

## 4.2. Labour mobility and employee bargaining power in healthcare – Regional overview

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In Hungary, the wages of government workers were frozen and in some cases reduced between 2008 and 2012. Within this very diverse set of employees, resident physicians were the only group capable of taking successful collective action and achieving wage increases that were extended to the entire healthcare sector. However, the 2011 mass resignation campaign organized by the Hungarian Association of Resident Physicians was not unique in the Visegrád region.<sup>1</sup> Similar protest events took place in Poland, Slovakia and the Czech Republic. Most importantly, in all these cases (including Hungary) the protest organizers took advantage of the issue of medical emigration and the resulting labour shortages. After the 2004 EU-enlargement, the westward migration of healthcare professionals from these countries intensified, causing further deterioration in health service coverage and quality. On the other hand, large-scale emigration increased the bargaining power of employees who remained in their home countries. Trade unions and professional associations used the issue of emigration to justify their wage demands and claimed that the only way to stop the exodus of professionals was to raise salaries at home. Furthermore, knowing how easy it is to find a job abroad, trade unions and professional associations of doctors launched mass resignation campaigns to back up their claims. Results were similar across the region: in all four countries, significant wage increases were achieved for all healthcare workers, but above all for doctors. Besides, in all cases, contentious action – most importantly in the form of resignation campaigns – proved to be more effective than collective bargaining. Protesters addressed their claims not to employer associations but directly to the central government. Similarly, in most instances the results were underwritten by statutory laws or government orders rather than by collective agreements. This was the case even in Slovakia and the Czech Republic where industry-level collective bargaining is stronger than in Hungary. Nevertheless, there were serious cross-country differences with regard to the timing of the events, the main actors involved and their relationship. The most pronounced conflicts between the government and trade unions and amongst trade unions could be observed in Slovakia, while disputes in Hungary were resolved in a relatively peaceful manner.

Within the region, *Poland* experienced the first major wave of emigration-related healthcare protest in 2007. The bargaining dispute lasted for almost a year and revolved around doctors' call for a starting monthly salary of 5000 zlotys (approximately 1300 euros at 2007 ECB reference exchange rate) for resident physicians and 7500 zlotys (2000 euros) for specialists. Doctors also

<sup>1</sup> This overview relies on the following news sources: English-language news sites *Spectator* on Slovakia and *Prague Post* on the Czech Republic, Hungarian-language sites *rezidens.hu*, *eduline.hu* and *uj szo.com* on Slovakia and Hungary.

demanded that these sums should be included in an industry-level collective agreement. Similarly to Hungary, industry-level collective bargaining traditionally plays a minor role in Poland. After failed negotiations at the hospital level, the trade union of doctors turned directly to the Ministry of Healthcare. Having deemed the ministry's offer unsatisfactory, the union launched a strike that affected almost 200 of the country's 700 hospitals (*Czarzasty, 2007*). In some hospitals, doctors collectively handed in their notice, paralyzing entire departments. Eventually, the 2007 crisis was solved by local level agreements, but the government later on gradually increased wages at the industry level as well, which may have contributed to the slowing down of medical emigration from the country (*Kautsch and Czabanowska, 2011*).

While emigration is a less severe issue in the Czech Republic, the Czech doctors' union was the first to organize a structured resignations campaign. While Polish doctors walked out spontaneously from hospitals, their Czech colleagues did this as part of a pre-planned action. The main trade union of physicians (*Lékařský odborový klub, LOK*) launched its "Thank you, we are leaving" campaign in March 2010, encouraging medical doctors employed in hospitals to resign prior to December 31 of the same year. Setting the wages of doctors between 1.5 and 3 times the national average featured prominently within the 13-point demands list issued by the union. As of 20 December 2010, 3,513 out of the 18,000 physicians employed in Czech hospitals handed in their notice, taking effect from 1 March 2011 (*Veverková, 2011*).

