 1982, and provided for percentage increases in basic wages and salaries based on the cost of living (consumer price index, CPI); no further salary increases were allowed in the private sector at that time.

During the subsequent twenty years and especially following the application of Law 1876/1990 on “free collective bargaining”, and until recently, the Greek governments could affect wages only indirectly, as basic wage levels became a product of free collective bargaining and were formulated based on the increases of the consumer price index. The CPI was issued by the National Statistical Organization of Greece, about which Eurostat and several researchers expressed reservations later on.

(b) The *political orientation* of the labour movement is demonstrated by the fact that union leadership is elected through political affiliation with the parties represented in the Greek parliament. Even though the Greek industrial relations system resembles those of south-east Europe, there is a substantial difference: in Greece there is one third level organization, i.e. the General Confederation of Greek Workers (GSEE), in the labour movement structure, and consequently there is one single organizational structure, within which different political parties, like socialists, conservatives, or communists, are represented. This coexistence of different political factions within the confederation demonstrates unity within the labour movement representation.

(c) *The structural problems of Greek labour unions* relate to the fragmentation of labour organizations, which resembles the fragmentation in the U.K. (Nikolopoulos, 1988, p. 222). It is noteworthy that there are 73 sectoral second level unions (federations), while in Germany there are only 8 (according to Deutscher Gewerkschaftsbund in <http://www.dgb.de>), even though the working population in Germany is about ten times higher than in Greece. The same fragmentation is observed even in primary level organizations of the Greek labour movement.

The Greek private sector labour movement structure is composed of three levels: at the top or third level there is the General Confederation of Greek Labour (GSEE), which is the highest instrument representing all private sector employees and workers.

At the second level there are 73 *federations* (www.gsee.gr), formulated by first level labour union organizations belonging to the same occupation or, to a lesser extent, to the same sector (industry). Law 1876/1990 encouraged sectoral level bargaining and consequently sectoral union formation, even though occupational level bargaining had

been more popular in Greece. It is noteworthy that sectoral federations are present even in sectors or occupations that are almost extinct, like the tobacco leaves processing sector (Ioannou, 2011, p. 152).

At the second level there are also 81 *Labour Centers* (www.gsee.gr), which constitute a horizontal, i.e. geographical, structure (GSEE, 2007, p. 9), also composed of first level unions. Labour Centers do not negotiate collective agreements, but represent workers issues on a specific locality, usually a prefecture.

At the first or primary level there are enterprise-specific, plant specific, occupational, and sectoral labour unions. These first level unions may be formed by at least twenty employees, according to the provisions of Greek Civil Law (articles 78 and on), having common work-related interests. According to Ioannou there are about 2,200 first level labour unions of about 150 members each; the hierarchical structure of the labour movement resembles the ones in the 1950s and 1970s, characterized by little autonomy, fragmentation and high levels of attachment to political parties and patronage relationships (ibid).

On the other hand, in the public sector, employees are represented by ADEDY, the Confederation of Public Servants. There are approximately 70 organizations, including sectoral federations, national unions, sectoral unions and local branches of these unions, represented by ADEDY (GSEE, 2007, p. 9). ADEDY cooperates with GSEE; however the highest degree of unionization exists in the public sector and the “wider public sector”, composed of enterprises of public utility and other semi-government owned enterprises.

(d) The last element refers to *the lack of initiative by the Greek employers* to reorient the Greek model of industrial relations over the years. This lack of initiative shows a negative attitude from the part of the employers to get more actively involved in labour-management relations, even though there have been opportunities, due to the higher relative power from the part of the employers. Following a period of excessive strike activity, and a rather hostile legal environment in the 1970s and 1980s, Law 1876 of 1990 provided the employers and the employees with a legal environment in which they could take initiatives to develop social dialogue. However, it seems that the employers did not take advantage of the legal framework, as if they were not deeply interested in the development of a positive industrial relations culture. We have often experienced lack of initiative in collective bargaining, or in developing proactive relationships, and adherence solely to the legally required issues. We believe that opportunities were lost, and even though the law allowed the parties to even shape their own means of dispute resolution, this never took place.

