



Collective agreements – socio-economic role and changing narratives

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Wage bargaining – the road from socio-economic arguments to union pressure action

Outline

- Clear economic / societal benefits of collective agreements, ...
- ... But decline over time
- Rhetorical shift
- What steps at European level?

Collective bargaining – impact on jobs (1/2)

- Increasing inequality reflects greater disparities between workers at different firms/sectors
- → biggest issue is weakening bargaining position of workers
- Bargaining collectively is one key way to level the playing field

Collective bargaining – impact on jobs (2/2)

- Collective agreements tend to increase wages and working conditions
- Fewer outsourcing events and better outcomes
- Wage impact, but variations by level of bargaining and system
 - Premia
 - Distribution

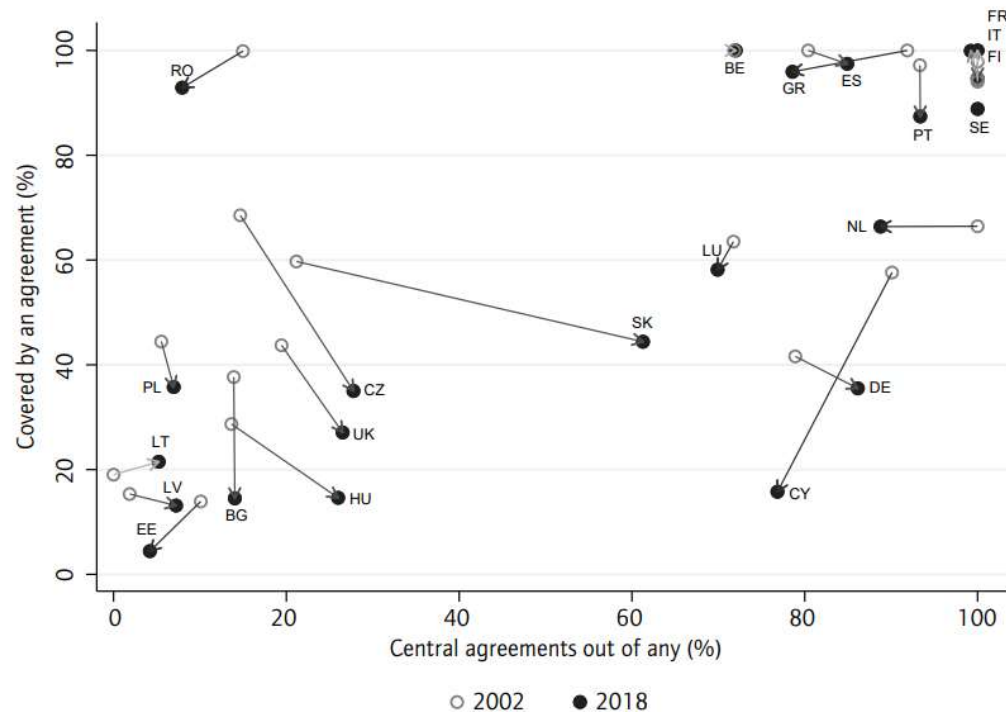
Decline over time

- “However, the degree and quality of the involvement of social partners varies considerably among countries. At the same time, union membership and the share of workers covered by collective agreements at national level is declining (from an EU average of about 66% in 2000 to about 56% in 2019)” : Proposal for a council recommendation on strengthening social dialogue in the European Union, 25 January 2023.

