

Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.

**Varieties of crisis and working conditions:
A comparative study between Greece and Serbia**

Alexandros G Psychogios
Birmingham City University, UK

Leslie T. Szamosi*
The University of Sheffield International Faculty, CITY College, Greece

Rea Prouska
London South Bank University, UK

Chris Brewster
Henley Business School, University of Reading, UK

***contact author**

Author biographies

Alexandros Psychogios is Professor of International HRM at Birmingham City University Business School, UK.

Leslie T. Szamosi is Senior Lecturer in HRM and MBA Director at The University of Sheffield International Faculty, CITY College, Greece.

Rea Prouska is Associate Professor of HRM at London South Bank University, School of Business, UK.

Chris Brewster is a Professor at Henley Business School, University of Reading, UK and Radboud University, Nijmegen, Netherlands; and Vaasa University, Finland.

**Varieties of crisis and working conditions:
A comparative study between Greece and Serbia**

Abstract

We explore two historically different, yet regionally connected, countries and the way that their weak institutional foundations and long-term economic turbulence have made them unable to overcome crises, leading to the institutionalisation of adverse working conditions. We focus on the outcomes of the systemic crisis in Greece and the transition crisis in Serbia using semi-structured interviews and focus groups with managers and employees in small and medium-sized enterprises (SMEs) in two time periods. We argue that, although the crisis has different origins in the two countries, in both it has led to adverse working conditions becoming institutionalised in organisations and, therefore, less likely to change. Our research explores the institutionalisation of adverse working conditions and offers an understanding of the lived reality of institutions in the way they are experienced by individuals, examining variations in the origins, pressures and outcomes of different types of crises on business practices from an individual perspective.

Keywords

Crisis, working conditions, institutionalisation, comparative institutional aspects, Greece, Serbia

No funding or grant was received in relation to this research

Introduction

The economic crisis that began in 2008 led to changes in management style and cost-cutting strategies that created adverse working conditions (Psychogios et al., 2017). Although employees play a crucial role in building resilience and helping organisations survive and compete, especially during turbulent times, many organisations react in ways that negatively impact employees. As a result, employees experience redundancies, increases in working hours and reductions in pay and development opportunities (McDonnell and Burgess, 2013), all of which lead to job insecurity (Papadopoulos, 2016), work overload, demotivation and wellbeing issues.

The effects of such crises are, however, dependent on context. Comparative research has been conducted on the impact of crisis on a range of issues, such as employment and labour markets (Lissowska, 2017; Papadopoulos, 2016) and industrial relations (Bernaciak et al., 2014; Feldmann, 2017; Geary, 2015; Ivlevs and Veliziotis, 2017; Soulsby et al., 2017; Tijdens et al., 2014). The effects vary according to the resilience of the country. For example, following the global financial crisis which began in 2008, unemployment in the UK did not grow as fast as projected (Lallement, 2011). In Germany, Belgium and Austria labour market turbulence was minimal (Eurofound, 2013a; O'Reilly et al., 2011). In the USA, job losses were relatively short-lived (Appelbaum, 2011). On the contrary, in Greece, Ireland and Spain employment declined more than 10% (Hurley and Storrie, 2011).

The coordinated market economies (Hall and Soskice, 2001) coped relatively well with the economic crisis, developing policies to protect jobs from economic recession (Whitley, 1999). For example, France and Germany implemented labour market policies which maintained employment levels through the crisis (Gennard, 2009). As a result, the first signs of a recovery in the German economy came at the beginning of 2010 (Crimmann et al., 2012). The situation was very different, however, in the transitional economies (Wood et al., 2016) of eastern European countries, such as the Czech Republic, Hungary, and Slovakia which were characterised by severe employment cuts. The 'Mediterranean' economies (Amable, 2003) of Cyprus, Greece, Spain, and Portugal suffered the greatest hit, with a near collapse of their economic systems, and austerity measures having a critical impact on the labour force, particularly amongst younger workers (Chatrakul Na Ayudhya et al., 2017). However, even within this group of countries there was variation in the impact of the crisis due to institutional legacies affecting policy implementation in the crisis period (Papadopoulos, 2016).

The way institutional change occurs in practice has absorbed regulatory and institutional theorists for some time. They have developed a variety of theories on institutional change (for a recent review see Van der Heijden and Kuhlmann, 2017). In the past decade, there has been a significant number of studies in the employment relations area examining institutional change on a macro level (e.g. Anderson and Kaeding, 2015; Arnholtz and Andersen, 2017; Brandl and Ibsen, 2016; Lopez-Andreu, 2018; Thelen, 2009). While the institutional change literature focuses on exogenous shocks that bring about radical institutional reconfigurations, studies of organisations as institutions (the micro level of analysis) and how they induce internal motivations for organisational decisions (e.g. Tsai et al., 2006) are limited. More significantly, the lived reality of institutions in the way they are experienced by individuals is neglected in the literature. Therefore, research exploring different contexts in terms of how countries dealt with economic turbulence and crisis, and examination of how individuals within organisations experience such conditions, may provide valuable theoretical insights.

Most studies of management and business are conducted amongst the WEIRD (Western, Educated, Industrialised, Rich, Democratic) countries (Henrich et al., 2010) which, amongst other attributes, tend to have strong and established institutional bases. There is a dearth of studies of crises in countries with weak institutions (Larsen and Navrbjerg, 2013). This is the gap we address; we focus on the micro-institutional level (e.g. organisations) and study how change in working conditions is experienced by individuals. We study two different types of exogenous shocks (economic crisis vs. transition crisis), comparing Greece and Serbia, because they are two historically different, yet regionally connected, countries. Both countries have been hit by crisis; a systemic economic crisis in Greece versus a transition crisis in Serbia. Both contexts share similarities in the current state of industrial relations and HRM. We explore the way in which their weak institutional bases and long-

term economic turbulence have created an inability to overcome crisis and led to the institutionalisation of adverse working conditions. Our research questions are: How does crisis trigger, or exacerbate, changed working conditions, how permanent are the changes and what will be the effects in countries with weaker institutions? We study these questions through the lens of the lived realities of employees and managers in these two contexts.