3. Types of collective agreements

3.1 Institutionalized types of collective agreements

Collective agreements are negotiated between labour unions at different levels and employers' associations. Negotiations are concluded when the parties sign an agreement. In case of an impasse in contract negotiations the parties may resort to mediation. The mediator has the right to submit his/her proposal to the parties, which may be accepted or modified and signed as a collective agreement. The parties may resort

to arbitration if they reject the proposal, or at any other time during negotiations. The arbitrator's award is legally binding. The collective agreements and arbitrators' awards together are called collective regulations.

In Greece collective agreements are negotiated by the different types and levels of labour organizations and are therefore classified according to the type of the negotiating labour unions and the employees covered. As labour unions may be formed on the basis of the occupation, the plant, the enterprise, or the sector, the corresponding collective agreements follow a similar classification. There are therefore four basic types of collective agreements, and a plethora of variations among them. The four major types are: the national general collective agreement, the sectoral collective agreements, the national and the local occupational collective agreements, and the enterprise collective agreements.

Since 1990 when the Law 1876 on "free collective bargaining and other provisions" was unanimously voted by all political parties of the Parliament during the ecumenical government, the above four basic types of collective agreements were institutionalized. The sectoral and the enterprise agreements were institutionalized for the first time, while the national general and the two types of occupational agreements preexisted from the previous Law 3239/1955. Enterprise agreements in practice were negotiated in the past between an employer and an enterprise union, and a "document of agreement" was signed, which was later institutionalized by Law 1876/1990 as an "enterprise collective agreement". Overtime, other variations of the institutionalized types were created by the free will of the parties involved.

The basic institutionalized types of collective agreements, according to article 3 of Law 1876/1990, are (OMED, 2005):

(a) The *National General Collective Agreement* (NGCA). This agreement is negotiated by the highest levels of the social partners, i.e. from the part of the employees by the General Confederation of the Greek Labour (GSEE) and from the part of the employers by the major employers' associations, which are: the "Hellenic Federation of Enterprises" (SEV)¹ which represents big businesses, the "Hellenic Confederation of Professionals, Craftsmen and Merchants" (GSEVEE),² which represents small and medium sized enterprises (SMEs), and the "National Confederation of Hellenic Commerce" (ESEE),³ which represents SMEs in the commercial sector (Patra, 2012). The terms of the national general collective agreement defined the minimum pay and terms and conditions of employment and it was applicable to all workers. All other labour organizations based their negotiating tactics on the NGCA and tried to achieve terms and conditions that were higher than the ones of the NGCA. The NGCA was negotiated for a one-year term, while as of 2002 it has been negotiated for a two-year term, and in 2010 it was negotiated for a three-year term.

¹ SEV: ΣΕΒ: Σύνδεσμος Επιχειρήσεων και Βιομηχανιών (<http://www.sev.org.gr>).

² GSEVEE: ΓΣΕΒΕΕ: Γενική Συνομοσπονδία Επαγγελματιών Βιοτεχνών Εμπόρων Ελλάδας (<http://www.gsevee.gr>)

³ ESEE: ΕΣΕΕ: Εθνική Συνομοσπονδία Ελληνικού Εμπορίου (<http://www.esee.gr>).

(b) The *sectoral collective agreements* (industrial) apply to workers in a specific sector or economic branch (industry) regardless of their occupation, either at the national level, and so we have the *national sectoral collective agreements*, or at a local level, i.e. a specific town or area, and so we have the *local sectoral collective agreements*. Sectoral agreements are negotiated by labour unions at the first or secondary levels and by employers' associations.

(c) The *national occupational collective agreements* (craft) apply to employees engaged in the same or similar occupations throughout the country, e.g. accountants, tour-guides, etc. They are negotiated between second or first level national occupational labour unions and by nation-wide employers' associations. The *local occupational collective agreements* apply to employees of the same occupation in a specific area, usually within the same prefecture, e.g. tour-guides of the island of Rhodes, and are concluded between first or second level labour unions and the respective employers' associations.