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Figure 5 Change in coverage rate (2002-2018), private sector

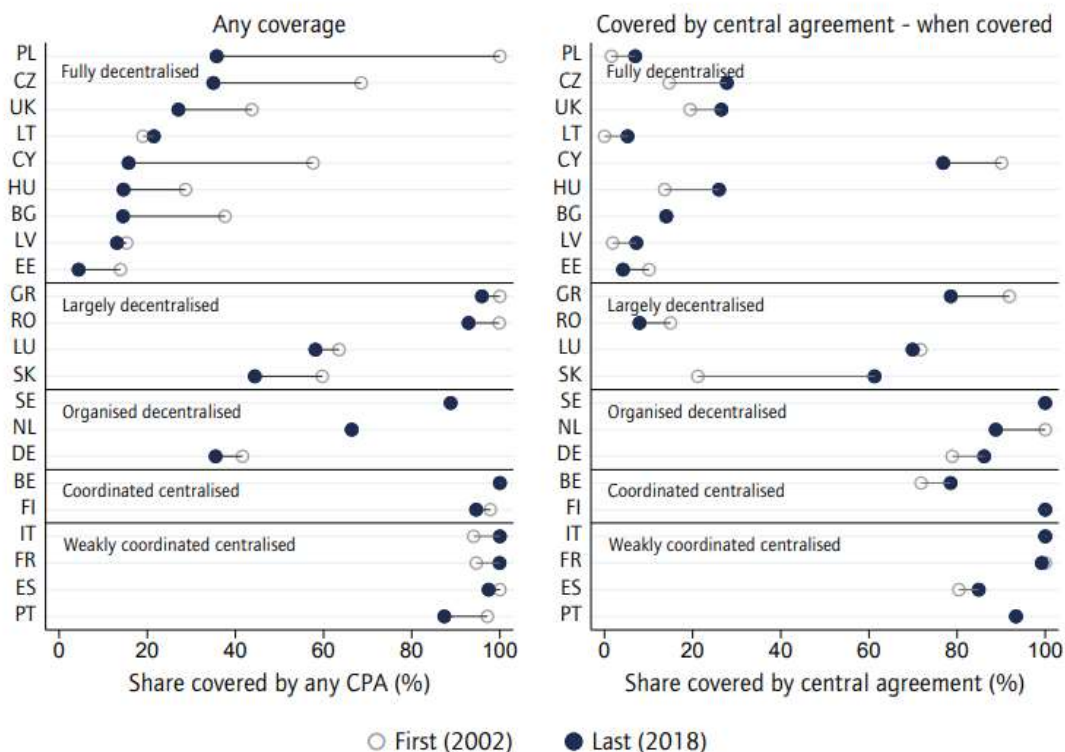


Source:
<https://www.etui.org/publications/are-collective-agreements-losing-their-bite>



Declining coverage rate

Figure 9 Coverage rates in the private sector from first to last year – grouped by collective bargaining typology



Note: the figure shows the share of workers covered by any rather than no agreement (left), or by centralised rather than decentralised agreements (right) in the first and last available year per country, divided by collective bargaining type: rather centralised and uncoordinated; predominantly centralised and coordinated; organised decentralised and coordinated; largely decentralised; and fully decentralised.
Source: SES 2002-2018

