

Collective bargaining in Europe in the 21st century

Executive summary

Introduction

Collective bargaining systems, frameworks and practices in the EU have come under some pressure in recent years. Against a steady, long-term decline in the numbers of companies and workers covered by a collective agreement, employer organisations and some politicians and experts argue that the collective bargaining system is too static and inflexible. They insist that companies need more room for manoeuvre to adapt, specify and also deviate from higher-level agreements to respond better to accelerated global competition. This pressure has increased since the 2008 crisis, when a number of EU Member States, in response to high unemployment rates, implemented labour reforms aimed at increasing competitiveness, productivity and job creation.

Against this background, this study aims:

- first, to map developments in all major aspects of collective bargaining (apart from pay and working time, which have been analysed separately by Eurofound) over the past 15 years and to put them in perspective in order to identify long-standing tendencies and trends as well as crisis-induced changes;
- second, to explore how and to what extent these developments and trends might be reflected, in one way or another, in collective bargaining in the coming years.

The study tries to provide a fresh look at existing but often fragmented evidence to identify similarities and differences in developments, as well as convergences and divergences, from the bird's eye rather than the worm's eye view.

Policy context

In recent years, and in the context of debates about the competitiveness of European economies and labour markets in an increasingly global economy, the role of

collective bargaining has gained greater attention from the key actors involved as well as from national and European policymakers. With significant and comprehensive legal reforms causing major changes and disruption within national systems, the debate about collective bargaining and its role has also polarised since 2008. Employer organisations stress that decentralisation, relaxing of central coordination and increasing use by companies of deviation practices from higher-level collective agreements are necessary tools enabling companies to adapt to the increasing pressure of global competition. In contrast, trade unions have stressed that such changes result in downward spirals in terms of working conditions and wages, a rise in unfair competition, and the loss of the solidarity and social dimension of collective bargaining beyond company level.

This debate raises questions about the future role of collective bargaining, both in its core dimension of negotiating pay and working conditions at company level, as well as in its wider dimension of contributing to the quality of working and social life in society as a whole and to overall economic and social stability.

Key findings

- Social partner organisations have experienced quite different changes with regard to membership density and organisational restructuring. The intensity of change also differs between geographical regions, reflecting different developmental stages.
- In terms of tripartism and bipartism, few common trends or development patterns are apparent across Europe. The changes that have occurred since the late 1990s and, in particular, the effects of the 2008 crisis have increased the significant differences in the role, dynamic and influence of tripartite as well as bipartite practices.

- Analysis of the scope and application of collective agreements shows, with significant time lags, a common and strong trend of convergence towards greater flexibility, providing the option for companies to deviate from collective agreements at a higher level.
- The overall trend towards greater 'individualisation' or 'fragmentation' of collective bargaining processes encompasses significant differences between EU Member States with regard to bargaining systems (multilevel versus company level), the role of the legislation, the involvement of social partners in the reforms, and the nature of changes.
- Analysis of legislative reforms and other developments before and after 2008 illustrates that the crisis has speeded up the changes in collective bargaining processes in specific countries, in most cases in a rather disorganised way, with a number of negative and adverse side-effects. By contrast, in some Member States, a few initiatives and developments have aimed at recovering a certain balance between flexibility and coordination in the implementation of collective bargaining.
- With regard to the topics addressed by collective bargaining and the ability to influence labour and social rights and standards above the company level, a significant gap can be observed between two large groups of Member States, one of which has seen a widening of topics, while the other has seen a narrowing. The driving forces behind these developments vary, and there are signs that this gap has widened since the 2008 crisis.
- Analysis based on a widely used typology of industrial relations systems in the EU indicates that the boundaries between the clusters have become more permeable and blurred during the past two decades and since 2008 particularly. There are now more differences than commonalities between the countries within the Centre-East industrial relations cluster (Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia and the Baltic countries) and the South cluster (Croatia, France, Greece, Italy,

Portugal and Spain). While the differences in the Centre-West cluster (Austria, Belgium, Germany, Luxembourg and the Netherlands) have increased, the similarities in this group remain more consistent. This finding is also confirmed by the assessments made by social partners at national level themselves: the groups of countries that have similar assessments are very mixed and do not reflect different industrial relations models clusters or simple west–east, north–south dichotomies.

Policy pointers

Taking all the different developments and often contradictory trends into account, key issues for policymakers are:

- the extent to which the trend towards a narrowing of collective bargaining's core functions persists, such that it is considered as just a mechanism for setting wages within a corridor determined only by firm performance, competitiveness and productivity;
- or whether a more comprehensive dimension of collective bargaining will endure, related to social integration, equality, avoiding unfair competition and influencing employment and working conditions as well as income and wealth distribution more broadly, one whose effects are not limited only to employees covered directly by bargaining agreements.

This research project suggests that the evolution of both these narrow and wider dimensions of collective bargaining since the late 1990s has been characterised by a growing imbalance, to the detriment of the wider and more solidarity-oriented dimension.

In a number of Member States, uncoordinated or disorganised decentralisation has been observed to result in an adverse polarisation and side-effects such as an abrupt fall in collective bargaining rates. Insofar as they erode the wider dimension of collective bargaining, these effects might represent worrying trends that undermine fair and inclusive labour markets and social conditions.

Further information

The report *Collective bargaining in Europe in the 21st century* is available at www.eurofound.europa.eu/publications.

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