(d) The *enterprise collective agreements* are negotiated by the labour union of a specific enterprise, or the first level sectoral organizations and by the employer. Until recently, they could be negotiated in an enterprise that employed more than fifty (50) people, and were applicable to the whole workforce of the specific enterprise.

In the attempt to decentralize collective bargaining Law 3899/2010 of 17 December 2010 institutionalized a new type of enterprise agreements called "*special enterprise agreements*", in order to facilitate the negotiation and the formation of collective agreements at the enterprise level under the current adverse economic conditions. Such "special enterprise agreements" could include salary reductions, up to the level of the national minimum set by the NGCA and under the condition that the specific enterprise faced financial difficulties, a situation which would be audited by the Inspectorate of Labour. As the "special enterprise agreements" were not successful (only eight were signed, for the reasons see also 3.3.) article 37 of the newer Law 4024/2011 (Official Gazette A 226/27 October 2011) provided that enterprise agreements may also be concluded by "associations of persons", which may be composed of at least three fifths (3/5) of the workers in an enterprise, regardless of the total number of employees and without time restrictions for the duration of the "association of persons", unlike the provisions of previous legislation (Law 1264/1982) concerning "associations of persons" by which they could be created only in case of absence of a labour union, by at least ten (10) employees, in an enterprise employing less than forty people, to solve a specific issue, and for a limited time period (Leventis, 1996, pp. 96-105).

3.2 Non-institutionalized types of collective agreements

As mentioned in paragraph 3.1, overtime, variations of the institutionalized types of collective agreements were created by the free will of the parties involved. Karatzas (2011, pp. 170-171) identified, further to the clearly institutionalized types of regulations, thirty nine (39) "national occupational regulations within specific sectors" (for example: biologists working in clinics and diagnostic centers), one (1) "sectoral local for one occupation" regulation (dry cleaning workers of Athens), twenty five (25) "national sectoral regulations for one occupation" (for example: workers of leather items and gloves), and nine (9) "local occupational within sectors" for example: drivers of

tourist coaches of the island of Crete). It is also worth mentioning that there have been several occupational labour unions within one enterprise, which negotiated their own collective agreements, while these unions formed a federation that was the leading negotiator; furthermore there have been private sector collective agreements negotiated by private sector labor unions within the public sector.

Thus, a rather complicated system is created which has been operating as long as it has been accepted by the parties concerned.

3.3 Critique on the types of collective agreements

Until the passage of the new legislation aiming at curtailing the financial crisis, the following characteristic elements were present in industrial relations:

(a) As the clause of the most favourable regulation applied in case of plurality of collective agreements (see also 3.3.(b)), efforts were made by unions so that the local sectoral collective agreements and the local occupational ones contained pay and terms and conditions of employment that were more favourable for the employees than the terms of the national agreements. Furthermore, enterprise collective agreements either implicitly referred to the terms of the relevant sectoral or occupational agreements or specified pay and terms and conditions that were slightly superior to the relative sectoral or occupational. Thus, a gradual escalation in pay and terms and conditions of employment was realized. For example, the NGCA provided for a 3% basic salary increase, having considered the cost of living adjustments. Following that, the pursuit of the unions for the national sectoral and national occupational agreements would be more than 3% and for the local sectoral and local occupational agreements would be at a range of 3.5% – 4%. Following this trend, enterprise unions would try to pursue salary increases of around or slightly above 4%. This way the basic salary of sectoral, occupational and enterprise agreements was usually above the one of the NGCA. This was considered fair, as the basic pay of the NGCA was provided for an entry-level worker with no specialization, and this is probably the reason why the basic salary of the NGCA never reached the Western European minimum salary.