This move triggered a crisis that lasted until February 2011 and ended with the government granting an immediate wage increase of between 5 and 8 thousand korunas for doctors (the average wage in 2010 ranged between 45–50 thousand korunas, equalling 1800–2000 euros at 2010 ECB reference exchange rate). The government also committed itself to a long-term settlement under which doctors' salaries would reach 1.5 times the national average by 2013. The rest of the hospital workforce was not covered by the agreement, but right after the doctors' protest, the nurses' pay scale was upgraded and they were also promised a 10 per cent wage increase from January 2012. Further debates erupted on how to secure the resources for these undertakings. Doctors' pay increase was supposed to be financed by cutting the number of acute care beds and by restructuring the hospital procurement system. Those hospitals that were not run by the health ministry – but typically by the regions – did not receive any extra funds to cover the increases, neither from the central government nor from health insurance companies.

Emigration is not a new topic of bargaining disputes in Slovak healthcare, but until 2011 these debates were mostly contained within the existing industry-level bargaining forums (*Kaminska and Kahancová, 2011, 199*). This changed in autumn 2011, when following the Czech example, the Slovak Trade Union of Doctors (*Lekárske Odborové Združenie, LOZ*) called for

mass resignation. Responding to the call, around 2,500 doctors handed in their notice, mostly anaesthetists, whose work is crucial for most hospital departments. LOZ addressed the Radicova government with three major demands: doctors salaries should be raised to a level of between 1.5 and 3 times the national average, the hospital financing system should be restructured and hospital corporatization should be stopped.<sup>2</sup>

Compared to the other cases, Slovak protests caused the most serious disruption in the healthcare system. After their notice period ended on 1 December 2011, 1,200 doctors indeed refused to take up work. In response, the government declared a state of emergency extending to 15 hospitals and asked neighbouring countries (including Hungary) to provide substitute medical staff. The conflict was resolved by an agreement between the government and LOZ in late December 2011 that guaranteed the termination of corporatization and a three-stage wage increase. The first two stages were executed prior to June 2012, increasing resident salaries to 1.2 times and specialist salaries to 1.9 times the national average wage. The final step is still to be completed, but it will result in 1.25 times the national average for resident doctors and 2.3 times for specialists (*Czíria*, 2012a).

In the wake of the 2011 autumn doctors' resignation campaign, internal conflicts ensued both on the employer and on the employee side of Slovak healthcare. Employers were divided on the issue of how to split up the costs among the central budget, the health insurance companies and the hospitals. On the employee side open hostilities broke out between LOZ and the nurses' unions. Shortly after the agreement was reached between the doctors and the government, the Slovak parliament also raised the statutory wages of nurses – to a range of 640 to 928 euros per month depending on qualifications and years in service. Nevertheless, the medical chamber – being closely associated with the doctors' trade union – attacked the law at the constitutional court, claiming that due to the lack of allocated fiscal resources, it endangers the functioning of hospitals (*Czíria*, 2012b). It seems that this time, doctors overrepresented in hospital management acted as employers not as employees. In 2013, the court ruled in favour of the Medical Chamber and annulled the wage increase for nurses.

Despite the fact that on purchasing power parity, Hungarian physicians' wages are the lowest in the Visegrád region, (*Reginato and Grosso*, 2011, p. 4) Hungary was the last to be reached by the wave of protests. One of the reasons might have to do with the fact that medical emigration from the country accelerated only after 2007.<sup>3</sup> Besides, the resignation campaign was not organized by traditional trade unions but by the Hungarian Association of Resident Physicians, a relatively new formation. Nevertheless, once protests started, the Medical Association (MOK) and its trade union branch (MOSZ) expressed support. Due to the nature of the main organ-

2 Corporatization denotes the process during which public sector institutions change legal status and become corporations. In Slovakia, between 2003 and 2006, municipality-run hospitals were turned into corporations while public ownership remained intact. The aim of the reform was to introduce stricter rules of financial management for hospitals. In 2011, the Radicova government was going to extend corporatization to university hospitals as well.