Our account of these crises and how they have created adverse working conditions for employees draws from both employee and management perspectives. Few studies have explored such issues from the standpoint of both employees and managers (Prouska and Psychogios, 2016, 2018). Further, we draw on data from small and medium-sized enterprises (SMEs), the vast bulk of businesses in all countries and a very significant element of the economy in these two. Organisational structures and procedures are different in SMEs where HRM is less formalised (Bacon and Hoque, 2005).

Using an institutional framing, we first discuss issues surrounding working conditions in times of crisis, and working conditions in Greece and Serbia, as the context of the study. Then we present our research approach and findings. We conclude that, despite the differing nature of their crises, there is evidence to suggest the institutionalisation of adverse working conditions. We add to latest research exploring the impact of crisis from a comparative perspective (Feldmann, 2017; Papadopoulos, 2016).

Working conditions in times of crisis

Literature suggests that working conditions are negatively influenced by downsizing, work intensification, decreased motivation and increased job insecurity, stress levels and working hours (Psychogios et al., 2017). Labour is the largest single variable cost for most organisations so it is an obvious target in crises (Guthrie and Datta, 2008). For those who are not 'cut', organisational responses to economic crisis can include work intensification and restructuring, leading to longer working hours, increased intensity of work and reductions in pay, benefits and development opportunities (McDonnell and Burgess, 2013). These, in turn, may result in reduced motivation, work effort, involvement, productivity and loyalty and a range of physical, emotional and mental burnout symptoms (Spreitzer and Mishra, 2002).

Yet, even in countries with strong institutions, there is little detailed analysis of the broader consequences of crisis on working life in terms of employees' and managers' behaviours and reactions. How does crisis trigger, or exacerbate, changed working conditions, how permanent are the changes and what will be the effects in countries with weaker institutions? The paper focuses on these questions.

Crisis in Greece and Serbia through a comparative institutional perspective

The comparative capitalisms literature categorises Greece in the 'Mediterranean' model of South European countries, characterised by limited state intervention in the regulation of working conditions, a restricted influence of organised labour on working conditions in the private sector, and low job tenure, making it unattractive for employers and uninteresting for employees to invest in training (Amable, 2003). The outcome is lower employee skill levels leading to low-quality work organisation and lower wage rates (Holman, 2013). Amongst the Mediterranean countries, Greece has some of the cheapest labour, lowest levels of productivity, and the lowest minimum wage (Prouska and Kapsali, 2011). This can be explained through the socio-economic, political and historical context of the country.

In the late twentieth century, Greece attempted to imitate the industrialisation process taking place in Northern Europe and North America. But the country never overcame the underdevelopment of domestic institutions and infrastructures caused by its turbulent political and economic history. Over the last century, Greece has been affected by numerous political and military events, including most recently monetary integration with the EU and the latest global 'crunch' (Kapsali and Butler,

2011). As a result, the country is financially exhausted, needing economic aid with resulting foreign interference in internal affairs.

Apart from this reduction of sovereignty, geopolitical factors affected the economy and made it difficult to attract foreign direct investment. Frequent changes in political regimes and economic policies led to a lack of consistent national strategy and a lack of a developed institutional base providing some sort of 'guarantee' for investors. Businesses needed to be small (low-cost, low-investment and short-term oriented) and agile; making for a volatile business landscape, with a high rate of self-employment and micro family-owned enterprises (Prouska and Kapsali, 2011). This system could not sustain large manufacturing and the economy is focused on services and on small-scale agriculture. Overall, the institutional basis of the Greek economy and political system is weak and fragile.

Greece's entry to the euro-zone in 2001 is seen as the first step towards its current systemic crisis. It was to be 'deadly' for many Greek organisations, because the country's economy was not ready for the constraints imposed (Gibson et al., 2012) and successive governments failed to recognise the consequences. The issue of Greek debt resurfaced after the 2008 global financial crisis. The effects were catastrophic for many Greek companies which faced significant financial difficulties with a spill over effect upon their suppliers and employees (Kouretas and Vlamis, 2010).

Although geographically close, Serbia is historically different. Upchurch and Marinkovic (2011) argue that Serbia is an example of 'wild capitalism', an example of transformation capitalism characterised by the fragmentation of business and employment systems, with elements of both state management and liberal marketisation contained within it, and characterised by a mix of formality, clientelism, corruption, personal political networking and legality and 'western' codes of behaviour. Serbia was the central state in the Kingdom of Yugoslavia before the Second World War, during which it lost a great portion of its emerging industrial sector and the majority of its male population (Milikic et al., 2012). The Tito regime which followed saw the informal, but active, involvement of the communist party in company management. The Yugoslav economy slid into a debt crisis in the 1980s (Upchurch, 2006) which eventually led to the 1991-2000 civil wars for secession (Mihajlov et al., 2013). These events had a devastating long-term impact on Serbia's development and competitiveness, preventing it from participating in the economic modernisation taking place in the more developed European countries (Vujosevic et al., 2012). The civil wars worsened the country's structural qualities, territorial capital, and capacity for strategic research, thinking and governance. Although Serbia was expected to pioneer structural changes for marketisation, privatisation and deregulation after the collapse of the former system, the transition phase found the country lacking appropriate institutions (Vujosevic et al., 2012). By 1999 the economy had shrunk to half its size a decade earlier because of the civil wars, the NATO bombings, the period of international economic sanctions lasting from 1992-1995, the loss of markets, and the break-up of the state in 1991, all of which left Serbia with a huge public debt almost twice its GDP (Upchurch and Marinkovic, 2011).

The second phase of economic transition from 2001-2010 primarily involved reforms in the banking sector and the privatisation of 2,285 large and small businesses; this led to a rapid growth of GDP and of the service sector, a growth in real salaries and an improvement in economic efficiency (Pecujlija et al., 2011). The economic recovery from 2000 onwards was dynamic but insufficient due to the deficiencies of the 'paleo-industrial' structure of the economy, making restructuring extremely complicated (Vujosevic et al., 2012). The core of the Serbian transition represents the abandoning of centralised decision-making in favour of a more liberal market environment. During the transition process, one million workers became unemployed and 20% of the population was in poverty (Vujosevic et al., 2012). The difficulties inherent in restructuring and privatisation were compounded by the financial crash of 2008 (Upchurch and Marinkovic, 2011). The transition process created socio-economic imbalances, with poverty and unemployment persisting, although employment in the public sector has been maintained at relatively high levels (Bonin and Rinne, 2014). For different reasons, therefore, the Serbian state is another example of a country with a weak institutional base.