(b) A system of “plurality” of collective agreements exists in Greece. Plurality occurs when more than one collective agreements may cover one employee, depending on his/her occupation, organization, and/or sector of employment. As labour law has been generally protective toward employees, the most favourable agreement for the employee applied. However, Law 1896/1990, article 10, gave precedence to sectoral and enterprise-level collective agreements, over occupational ones, as occupational level bargaining was considered old-fashioned, craft-based bargaining, while industrial-based bargaining structures were gaining grounds in the European countries.

Under the current economic conditions, however, as long as the Midterm Framework of Financial Strategy will be applicable, and based on the provisions of article 37 of Law 4024/2011, the enterprise collective agreements prevail in case of plurality over the sectoral agreements, but they cannot contain terms that are lower than the ones of the national general collective agreement.

(c) The reasons of failure of the “special enterprise collective agreements” which were institutionalized by Law 3899/2010 of 17 December 2010 and were silently abol-

ished by Law 4024/2011 of 27 October 2011, may be attributed to the following factors: (i) The distributive nature of collective bargaining and the structural problems of the sectors in which enterprises were operating; (ii) the enterprise agreements were not independent from the related sectoral or occupational agreements, as described under 3.3.(a); (iii) The formulation of an enterprise union is a time consuming bureaucratic procedure, bearing social cost for the workers (see also Ioannou, 2011, pp. 156-157); (iv) Based on the before-crisis legislation, for a labour union to gain substance, i.e. to be able to bargain collectively in an enterprise, the enterprise should employ at least 50 people. This excluded most of the Greek businesses, as before 2008 there were about 4,000 enterprises employing more than 50 people (Ioannou, 2011, p. 160).

(d) The existing system of collective agreements has created a strong competition among labour unions. The survival of a labour union is based on the existence of and the ability to draw members; it is therefore imperative that the union offers supplementary services and value to its members. Because of this competition, union demands were often not based on economic factors, i.e. the actual productivity of an enterprise or a sector, but rather on political ideology, such as the survival and the strengthening of the union. Such intraorganizational conflicts, to borrow from the Walton and McKersie model (1965) together with the previously mentioned method of salary raises, have created difficulties in the prediction of wage and salary increases for a given year. It is obvious that there is an important political dimension in the Greek industrial relations system, which relates to the fact that the outcomes gained by a labour organization may determine its survival.

Under such conditions, it seems very hard to develop social dialogue and integrative bargaining techniques, as neither side has been interested. It is indicative that Works Councils institutionalized by Law 1767/1988 as a means of worker participation and social dialogue, failed to operate to a large extent. These Works Councils were designed to operate in a way similar to the German Betriebsrat or the *Comité d' Entreprises*. Both unions and employers have avoided adopting the regulations of this law, resulting in the creation of very few Works Councils in Greek enterprises for years following the passage of this law. Similar results are experienced with the operation of European Works Councils in Greece (Patra, 2008).

4. The system for mediation and arbitration and the new legislation affecting it

4.1 The Greek system for mediation and arbitration

The Greek system for mediation and arbitration for the last two decades was based on Law 1876 of 1990. Its aim has been the development of social dialogue among the social partners so that they found a common solution and conclude a collective agreement. In case of an impasse, the parties could defer to binding arbitration.

For about twenty years the system of collective bargaining, mediation and arbitration operated in a liberal way. This system has led to an improvement of the basic wages and salaries of the sectoral and occupational collective agreements of about ten per cent (10%) over the corresponding basic wages and salaries of the national general collective agreement, which were as of 1 July 2011 and until the passage of Law 4046/2012 of 14 February 2012, 33.57 Euro for the basic daily wage and 751.39 Euro

the minimum monthly basic salary. The basic wages and salaries of the enterprise collective agreements have been about 20% higher than the provisions of the NGCA for the same period of time.

The main factors that were considered in pay determination by the negotiating parties and by the mediators and arbitrators until 2009 were the following:

- a) The consumer price index
- b) The basic percentage increases provided for by the NGCA
- c) The percentage increases of comparable collective agreements, i.e. in similar sectors of the economy or in similar occupations in the same sector
- d) The profitability of the sector or the enterprise.