3 According to the Office of Health Authorisation and Administrative Procedures, after a slight decrease between 2005 and 2007, the number of physicians applying for overseas recognition of their medical qualification increased from 695 to 1108 from 2007 to 2012.

izer, demands focused on the improvement of wages and working conditions for young doctors, but more general claims were also formulated, including the long-term goal of increasing practising physicians' wages three times above the national average. As of December 2011, the Association of Resident Physicians collected 2,500 resignation letters, which would have been handed in to employers in January 2012 and would have taken effect in March the same year. Direct confrontation was avoided however, as in the final days of 2011, the government offered a deal that the resident doctors found suitable as a basis for negotiations. According to the agreement that was finalized in March 2012, doctors earning below a monthly gross of 350,000 Forints (1150 Euros, without on call duty), were entitled to an increase of 66,000 Forints. Above this level, the increase was gradually capped, deducting 5,000 Forints from the increase after every 10,000 Forints of higher original wages. Moreover, the government launched new, or expanded already existing, scholarships for resident physicians (*Girasek and Szél, 2014*). The wage increases extended to qualified nurses as well: 32% of them could expect a wage increase of 20,000 Forints per month while another 47% 15 thousand per month. A new round of wage increases followed suit in 2013. It would be too early to assess how these recent wage increases affected emigration trends. In 2013, 955 physicians applied for a certificate of good standing necessary for taking up employment abroad, a drop in numbers compared to the years 2010–2012, but still higher than in the pre-crisis years (*Girasek and Szél, 2014*). Besides, the leaders of the Association of Resident Physicians gained countrywide recognition in the wake of the events, which they also want to exploit in a bid to influence policies of the Medical Chamber. It remains to be seen whether they succeed, but the “Residents” are getting involved in much broader issues of health politics. For instance in 2013 they launched an awareness campaign to fight against the widespread practice of informal payments.

The protest wave in the medical sector that spread through the region between 2007 and 2012 has several features that highlight the contradictions of collective bargaining within the public sector. First of all, despite decentralization and public management reforms, the ultimate responsibility for public sector employment relations is still born by the central government. Even in countries where the autonomy of hospitals is stronger than in Hungary, healthcare employees addressed their claims directly to the central government. Besides, it seems that within the public sector only healthcare employees have a generally favourable labour market position as a result of the migration opportunities they enjoy (*Kaminska and Kahancová, 2011*). Other public sector professions such as teachers or members of the armed forces have much less demand for their services and much less job opportunities abroad, which decreases their bargaining power.

The weaker bargaining position of teachers became evident during recent events in Slovakia and Hungary. In autumn 2012, one year after the doctors' resignation campaign, the Slovak teachers' union OZPŠaV started collective action in a bid to achieve a 10% wage increase, which was modest compared to that which the doctors received (Czíria, 2013). Reacting to a short warning strike in October 2012, the government offered 5 per cent but ruled out a more generous offer, referring to the difficult fiscal situation. The union rejected this and launched an open-ended strike, affecting three quarters of the country's schools. Demonstrating a willingness to yield, the government proposed 7.5%, but a portion of this increase should have been covered by municipalities. The leadership of OZPŠaV accepted the offer despite several school-level strike committees expressing dissatisfaction with it. Problems with the implementation of the deal and the government's lack of commitment to a long-term solution triggered a renewed strike threat from OZPŠaV in 2013, but no actual steps were taken. In Hungary, starting from 2012, and after four years of a wage freeze, the government carried out a wage settlement in education from above, in parallel with the re-centralization of schools and with the establishment of the National Board of Teachers, a corporative professional organization with compulsory membership. The two main trade unions in education (PSZ and PDSZ) fiercely criticized the centralization of the school system. They claimed that the new wage system was unfair and also that the new representative body was just a puppet of the government. Nevertheless, they were not able to influence government decisions to a significant degree.

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