Both Greece and Serbia have been influenced by the global financial crisis, but their situations are different. Greece is going through a systemic crisis that, although rooted in economic conditions, has impacted social and political life. Serbia is in a crisis of transition. The systemic crisis in Greece and the transition crisis in Serbia give us an opportunity to explore and analyse managers' and employees' perceptions of the shift towards adverse working conditions in such contexts.

Working conditions in Greek and Serbian SMEs

The Greek industrial relations system is bifurcated, with, on the one hand, a heavily unionised and regulated state and large firms sectors and, on the other, many SMEs and a significant underground economy. Smaller enterprises make up the bulk of the Greek economy and tend to have no trade union representation and a culture of non-compliance with labour law (Mihail, 2004). This leads to non-procedural and informal practices taking place within an environment of poor employment and working conditions (Wood et al, 2016).

The 2008 economic crisis has been critically negative for many Greek SMEs (OECD, 2016) who had to overcome increased taxation, but also cope with the inability of the country's banks to support them financially. A significant number of SMEs had liquidity problems, frequently being unable to pay their suppliers and employees (Kouretas and Vlamis, 2010). This problem intensified in June 2015 when capital controls were implemented in an effort to stop a likely bank run due to the political instability in the country (Wood et al, 2016b). Increased layoffs and decreased salaries have led to high uncertainty and employee dissatisfaction especially within SMEs (Arghyrou and Tsoukalas, 2010). The European Job Quality Index (Leschke et al., 2012) ranked Greece as the worst performer, highlighting a decline in full-time employment and wages and an increase in job insecurity. With companies employing fewer people, workload and pressure increased significantly for those remaining, with a rise in bullying behaviours (Giorgi et al., 2015). Within this context, some research has also focused on studying the prevalence of employee silence in SMEs within the Greek long-term economic crisis context (Prouska and Psychogios, 2018).

In Serbia, the economic crisis resulted in reductions in collective bargaining rights, increasing the maximum duration of temporary employment contracts, reducing severance pay and holiday allowances, and re-defining equal pay rules (ITUC, 2014). As in other former communist countries, trade union density before 1990 was close to 100%, but stood at 35% in 2010 (Eurofound, 2012). Only companies with more than 50 employees are allowed to create employee councils for representation (Eurofound, 2012) and this makes for widespread non-representation. Information on working conditions is lacking; Serbia was included in the European Working Conditions Survey for the first time in 2015, while other relevant Eurobarometer, OECD and ILO studies do not yet cover the country.

Research approach

In order to understand the reaction of employees and managers to adverse working conditions, we adopted a qualitative approach concentrating on understanding individuals, their behaviour and experiences (Bansal and Corley, 2012). The research involved managers and employees of companies in Greece and Serbia and it took place in two different phases, two years apart (2013 and 2015), so that we could capture the impact of the developing long-term crises on working conditions in both countries. We used a triangulation technique (semi-structured interviews for phase I and focus groups for phase II) to validate the data collected (Rothbauer, 2008).

Phase I was based on semi-structured interviews with managers and employees. Each interview lasted 1-1.5 hours and the data collected was translated from the native languages and analysed in English. Respondents came from organisations established at least two years before 2008, since we wanted to investigate attitudes towards working conditions before and after that date, and were non-unionised SMEs, since such companies dominate Greece and Serbia. The sample of companies was obtained from the researchers' professional networks. Twenty organisations were involved in this study, ten in Greece and ten in Serbia, operating in the three main sectors of the economy as outlined in Table 1.

--Table 1 about here--

Twenty in-depth interviews were conducted in each country, half with managers of different functional areas (HRM, Marketing, Operations, Logistics, etc.) and the other half with employees, in order to compare the views of two distinct hierarchical levels, to identify possible similarities or differences in perceptions and to acquire a balanced view of the impact of the crisis on working life.

Both judgmental and snowball sampling techniques were used as this generally provides higher quality of data (Gilbertson and Herron, 2011). The criteria for choosing the interviewees were: (a) years working for the same organisation (before and after 2008), (b) position in the organisation, and (c) wider working experience.

The interview schedule asked for data in four areas. First, demographic data; second, reflections on different working conditions and change over time - including employment status, salary, pension allocations, flexible payments, working time, additional hours working, workload, continuing professional development, intensity of work, emotional job demands (discrimination, harassment etc.), physical job demands and exposure (vibrations, noise, temperature, chemical and biological exposure) and job security; third, participants' views on how the crisis has affected these working conditions; and fourth, reflections on how the organisation responded to adverse working conditions and an evaluation of this response.

Interviewees were guaranteed anonymity and were able to respond freely to the issues under investigation. The interviews began with a generic discussion about the crisis in each context in order to ensure that the participants shared a sufficient understanding of the situation under investigation. Interviews were recorded (with permission) and transcribed shortly after each interview in order to increase reliability (Eisenhardt, 1989).

We used thematic data analysis, often framed as a realist/ experiential method that can be used for identifying, analysing and reporting patterns (themes) within data and which can incorporate complex accounts (Braun and Clarke, 2006). After an initial identification of changes to working conditions we looked for common themes and identified and reported on: organisational response to the crisis, with summary reflections from participants on the influence of the crisis on various working conditions, quantified to assist in drawing direct comparison between the two countries; impact on workload; impact on job security; impact on work relationships; and impact on work-related stress and pressure. Then we went back to the transcripts and coded the responses into the categories established.