Regardless the way the institution of mediation and arbitration has been operating so far in Greece, it is expected that there will be further changes in the future. This is due to the constraining policies that are currently pursued by the government, which have already led, and will probably lead, to drastic reductions in the pay level in the following years.

4.2 The new legislation affecting the industrial relations system

Because of the financial crisis Law 1876/1990 was amended by Law 3845/2010, Law 3863/2010, Law 3871/2010, Law 4024/2011 and Law 4046/2012.

More specifically, the following pieces of legislation that were enacted during the 2010 – 2012 period: first *Law 3833/2010 of 15 March 2010*, which provided for the first salary cuts in the public and wider public sector; second by

Law 3845/2010 of 6 May 2010, which included the “Memorandum of Economic and Financial Policies of 3 May 2010”: it required that the legal framework of the industrial relations system be reformed “for wage bargaining in the private sector, including by eliminating asymmetry in arbitration”, i.e. it required more flexibility in collective bargaining and the appeal to arbitration to take place by both parties. The same law also amended several individual labour law provisions.

Law 3863/2010 of 15 July 2010 increased the limits of mass layoffs, expanded the period of layoff notification and reduced the amount of severance compensation; it provided for additional rights of older employees facing layoffs and for subminimum wages for entry-level employees below 25 years of age and apprentices.

Law 3871/2010 of 17 August 2010 prohibited any salary increases for 2010 and the first half of 2011, while it allowed only the salary increases of the NGCA for the second half of 2011, i.e. the average of the European CPI increase; it further gave the right to appeal to a three-member arbitration board to those arbitration awards issued between 6 May 2010 and 31 August 2010.

Law 3899/2010 of 17 December 2010 initiated a new type of collective agreement, the “special enterprise agreement” that could contain terms and conditions of employment inferior to the ones of the related sectoral collective agreements in enterprises that faced financial difficulties in return of no layoff provisions. Only eight special enterprise collective agreements were signed (even though the Greek press referred to about seventeen such cases, most of which were rather questionable) mainly because of the bureaucracy in forming enterprise unions in small businesses and other

reasons mentioned under 3.3.(c); this provision was finally replaced by article 37 of Law 4024/2011 of 27 October 2011. This new law allowed the formation of enterprise collective agreements by an “association of persons” composed of three fifths of the workers in one enterprise, thus bypassing the bureaucratic and time consuming formation of a labour union.

These laws have been the result of the financial crisis Greece is facing during the last two years and aim at controlling and restricting collective regulations. In most cases the new legislation led to freezing salaries until the end of 2012, or even to drastic reductions of the total remuneration packages of workers and employees.

Furthermore, *Law 4046/2012 of 14 February 2012*, including a second Memorandum of economic and financial policies, provided for drastic changes in the formation of collective agreements and changes in the arbitration process, i.e. resourcing to arbitration requires both parties’ consent and limits the ability of arbitrators to rule only on basic wages. This means that arbitration will be practically banned, as employers will not have the need of a neutral and will resort to individual collective agreements. Therefore, even free collective bargaining will be at stake. The same law provided for salary reductions of 22 per cent on the minimum wages, i.e. the minimum daily wage of 33.57 Euro will be 26.18 Euro, or 3.93 per hour, and the minimum salary of 751.39 Euro will be 586.08 Euro per month, or 3.52 per hour, as of 28 February 2012. As it was clarified by the *Minister’s Council Act 6 of 28 February 2012*, all allowances are banned, except from seniority allowance, children’s allowance, educational allowance, and hazardous work allowance, which will be frozen. This law practically alters the system of industrial relations, as legislation replaces the will of the parties involved.

Finally, *Law 4093/2012 of 12 November 2012*, provided, among others, that the minimum wage will be defined by law, while the national general collective agreement will apply only to the members who co-sign it. It also instituted a sub-minimum wage of 22.83 Euro, and a sub-minimum salary of 510.95 Euro for employees younger than twenty five years old.