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Declining coverage rates

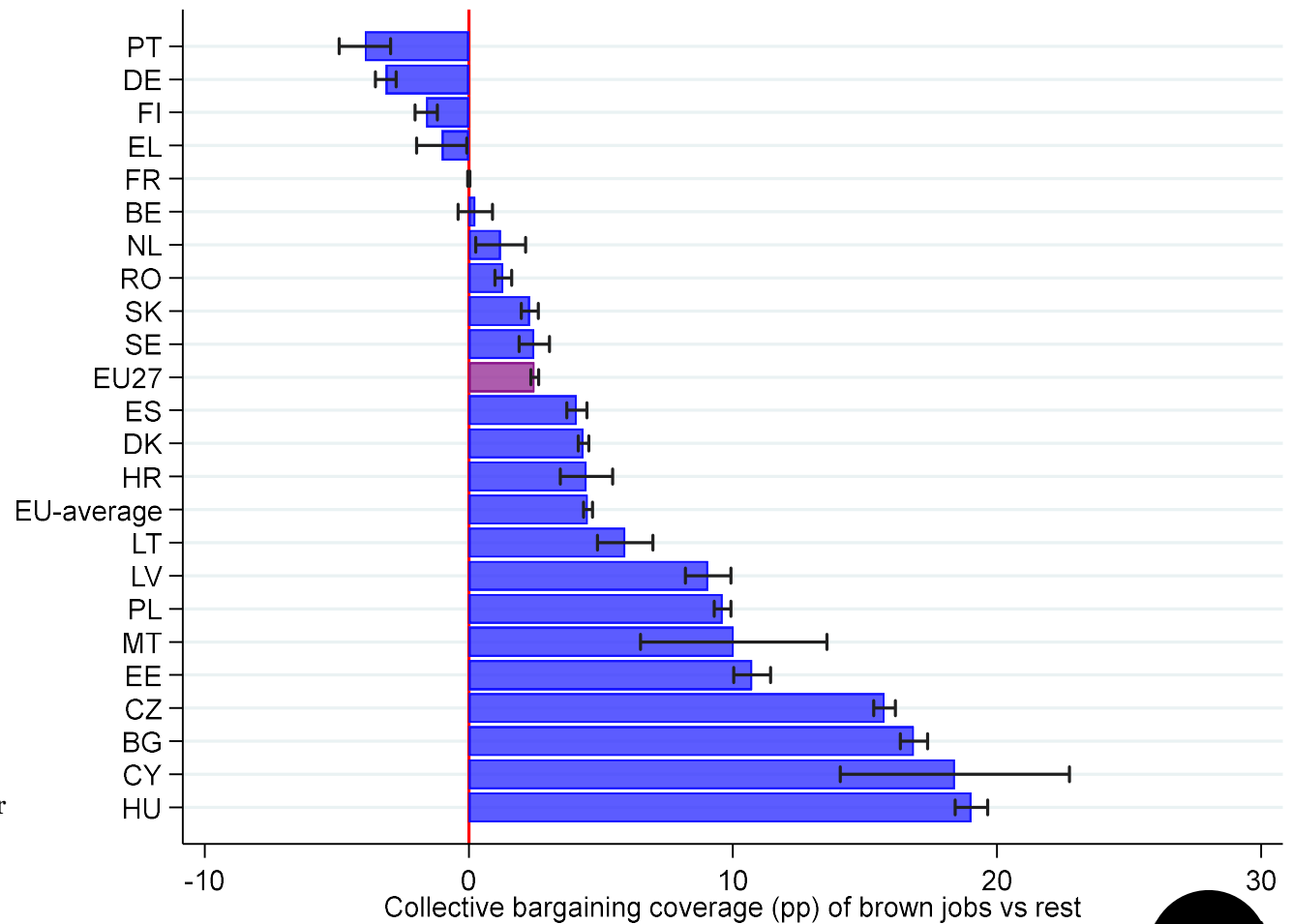
- Future of work
- Fragmentation and flexibility
 - Non-standard contracts
- Twin transitions
 - Digitalisation:
 - platform work and remote work
 - Green transition
 - Sectoral differences
- Less engagement