Phase II was based on focus groups that were undertaken in both countries in order to confirm and develop the outcomes of the first phase. Focus groups are valuable for interpreting the results of research and also providing for a greater level of reliability and confidence in what is being reported (Neergaard and Ulhøi, 2008), and can offer feedback to respondents in order to determine if the outcomes are in line with their perceptions. In both countries, one focus group of seven individuals, comprised of respondents from different companies who did not participate in the initial research, were brought together to reflect on: working conditions; how the crisis has affected these and how organisations responded to these. Each focus group was purposively put together to represent the sample from the individual semi-structured interviews (i.e. managers and employees; cross-functional representation – see Table 2). The criteria used to select people participating in the focus groups were the same as the criteria used for selecting interviewees.

--Table 2 about here--

We used this stage to refine and where necessary combine our categories and so were able to arrive at the final coding. We compared the findings in the first and second phase of the research to explore similarities/differences and confirm whether our analysis made sense to participants and how far things had changed in the intervening period.

Findings

The majority of participants in both Serbia and Greece indicated that crisis further deteriorated working conditions; in Serbia there was also a strong view that things were tough even before 2008, something not prevalent in the Greek data. Tables 3 and 4 provide a summary of employees' and

Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.

managers' responses on the impact of the crisis. The following sections explore some of the key causes and outcomes in more detail.

--Table 3 about here--

--Table 4 about here--

Cause of deterioration of working conditions: Cost cutting practices

Cost cutting has been recognized as a 'natural' reaction to economic crisis (Guthrie and Datta, 2008). Managers and employees in both countries indicated that salaries had decreased during the crisis and most of them had also observed increases in lay-offs in their organisations. Such cost-cutting strategies also impact on the workloads of remaining staff, who now had to work more for less (Cascio and Wynn, 2004):

... There is simply too much work to be done now by every individual, since we have lost almost half the staff in the past few years (Employee SRB)

... We work for less money with fewer resources and we work harder than ever. (Employee GR)

In Serbia, all ten employees reported cuts in financial resources allocated to training and professional development. However, half of the Greek managers reported an increase in resources allocated to training and development, contradicting the literature which indicates that such resources are the first to be cut during crisis periods (McDonnell and Burgess, 2013). Further probing revealed that the participants referred to training and development programmes for high performers. Participants argued that, since employers did not want to risk losing such key workers, and could not afford to pay them more, they needed to offer them something in return. In the Greek focus groups, managers indicated that there were high levels of turnover and they needed to hold onto the best managers and employees to survive. Their organisations were trying to minimize the costs and maximize the impact through on-the-job and government sponsored training opportunities. This meant that training and development programmes for less skilled or less experienced staff, who might benefit more from learning interventions, were neglected.

... It seems obvious to me that the organisation has to invest in the "best performers" because if they do not see they are gaining anything except salary in return for their effort and huge contribution, they might leave. (Manager GR)

Outcomes of cost-cutting organisational practices: Job insecurity, stress, pressure and tense work relationships

Unsurprisingly, job insecurity increased in both contexts. Interview participants shared the opinion that tension among employees increased dramatically as a result. Nearly all Serbian employees and a majority of Greeks feared losing their job. This was a widely held feeling despite a belief by some that:

... the media are mainly responsible for the feeling of fear. (Employee GR)

Most Serbian managers felt that the threat was the same or had only increased slightly.

... I do not think that our job security decreased. Simply, managers at high positions around here do not get fired that easily. (Manager SRB)

The majority of employees and managers in both countries felt that the crisis had intensified work-related stress and pressure, confirming findings from other contexts (Eurofound 2013, a, b). These higher workloads resulted in longer working hours, causing conflicts with their families and depressing the psychological state of employees. Our respondents, particularly employees, noted that many of them were working far beyond the working hours legally defined by the European Union.

. . . I do not have enough time to see my family anymore. I have to stay and work overtime at least four out of five working days and sometimes even on Saturdays. This is becoming too frustrating. (Employee SRB)

. . . It is true that we are all under severe pressure and stress and the crisis has caused lay-offs and increased workloads. We now have to cope with much more work and the deadlines are becoming almost unrealistic. When you work every day in such conditions it is very hard to avoid extreme stress and pressure. (Manager SRB)

Participants discuss how they feared for their future and were more anxious and stressed than they had been before the crisis. This was worse in Serbia than in Greece; Serbian respondents indicated that they felt a part of a 'permanent' crisis while Greeks indicated they were feeling 'waves' of exhaustion and stress reflecting the political and economic instability of Greece.

Cost-cutting strategies used to boost competitiveness further increased levels of stress and pressure for both employees and managers in both contexts, with implications for health and well-being (Askatas and Zimmermann, 2015). As a result, many managers mentioned issues concerning their employees' health and their own physical and mental health. One stated:

. . . I have witnessed a couple of employees literally collapse in the firm because they were not sleeping for days in order to get the work done. (Manager SRB)

The focus groups were very clear about the stress and pressure inside the workplace. Both explicit and implicit 'forces' were being used by their organisations in attempts to do more with less and force employees to 'go about your business' and 'not complain'; our focus groups became a forum to 'vent' many of the built-up stresses. Respondents clearly indicated the 'fear' of being let go was much more dangerous to them than the stresses and pressures of the work and, as such, they needed to find a way to survive the pressure. Respondents simply seemed resigned to this; some pointed towards the possible societal consequences of this permanence.

In both countries most managers agreed that the economic crisis brought many challenges and substantially increased tensions inside their organisations. There were some reports that work relationships had deteriorated, although it was not as widespread as indicated in some of the literature (Giorgi et al., 2015). As one employee said:

. . . Sometimes, working obligations and pressures to achieve results fast make some people behave in a "unorthodox" way. I have witnessed situations the last few years with people yelling and threatening each other. (Employee GR)

The fact that the crisis led to 'extreme' behaviours by supervisors towards subordinates seems to be recognized by managers as well; however, they did not necessarily consider these behaviours as a form of bullying in the workplace:

. . . I do not deny that lately, and especially due to the crisis, you may lose control easier and start using more 'hard' language to convince people how critical the situation is; however, I do not believe it is real bullying. It is something that has become a new form of behaviour. (Manager SRB)

The focus groups in Serbia indicated that working relationships inside their organisations were actually starting to get better, as people were trying to create some measure of normality from

the chaos. In Greece, however, there was a sense that working relationships were still extremely tense, especially involving older workers who were more at risk should the situation deteriorate even further.