5. Variables for the future trends of the Greek industrial relations

Defining the variables that will shape the future trends in the Greek industrial relations is not difficult, while determining the content of these variables seems rather hard. More specifically, two of the major variables are the economic and the political developments; however it is hard to predict how they will affect the industrial relations system, under the current socioeconomic conditions.

Researchers (Nikolopoulos, 1980, pp. 176-229) base their predictions for the developments of an industrial relations system on the economic and political evolution of a country. In the case of Greece the economic and political developments are based on decisions made at the European and international levels, which, even though not yet determined, will shape the economic and political developments in an entirely new way.

For these reasons, it seems futile to create exact scenarios on the content of these variables. Instead we will try to determine the *general directions*, in such a way, that may be acceptable by most researchers of Greek industrial relations.

As far as the economic developments of the next decade are concerned, the most important factor is considered to be the *high unemployment rate*, which is already and will continue to be above 15%. Furthermore, another factor is the reduction in the GDP due to additional restrictive wage policies that any government that will be in power will have to take. Based on these considerations we think that labour unions will be unable to prevent the downward trend in wages, as many enterprises will reach the limits of their survival.

It is obvious that the above mentioned economic developments will shape the political system of the country, which may lead even to the dissolution of the previous governmental party. As the results of the national elections of 6 May 2012 showed, no party gained a majority vote and therefore it became hard for one party to create an autonomous government. As neither a coalition government could be formed, another round of national elections took place on 17 June 2012. It was characteristic that the left-wing parties increased their share to more than 30%.

An additional variable is the *power relationships among the Greek labour unions*, which may be overthrown. This is an expected development, following the privatizations of several semi-governmental organizations, i.e. the enterprises of the wider public sector. Such privatizations will lead to the reduction of the power of the related unions, which have been, at least during the last twenty years, at the leadership of the General Confederation of Greek Labour, i.e. the top labour organization. The unions of the wider public sector held an especially privileged position among all other labour unions, due to the fact that these unions were able to affect the governing parties' decisions, as they were composed of members having high political influence. This way many of the leaders of the Confederation, coming from organizations of the wider public sector, have been elected as members of the parliament and have served as Ministers of several governments.

The drastic reduction of the power of the wider public sector unions will have as a result the change of the leadership of GSEE, which will be led by unions of the private sector and consequently the bargaining profile of GSEE is expected to change.

6. Alternative scenarios for the future of the Greek trade unions

Based on all the previously mentioned information and on the expected political and economic developments in Greece, the future of the Greek labour unions may be based on two alternative scenarios:

The first scenario: The Greek labour unions will develop a profile which is similar to the unions of central Europe (Germany, Austria, Holland and Sweden).

The second scenario: The Greek labour unions will develop a profile which is similar to the unions of Southern Europe (Italy, France, Spain, and Portugal).

A third scenario, according to which Greek unions might resemble those of the Balkan countries (Turkey, Bulgaria, Romania, and Croatia) should be rejected, because the institutional frameworks on which the industrial relations models of these countries are based are less developed than the Greek model.

6.1 First scenario: The adoption of the Central European model

The realization of this scenario is based on a series of variables, i.e.:

- a) The financial crisis of the country is expected to lead to an overturn of the industrial relations standards and the models of union representation.
- b) The expected intense presence of investors from Central Europe, who may desire a model of industrial relations closer to their cultural standards.
- c) The labour unions of the Central European countries will be interested in affecting the structure of the Greek labour unions in a way similar to their own system, so that cooperation between them will be facilitated.
- d) The labour unions of the Southern European countries are involved in their own similar problems and will not be able to cooperate with the Greek labour unions to help them keep their current profile.
- e) The existing Greek labour unions do not have the strength to resist the impact of the previously mentioned variables, as their main concern has been the avoidance of wage reductions of their members.