Green transition

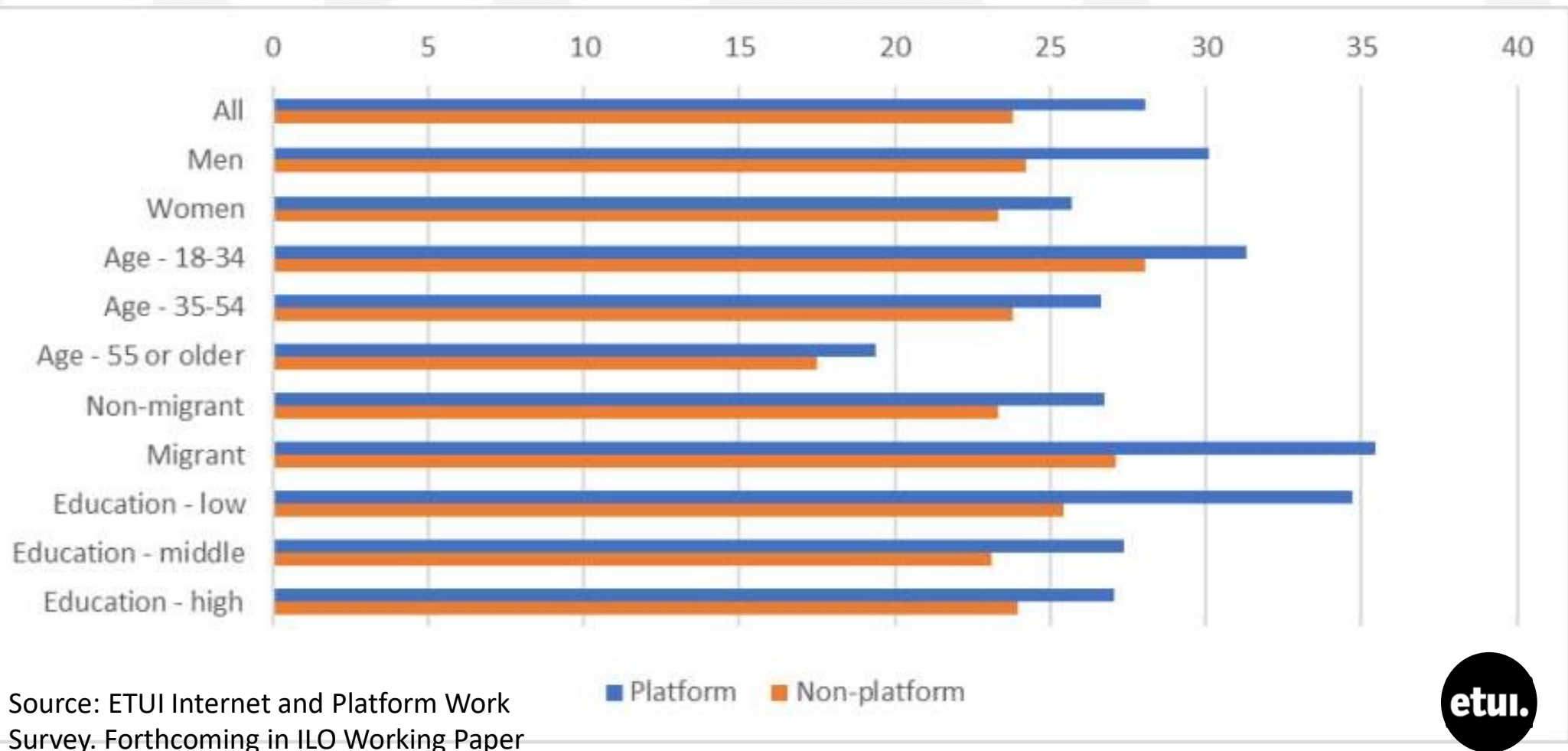
- Comparison of coverage in polluting 'brown' sectors vs the rest

Note: estimated as the difference in being covered by collective pay agreements for those in brown sectors and those not, controlling for gender by age, education, occupation [1 digit], establishment size, for all countries and by country [weighted], restricted to private market sector. Shown predicted probabilities with 95% Confidence Interval.

Source: SES 2018



► **Figure 10: Comparing willingness to unionize between platform workers and the general population, by individual characteristics (%)⁷⁷**