The 'institutionalisation' of adverse working conditions

Focus group participants in both countries discussed how, when they thought working conditions could not get 'worse', they were unpleasantly surprised. Many discussed the 'normalisation' of adverse working conditions into every day life. In Greece, particularly, focus group participants indicated that there appeared to be no end to how bad things could become due to the lack of employment possibilities and organisational mobility and how the government seemed to be making it easier for organisations to act as they wished. What was clear in both countries was the perspective that a new reality of working conditions was present. There was an overall 'reluctance' to react and a begrudging acceptance of this new norm:

. . . I do not dare, or my colleagues, to resist by striking or protesting or even complaining, because I might lose my job. My employer knows that there are many unemployed people out there who would be glad to do the job without resisting at all. (Employee SRB)

. . . It has become very hard to find a decent job in Greece today. Even though it is very hard to work with all this stress, pressure and constant fear, I have to accept it, because I need this job. (Employee GR)

A majority of both managers and employees believed there was little that could be done to 'return to normality' and to how things were before the crisis.

. . . My employer is trying to talk with us, but we do not have the opportunity to actually complain or suggest anything to him. He usually just tries to encourage us with a few words and that is all. But we know that this is working life now, not just in this organisation, but everywhere. (Employee SRB)

. . . Everyone knows that we cannot change the situation. Working conditions can never return to how they were before the crisis. This is the reality. (Manager GR)

Discussion and conclusions

We collected data in two phases, the first using interviews, and the second using focus groups, which are a method used to provide insights into public discourses which may be different from individuals' views expressed through an interview alone (Barbour, 2007). The focus groups gave us an opportunity to present our findings and to collect more data, therefore making the research more participatory and its results more robust.

Our research found that employees and managers in both Greece and Serbia agreed that the 2008 crisis had worsened working conditions, although Serbian participants noted that conditions were tough even before the crisis. Participants in both countries agreed that tension among employees had increased primarily due to job insecurity (fear of layoffs), stress and pressure (increased workloads, longer working hours and work-family conflict). Managers further agreed that tensions were also created by organisational cost-cutting strategies, such as dismissals, reductions in salaries, and workload increases, with implications for employee health and well-being. Serbian employees and managers also reported cuts in training and development, although this was not coherently reported by Greek employees and managers, where a stronger commitment to training and development was a strategy to retain highly skilled staff. As a result of these working conditions, there were some reports of a deterioration in work relationships by employees and managers in both contexts, although some Serbian participants reported a slight improvement as both managers and employees were trying to find a way to balance relationships within the long-term turbulence they

were experiencing. Overall, employees and managers in both contexts agreed that they felt that they had to accept these new working conditions since there was little that could be done to change them.

There has been considerable variation in the impact of the 2008 crisis on labour markets (Eurofound, 2013a). Where institutions were strong the crisis did not have radical or long-term effects on working conditions (Eurofound, 2013b). The impact of the crisis, however, has created adverse working conditions in weaker economies (Psychogios et al., 2017). Studying institutional variables alone may not be enough to explain these variations; volatility (of economic and fiscal conditions) may play a decisive role (Shahidi, 2015). As such, we need to be looking at the economic and fiscal conditions which shape responses to crisis.

There is limited literature on countries where long-term weaknesses in their institutional basis combine with long-term turbulent economic and fiscal conditions established through particular historical trajectories to render them more vulnerable to crises. And there is equally limited literature comparing different types of crises and their effects on labour, employment and employee relations (Larsen and Navrbjerg, 2013). From the available literature, two pieces of research are relevant at this point. Firstly, Papadopoulos (2016) explored the impact of economic crisis on Greece and Ireland (the former an institutionally weak country, the latter an institutionally stronger country) finding that institutional legacies in the two countries still define the degree and manner of implementation of policies, despite significant institutional change caused by the crisis. Secondly, Feldmann (2017) explored varieties of crisis responses from a comparative capitalisms' perspective, comparing the centralised industrial relations system in Slovenia with the decentralised industrial relations system in Estonia to show how pre-existing institutions in both economies have shaped divergent responses and adjustment to the crisis in these countries.

Our work offers an understanding of the lived reality of institutions in the way they are experienced by individuals (employees and managers). The paper compares responses to crisis by comparing two institutionally weak countries (Greece and Serbia) and different crises (economic and transition). We observed convergence of responses in working conditions in these two settings. Our research contributes to critiques arguing that the institutional literature neglects change, structural development and the effects of the global financial crisis (Jessop, 2012); failing "to understand the dynamic of change in contemporary capitalism" (Jackson and Deeg, 2006: 571). Whilst change can come about through crisis, and that is evident here, it is clear too from both our examples that in states with weak or hotly contested institutional bases, change can incrementally lead to new institutional arrangements (Streeck and Thelen, 2005; Thelen, 2014). In these two countries, the continuing pressure on firms' very survival has led to a 'freezing' of poor working conditions as the new norm: the institutionalisation of adverse working conditions.

Although the crises in the two countries are different, they have created adverse working conditions in both countries. In Greece, labour relations have been tense since the imposition of a neoliberal austerity program (Duman, 2014). The collective bargaining system is increasingly being decentralized and trade union membership has declined (Kornelakis and Voskeritsian, 2018). EU labour law on working conditions is rarely enforced outside the public sector and larger companies, and not always there. In Serbia, working conditions were difficult even before the 2008 crisis due to the transition the country was, and still is, undergoing. Employment relations are fragmented (Upchurch and Marinkovic, 2011). Enforcement of the Labour Act is problematic, with employers 'abusing' the way they reschedule working hours in order to avoid paying overtime hours (Petrović, 2015). A key theme in both countries is the increase of the informal economy, which makes implementation of labour law difficult.

Our findings mesh with conceptualisations of adverse working conditions found in the literature but, unlike most other European countries, extensive, and unlawful, working hours are widespread, reflecting the fact that Mediterranean economies and those of the ex-communist transition states have much employment legislation but little enforcement. In both countries, and for both managers and employees, there is a common feeling that the present working conditions must be accepted; and will continue into the future. Adverse working conditions are becoming 'institutionalised', becoming established as a convention or norm that is hard to challenge.