6.2 Second scenario: The strengthening of the profile of Southern Europe

- a) Greek workers realize, on the one hand the continuous lowering of their real wages at levels threatening their survival and, on the other hand the risk of job loss. Both elements are expected to lead labour-management relations to an intense polarization, a fact which prevents social dialogue and participation.
- b) The conditions Greece is experiencing during the last two years give the impression that the country is under a new occupation, similar to the once experienced during the Second World War in 1941-1944, while the previous government faces very low popularity.
- c) The Human Resource departments in Greek companies are downgraded, as they are allowed little authority in decision making, while in most big companies they try to interpret the new legislation and its future effects on the level and the quality of their human resources.
- d) The political forces in Greece which do not favour labour-management cooperation are rather powerful and their parliamentary representation is considered to have reached or even exceeded 30%.

Therefore, it seems most probable that Greek industrial relations will follow this second scenario, especially if we also consider the variables under section 7.

7. Finding a new balance in the Greek industrial relations system

Industrial relations in Greece today are affected by three basic variables:

- a) The consequences of the financial crisis,
 - b) The drastic change in the political scene, and
 - c) The overthrow of the industrial relations institutions, as they have been developed during the last two decades.
- (a) One of the most important consequences of *the financial crisis* is the notable increase of the unemployment rate which reached 23.6% during the second quarter of 2012,

21% in December 2011, as compared to 20.9% in November 2011 and 14.8% in December 2010. In December 2011 the total number of the employed was 3,899,319 people; the unemployed were 1,033,507 people, while the economic non-active population was 4,424,562 people (ELSTAT, 2012).

According to several studies, especially the ones conducted by the Institute of Labour of GSEE (www.inegsee.gr), there are predictions that unemployment is expected to increase to 22-25% in 2012. At the same time, reductions in the minimum wage will place salary levels even at 30% below poverty level.

Furthermore, it is predicted that more than 60,000 small and medium enterprises are expected to close down during 2012 that is another 240,000 people, including employees, self-employed and entrepreneurs, are threatened to lose their job or primary source of income (GSEVEE, 2012).

(b) The prediction for *drastic changes in the political scene* was based on polls, which were conducted facing the 6th May, 2012 national elections. On the basis of the election results, no political party was able to form an autonomous government. Therefore, another round of national elections took place on 17th June, 2012, following which three political parties, i.e. New Democracy (right) with 29.66% and 129 seats, PASOK (socialistic) with 12.28% and 33 seats and Democratic Left (left) with 6.26% 17 seats, had to form a political coalition to create a government, while the second party SYRIZA (left coalition) with 26.89% and 71 seats became the main opposition. The new multi-party Parliament also included the Independent Hellenes (right-center) with 7.51% and 20 seats, the Chrysi Avgi (extreme right) with 6.92% and 18 seats, and the Communistic Party (communistic) with 4.50% and 12 seats. We do not believe, however, that this new tri-partite government composed of traditionally different political ideologies will be able to last for a long time.

(c) *The overthrow of the industrial relations institutions* has been realized by a series of laws, which either demolish the rights and obligations institutionalized during the past decades on labour-management relations, or substantially deteriorate labour's bargaining power.

These developments lead to conditions that prevailed in Greece in the 70's, following the fall of the dictatorship (1974), and in some cases to an even worse situation. At that time:

(i) Collective bargaining at the enterprise level was in fact banned under the existing Law 330/1976. This has led to a "radicalization" of industrial relations through the establishment of institutions for collective bargaining which imposed negotiations and often led to positive outcomes for the demands of labour. Furthermore, in the 70's, a low level of unemployment, not exceeding 3%, also contributed to the intense climate.

Collective bargaining and the formation of collective agreements at an enterprise level have been institutionalized since 1990. Today, following the latest legislative initiatives which correspond to the memorandums signed between the Greek government and the lenders, collective bargaining at the enterprise level leads to wage reductions. The fact that unemployment exceeds 20%, leads us to believe that Greece will not resume the relations of the early 70's at the enterprise level. On the contrary, we believe that the accumulated conflict at the enterprise level will find its way outside the

scope of the individual enterprises with possible unforeseen consequences for the business environment.