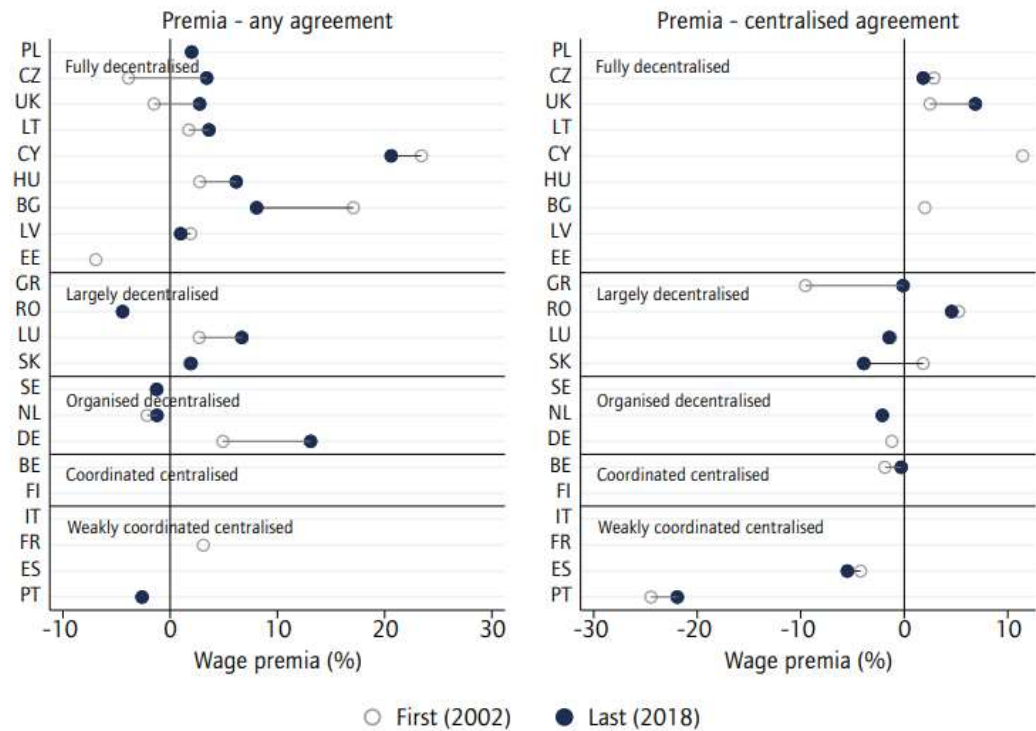
Source: ETUI Internet and Platform Work Survey. Forthcoming in ILO Working Paper



Premia to collective agreements

- Wage premia linked to collective agreements.
- Positive associations between coverage and membership

Figure 10 Pay premia in the private sector from first to last year – grouped by collective bargaining typology



Note: the figure shows the relative difference in predicted pay – accounting for characteristics – for workers covered by any rather than no agreement (left) or by centralised rather than decentralised agreements (right) in the first and last available year per country, divided by collective bargaining type: rather centralised and uncoordinated; predominantly centralised and coordinated; organised decentralised and coordinated; largely decentralised; and fully decentralised.
Source: SES 2002-2018



Rhetorical shift

- “The 1994 Jobs Strategy recommended making wages and labour costs more flexible by: i) removing restrictions that prevent wages from reflecting local conditions and individual skill levels ...:
 - ● **Refocus collective bargaining** at sectoral level on the provision of framework agreements which leave firms with more leeway to adjust wages to local conditions.
 - ● Introduce opening clauses for local bargaining parties to re-negotiate sectoral agreements.
 - ● Phase out administrative extension which was considered to rigidify wage-setting arrangements.
 - ● Reassess the role of statutory minimum wages and either switch to better targeted redistributive instruments or minimise their adverse employment effects by introducing sub-minima differentiated by age or region and/or indexing them to prices instead of average earnings “ (OECD 2006 employment outlook, chapter 3, p.80)
- Push for more decentral agreements and fewer ‘rigidities’
- Changed in the 2018 jobs strategy

Policy support at European level

- Support for collective bargaining
 - Minimum wage directive
 - January 2023 council recommendation on strengthening social dialogue
- Extending collective bargaining
 - September 2022 guidelines on application of EU competition law to collective bargaining (solo self-employed)
 - Platform work directive (human oversight for algorithmic decisions; promote collective bargaining)