Our study confirms that context matters. The institutionalisation of adverse working conditions in these two countries are more widespread than in Northern Europe (Lallement, 2011; O'Reilly et al., 2011). This has important implications for theory and practice, particularly in relation

Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.

to understanding how context and the strength and embeddedness of institutions and long-term economic turbulence creates legitimacy for, and assists or prevents the re-establishment of, 'traditional' working conditions following crises. The situation is worse in the smaller enterprises characterized by informal HRM practices (Bacon and Hoque, 2005) that are typical of these societies.

The institutionalisation of adverse working conditions raises significant issues in relation to employee voice and representation in the workplace, particularly in smaller non-unionized enterprises. Adverse worsening working conditions also mean having to manage implications for employees' wellbeing, motivation, satisfaction and commitment. Future comparative research should focus on how working conditions in crisis contexts create new institutional logics within specific capitalistic systems and the effect on HRM theory, policy and practice, particularly looking at recommendations to address the challenges faced in working conditions in such contexts.

References

- Amable B (2003) *The Diversity of Modern Capitalism*. Oxford: Oxford University Press.
- Anderson KM and Kaeding M (2015) European integration and pension policy change: Variable patterns of Europeanization in Italy, the Netherlands and Belgium. *British Journal of Industrial Relations* 53(2): 231-253.
- Appelbaum E (2011) Macroeconomic policy, labour market institutions and employment outcomes. *Work, Employment and Society* 25(4): 72-80.
- Argyrou M and Tsoukalas J (2010) The Greek debt crisis: Likely causes, mechanics and outcomes. *The World Economy* 34(2): 173-191.
- Arnholtz J and Andersen SK (2017) Extra-institutional changes under pressure from posting. *British Journal of Industrial Relations* 56(2): 395-417.
- Bacon N and Hoque K (2005) HRM in the SME sector: Valuable employees and coercive networks. *The International Journal of Human Resource Management* 16(11): 1976-1999.
- Bansal P and Corley K (2012) Publishing in AMJ - part 7: What's different about qualitative research? *Academy of Management Journal* 3(2): 509-513.
- Barbour RS (2007) *Doing focus groups*. Los Angeles: Sage Publications.
- Bernaciak M, Gumbrell-McCormick R and Hyman R (2014) Trade unions in Europe: Innovative responses to hard times. Berlin: Friedrich-Ebert-Stiftung.
- Bonin H and Rinne U (2014) Beautiful Serbia: Objective and subjective outcomes of active labour market policy in a transition economy. *Economics of Transition* 22(1): 43-67.
- Brandl B and Ibsen CL (2016) Instability and change in collective bargaining: An analysis of the effects of changing institutional structures. *British Journal of Industrial Relations* 55(3): 527-550.
- Braun V and Clarke V (2006) Using thematic analysis in psychology. *Qualitative Research in Psychology* 3(2): 77-101.
- Cascio F and Wynn P (2004) Managing a downsizing process. *Human Resource Management* 43(4): 425-436.
- Chatrakul Na Ayudhya U, Prouska R and Beauregard A (2017) The impact of global economic crisis and austerity on quality of working life and work-life balance: A capabilities perspective. *European Management Review*. Epub ahead of print 17 July 2017. DOI: 10.1111/emre.12128.
- Crimmann, A., Wießner, F., & Bellmann, L. (2012) Resisting the crisis: short-time work in Germany. *International Journal of Manpower* 33(8): 877-900.
- Duman OS (2014) The rise and consolidation of neoliberalism in the European Union: A comparative analysis of social and employment policies in Greece and Turkey. *European Journal of Industrial Relations* 20(4): 367-382.
- Eisenhardt KM (1989) Building theories from case study research. *The Academy of Management Review* 14(3): 532-550.
- Eurofound (2013a) Impact of the crisis on working conditions: Technical annex. European Foundation for the Improvement of Living and Working Conditions. Available at: www.eurofound.europa.eu/sites/default/files/ef_files/docs/ewco/tn1212025s/tn1212025s_tech_nical_annex.pdf (accessed 04 August 2018).

- Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.
- Eurofound (2013b) Impact of the crisis on working conditions in Europe – Impact on employment conditions. Available at: www.eurofound.europa.eu/observatories/eurwork/comparative-information/impact-of-the-crisis-on-working-conditions-in-europe (accessed 04 August 2018).
- Eurofound (2012) Serbia: Industrial relations profile. Available at: www.ilo.org/dyn/travail/docs/2402/Eurofound%20Report%202012.pdf (accessed 04 August 2018).
- Feldmann M (2017) Crisis and opportunity: Varieties of capitalism and varieties of crisis responses in Estonia and Slovenia. *European Journal of Industrial Relations* 23(1): 33-46.
- Geary J (2015) Economic crisis, austerity and trade union responses: The Irish case in comparative perspective. *European Journal of Industrial Relations* 22(2): 131-147.
- Gennard J (2009) The financial crisis and employee relations. *Employee Relations* 31(5): 451-454.
- Gibson H, Hall S and Tavlas G (2012) The Greek financial crisis: Growing imbalances and sovereign spreads. *Journal of International Money and Finance* 31(3): 498-516.
- Gilbertson D and Herron T (2011) Audit sampling methods and juror negligence awards: An expectation gap? *Journal of Applied Business Research* 19(1): 109-121.
- Giorgi G, Shoss MK and Leon-Perez JM (2015) Going beyond workplace stressors: Economic crisis and perceived employability in relation to psychological distress and job satisfaction. *International Journal of Stress Management* 22(2): 137-158.
- Guthrie P and Datta K (2008) Dumb and dumber: The impact of downsizing on firm performance as moderated by industry conditions. *Organisation Science* 19(1): 108-123.
- Hall P and Soskice D (eds) (2001) *Varieties of capitalism: The institutional basis of comparative advantage*. Oxford: Oxford University Press.
- Henrich J, Heine SJ and Norenzayan A (2010) The weirdest people in the world? *Behavioural and Brain Sciences* 33(2/3): 1-75.
- Holman D (2013) Job types and job quality in Europe. *Human Relations* 66(4): 475-502.
- Hurley J and Storrie D (2011) *Shifts in the job structure in Europe during the Great Recession*. Dublin: Eurofound.
- ITUC (2014) Serbia: General strike to protect wages and working conditions. Available at: www.ituc-ksi.org/serbia-general-strike-to-protect (accessed 04 August 2018).
- Jackson G and Deeg R (2006) Comparing capitalisms: Recent debates. *British Journal of Industrial Relations* 44(3): 569-575.
- Jessop B (2012) Rethinking the diversity and variability of capitalism: On variegated capitalism in the world market. In: Lane C and Wood G (eds) *Capitalist Diversity and Diversity within Capitalism*. London: Routledge, pp. 209-237.
- Ivlevs A and Velizotis M (2017) What do unions do in times of economic crisis? Evidence from Central and Eastern Europe. *European Journal of Industrial Relations* 23(1): 81-96.
- Kapsali M and Butler J (2011) Politics. In: Prouska R and Kapsali M (eds) *Business and Management Practices in Greece: A Comparative Context*. London: Palgrave Macmillan, pp. 3-25.
- Kornelakis A and Voskeritsian H (2018) Getting together or breaking apart? Trade union strategies, restructuring and contingent workers in Southern Europe. *Economic and Industrial Democracy* 39(2): 357-375.
- Kouretas G and Vlamis P (2010) The Greek crisis: Causes and implications. *Panoeconomicus* 57(4): 391-404.
- Lallement M (2011) Europe and the economic crisis: Forms of labour market adjustment and varieties of capitalism. *Work, Employment and Society* 25(4): 627-641.
- Larsen TP and Navrbjerg SE (2013) The economic crisis: Testing employee relations. *Economic and Industrial Democracy* 36(2): 331-353.
- Leschke J, Watt A and Finn M (2012) *Job quality in the crisis – An update of the Job Quality Index (JQI)*. Brussels: European Trade Institute.
- Lissowska M (2017) The financial crisis and changing labour markets in post-transition countries. *European Journal of Industrial Relations* 23(1): 17-32.
- Lopez-Andreu M (2018) Employment institutions under liberalization pressures: Analysing the effects of regulatory change on collective bargaining in Spain. *British Journal of Industrial Relations* Early View 29 May 2018 <https://doi.org/10.1111/bjir.12418>.

Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.

McDonnell A and Burgess J (2013) The impact of the global financial crisis on managing employees. *International Journal of Manpower* 34(3): 184-197.

Mihail DM (2004) Labour flexibility in Greek SMEs. *Personnel Review* 33(5): 549-560.

Mihajlov S, Dedic V, Radovanovic D and Mihajlov N (2013) The differences in job satisfaction among employees in public and private enterprises in Serbia. *Industrija* 41(1): 79-98.

Milicic BB, Janicijevic N and Cerovic B (2012) Two decades of post-socialism in Serbia: Lessons learned and emerging issues in human resource management. *Journal of East European Management Studies* 17(4): 445-463.

Neergaard H and Ulhøi JP (eds) (2008) *Handbook of Qualitative Research Methods in Entrepreneurship*. Cheltenham: Edward Elgar Publishing.

OECD (2016) OECD economic surveys: Greece - March 2016 overview. Available at: <http://www.oecd.org/eeco/surveys/economic-survey-greece.htm>. [Accessed 15 November 2018].

O'Reilly J, Lain D, Sheehan M, Smale B and Stuart M (2011) Managing uncertainty: The crisis, its consequences and the global workforce. *Work, Employment and Society* 25(4): 581-595.

Papadopoulos O (2016) Economic crisis and youth unemployment: Comparing Greece and Ireland. *European Journal of Industrial Relations* 22(4): 409-426.

Pecujlija M, Azemovic N, Azemovic R and Cosic D (2011) Leadership and productivity in transition: Employees' view in Serbia. *Journal for East European Management Studies* 16(3): 251-263.

Petrović V (2015) Human Rights in Serbia 2014. Available at: <http://www.bgcentar.org.rs/bgcentar/eng-lat/wp-content/uploads/2015/03/Human-Rights-in-Serbia-2014.pdf> (accessed 04 August 2018).

Prouska R and Kapsali M (eds) (2011) *Business and Management Practices in Greece: A Comparative Context*. London: Palgrave Macmillan.

Prouska R and Psychogios A (2018) Should I say something? A framework for understanding silence from a line manager's perspective during an economic crisis. *Economic and Industrial Democracy*. Epub ahead of print 13 March 2018. DOI: 10.1177/0143831X17752869.

Prouska R and Psychogios A (2016) Do not say a word! Conceptualizing employee silence in a long-term crisis context. *The International Journal of Human Resource Management* 29(5): 885-914.

Psychogios A, Nyfoudi M, Theodorakopoulos N, Szamosi L and Prouska R (2017) Many hands lighter work? Deciphering the relationship between adverse working conditions and organisation citizenship behaviours in SMEs during a severe economic crisis. *British Journal of Management*. Epub ahead of print 03 November 2017. DOI: 10.1111/1467-8551.12245

Rothbauer P (2008) Triangulation. In: Given L (ed) *The SAGE Encyclopedia of Qualitative Research Methods*. Thousand Oaks: Sage Publications, pp. 892-894.

Shahidi FV (2015) Welfare capitalism in crisis: A qualitative comparative analysis of labour market policy responses to the Great Recession. *Journal of Social Policy* 44(4): 659-686.

Soulsby A, Hollinshead G and Steger T (2017) Crisis and change in industrial relations in Central and Eastern Europe. *European Journal of Industrial Relations* 23(1): 5-15.

Spreitzer M and Mishra K (2002) To stay or to go: voluntary survivor turnover following an organisational downsizing. *Journal of Organisational Behaviour* 23(6): 707-729.

Streeck W and Thelen KA (2005) *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press.

Thelen K (2014) *Varieties of Liberalisation and the New Politics of Social Solidarity*. Cambridge: Cambridge University Press.