(ii) In the 70's and 80's the settlement of collective disputes, up to the stage of arbitration was handled by public officials, who were following the instructions of the Ministry of Labour, based on the provisions of Law 3239/1955. Following a two-decade period of free collective bargaining and a dispute resolution system based on neutral mediation and arbitration offered by a body of independent mediators and arbitrators based on Law 1876/1990, today the likelihood of dispute resolution settlement is almost vanished, as arbitration, a necessary element of the Greek industrial relations system, is practically banned, under the latest legislation.

The latest Law 4046/2012 issued on 14 February 2012, provided for the "elimination of unilateral recourse to arbitration, allowing requests for arbitration only if both parties consent. At the same time... (i) arbitrators are prohibited to introduce any provisions on bonuses, allowances, or other benefits, and thus may rule only on the basic wage; and (ii) economic and financial considerations must be taken into account alongside legal considerations." Starting from the later, it becomes obvious that concessions become almost impossible, when only one issue, that of wages, is on the bargaining table, as arbitration has been considered an extension and a supportive constituent of contract negotiations. Secondly, employers will not have the desire to consent and recourse to arbitration, as there is a tendency in contract negotiations to settle in reduced wages or to eliminate collective agreements and sign individual agreements with each employee.

This development is making current conditions worse than the ones existing in the 70's, as at present collective disputes will remain unresolved, which will probably result in intensifying conflict even above the enterprise level.

(iii) During the last 65 years Greek trade unions based at least 80% of their financial survival to the institution of the "Organization of Labour Housing" (OEE). OEE has been a small fund, financed through the social security contributions of both employees and employers. It furthermore financed labour unions, as well as the Organization for Mediation and Arbitration (OMED), so the later did not have to charge the parties that resorted to its services. Law 4046/2012 required that the Greek government enacted legislation "to close small earmarked funds engaged in non-priority social expenditures (OEK, OEE), with transition period not to exceed 6 months". This means that sooner or later, there will probably be a new piece of legislation which will abolish the operations of these two funds. The result will be that labour unions may face severe financial problems, and as a consequence their survival will be at stake, as membership contributions are rather low and unions are primarily financially by OEE. Even if OEE does not close down, and as unemployment and contingent or undeclared work increases, the financial survival of labour unions is endangered. The only unions that will be able to survive are the ones associated with the communistic party, while the rest will either collapse or will survive if supported by other means of financing.

Summarizing the above, projections are based on the economic and political developments as well as the consequences of the overthrow of institutions, which had

provided a balance to the Greek system of industrial relations. Finding a new balance in the Greek industrial relations system which will affect the improvement of the economic and political conditions should be based on a centralized plan that will lead to formation of a new model of labour relations. In this case, the basic prerequisite for the success of this new system will be its broad acceptance by employees and employers.

8. Conclusions and implications for future research

Based on the above analysis, it is obvious that both industrial relations in Greece and the labour union movement are in a state of change, following the financial recession. Furthermore, the union profile in a country depends on the industrial relations system, and the historical, economic, political, and cultural environment. In order therefore to determine the evolutionary trends of the Greek trade unions we have developed hypotheses about the evolution of the Greek industrial relations system, which were based on historical facts and the recent economic and legal transformations. Following these hypotheses, we developed alternative scenarios for the evolution of Greek industrial relations. We consider that these scenarios may contribute to the development of strategies both from the part of the employers and the employees, in order to reach a new balance in their relationship.

Human Resource Departments will encounter an important challenge, as the quality of their strategic decisions and the avoidance of the exploitation of the decreasing bargaining power of labour, may positively contribute to determining a new industrial relations model, which will neutralize the negative consequences on enterprises' competitiveness.

As we are facing a changing situation we believe that there are important developments ahead, which will constitute significant issues of future research at a local level and as a comparative analysis. These developments in the Greek industrial relations system will shape accordingly the formation of new trade union structures.

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