Thelen K (2009) Institutional change in advanced political economies. *British Journal of Industrial Relations* 47(3): 471-498.

Tijdens K, van Klaveren M, Bispinck R, Dribbusch H and Oz F (2014) Wage and workforce adjustments in the economic crisis in Germany and the Netherlands. *European Journal of Industrial Relations* 20(2): 165-183.

Tsai CF, Wu SL, Wang SK and Huang IC (2006) An empirical research to institutional theory of downsizing: Evidence on MNC's subsidiary companies in Taiwan. *Total Quality Management & Business Excellence* 17(5), 633-654.

- Psychogios, A., Szamosi, L.T., Prouska, R. and Brewster, C. (in press): 'Varieties of crisis and working conditions: A comparative study between Greece and Serbia', *European Journal of Industrial Relations*.
- Upchurch M and Marinkovic D (2011) Wild capitalism, privatisation and employment relations in Serbia. *Employee Relations* 33(4): 316-333.
- Upchurch M (2006) State, labour and market in post-revolution Serbia. *Capital & Class* 89(1): 1-30.
- Van der Heijden J and Kuhlmann J (2017) Studying incremental institutional change: A systematic and critical meta-review of the literature from 2005 to 2015. *The Policy Studies Journal* 45(3): 535-554.
- Vujosevic M, Zekovic S and Maricic T (2012) Post-socialist transition in Serbia and its unsustainable path. *European Planning Studies* 20(10): 1707-1727.
- Whitley R (1999) *Divergent Capitalisms: The Social Structuring and Change of Business Systems*. Oxford: Oxford University Press.
- Wood G, Yin S, Mazouz K and Cheah ET (2016a) Foreign direct investment and employment rights in South-Eastern Europe. *Cambridge Journal of Economics* 40(1): 141-163.
- Wood GT, Szamosi LT, Psychogios A, Sarvanidis S and Fotopoulou D (2016b) Deconstructing industrial relations in the Greek crisis context: Continuities and changes. *Relations Industrielles*, 70(4): 698-717.

Table 1. Overview of interview participants

Country	Sector	Company Type	Size	Interviewees & Functions	
				Managers	Employees
Greece	Manufacturing	Food Industry (Milk)	50	Human Resources	Operations
Greece	Manufacturing	Electronics	95	Logistics	R&D
Greece	Manufacturing	Construction	52	Project Management	Engineering
Greece	Manufacturing	Pharmaceutical	87	Finance	Production
Greece	Manufacturing	Lift Industry	134	Operations	Production
Greece	Services	Business Consultancy	35	Project Management	Marketing
Greece	Services	Touristic Agency	16	Administration	Operations
Greece	Services	Construction Consultancy	14	Project Management	IT consultant
Greece	Retail	Food Wholesaler	67	Marketing	Sales
Greece	Retail	Electronics Retailer	24	Logistics	Sales
Serbia	Manufacturing	Textile Industry	65	Operations	Production
Serbia	Manufacturing	Food Industry (Meat)	53	Logistics	Production
Serbia	Services	Logistic	59	Human Resources	Operations
Serbia	Services	Business Consultancy	22	Project Management	Marketing
Serbia	Services	Training Services	9	Administration	Administration
Serbia	Services	Transportation	43	Operations	Operations
Serbia	Retail	Super Market	47	Logistics	Human Resources
Serbia	Retail	Clothes/Garment Wholesaler	29	Marketing	Sales
Serbia	Retail	Electronics Retailer	23	Sales	Accounting
Serbia	Retail	Automotive Retailer	15	Finance	Sales

Table 2. Overview of focus group participants

Country	Sector	Company Type	Size	Focus Groups Participants	
				FG1: Managers	FG2: Employees
Greece	Manufacturing	Food Industry	37	Quality Control	Production
Greece	Manufacturing	IT systems Development	58	Project Management	Hardware Development
Greece	Manufacturing	Lift Industry	97	Marketing	Human Resources
Greece	Services	Motor Insurance	26	Product Management	Administration
Greece	Services	Security Services	19	Administration	Administration
Greece	Retail	Textile Retailer	27	General Management	Sales
Greece	Retail	Super Market	56	Accounting	Administration
				FG3: Managers	FG4: Employees
Serbia	Manufacturing	Electronic Systems	63	Human Resources	Administration
Serbia	Manufacturing	Beverage Industry	29	Production	Logistics
Serbia	Services	Education	25	Finance	Administration
Serbia	Services	Advertisement Agency	36	Project Management	Marketing
Serbia	Services	Event Organisation	7	Project Management	Administration
Serbia	Retail	Book retailer	8	Sales	Sales
Serbia	Retail	Automotive Retailer	23	Sales	Sales

Table 3. Employee views on the outcomes of the crisis

Employees N: 20 Main areas of crisis influence	Serbia (Number of Employees 10)			Greece (Number of Employees 10)		
	Decrease	No change	Increase	Decrease	No change	Increase
Salaries	8	2		7	3	
Working time		10		1	3	6
The amount of work outside working hours		3	7	1	5	4
The amount of unpaid overtime workload		10			7	3
Access to continuing professional development	10			4	5	1
The amount of work per person (workload)	2		8	2		8
Emotional job demands (violence, discrimination, harassment)		8	2		7	3
Job security	9	1		6	4	
Employment status		10			10	
Access to training	10			4	5	1
Downsizing		3	7		4	6

Table 4. Managerial views on the outcomes of the crisis

Managers N:20 Main areas of crisis influence	Serbia (Number of Managers: 10)			Greece (Number of Managers: 10)		
	Decrease	No change	Increase	Decrease	No change	Increase
Salaries	6	4		6	3	10
Working time		10			2	8
The amount of work outside working hours		10			3	7
The amount of unpaid overtime workload		10			10	
Access to continuing professional development	8		2	3	2	5
The amount of work per person (workload)		2	8		2	8
Emotional job demands (violence, discrimination, harassment)		9	1		8	2
Job security	4	4	2	6	4	
Employment status		10			10	
Access to training	8		2	2	3	5
Downsizing		5	5		5	5