

Collective bargaining in Europe in the 21st century





European Foundation for the Improvement of Living and Working Conditions

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Country groups

EU28	28 EU Member States
EU15	15 EU Member States prior to enlargement in 2004 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom)
EU10	10 EU Member States in central and eastern Europe that joined in the 2004 and 2007 enlargements (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia)

European Union industrial relations clusters

Cluster name	Countries
North	Denmark, Finland, Norway, Sweden
Centre-West	Austria, Belgium, Germany, Luxembourg, the Netherlands
West	Cyprus, Ireland, Malta, the UK
Centre-East	Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia
South	Croatia, France, Greece, Italy, Portugal, Spain

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.

Introduction

Context and objectives of the study

This comparative study provides an overview of the development of national collective bargaining systems since 1997 in the EU Member States and Norway. It is part of a wider package of research projects being undertaken by Eurofound to take stock of existing research, providing fresh access to data and giving a condensed overview of developments since the late 1990s.¹

Collective bargaining contributes to a solid foundation for the industrial relations systems in the Member States. In this respect, it deals not only with wages and working conditions, but also supports mutual trust between the actors, provides a rule-governed arena for channelling industrial disputes, and contributes to general macroeconomic progress at national level and to business performance.

The key role of collective bargaining in industrial relations, acknowledged in Article 28 of the Charter of Fundamental Rights of the European Union of December 2000, became primary EU law with the Lisbon Treaty and in Article 12 of the Community Charter of the Fundamental Social Rights of Workers of 1989.

Thus, while the deep differences between the collective bargaining traditions, systems and frameworks of the Member States are widely acknowledged, the importance of social dialogue and collective bargaining is widely deemed to be an important part of a common set of social values and norms within the EU.

This study examines the main trends and changes in key aspects of collective bargaining, as well as likely future paths. It looks at the scope of collective bargaining, the role and influence of key actors, and other significant features such as bargaining levels, coverage and extension procedures, and the social partners' views on future developments.

Encompassing the period from the late 1990s, this report covers a time of major changes within the EU as well as in Europe's role in the global economy. It covers the fifth (2004), sixth (2007) and seventh (2013) enlargement rounds of the EU, which increased the number of Member States from 15 to 28. It also covers a period that saw an acceleration of globalisation in trade, production and corporate practices as well as cultures. This resulted from the rapid evolution of communication technologies and digitalisation, and the growing influence of financial markets and shareholder value orientations in modern economies. Finally, the period includes the financial and economic crisis of 2008, which has resulted in unprecedented pressure on EU and national-level policies and on economic, social and labour policy governance. This phase is still far from over.

All these developments have had an impact on industrial relations and collective bargaining practices. In addition, longer-term changes in Europe's labour markets, societies and ways of living and working have had significant effects on collective bargaining, the role it plays in determining working conditions and labour relations, the scope of bargaining, and the social partner organisations. These longer-term trends as well as crisis- and event-driven changes in collective bargaining have been addressed by a multitude of academic studies and comparative research covering various topics, broad themes and specific issues, with Eurofound being one of the most active institutions in this context. So, why another comparative study on the topic?

In contrast to other studies on collective bargaining developments, which in most cases focus on specific aspects and themes or the impact of various changes in collective bargaining, this study takes a more holistic view. It aims to take stock, revising Eurofound's knowledge in this matter,

¹ The other projects are also comparative studies: one on pay developments, a second on working time issues, and a third on social partners and social dialogue, looking at new, emerging topics and innovations.

and to analyse past and recent developments to provide a comparative overview of the past and, arguably, tendencies in the future.

Thus, two main objectives have driven the research:

- first, to map developments and relevant changes in collective bargaining (apart from pay and working time) over the past 15 years and to put them in perspective in order to identify long-standing tendencies and trends as well as changes more attributable to the crisis;
- 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.

This comparative report is based on contributions from the Eurofound network of European correspondents in the 29 countries covered by the study, a review of relevant literature on the topic as well as contributions received in the course of an expert workshop in December 2014.

Structure of the report

The study is structured into the following main parts:

- a description of developments affecting trade unions and employer organisations, as key actors in collective bargaining, as well as developments in the influence of tripartism and social pacts on collective bargaining (Chapter 1);
- an analysis of developments in processes and procedures affecting the negotiation of collective agreements and how they are implemented (Chapter 2);
- an assessment of outcomes of collective bargaining in terms of topics addressed as well as changes in its functional levels (Chapter 3);
- an overview of longer-term trends that shape the impact of collective bargaining, such as bargaining coverage, centralisation versus decentralisation, coordination, and the influence of national and EU-level interventions (Chapter 4);
- a reflection on internal as well as external factors that are likely to influence collective bargaining in the future, including an overview of the social partners' views on these issues (Chapter 5).
- finally, some conclusions are drawn in response to the key research questions highlighted above (Chapter 6).

Previous Eurofound and other research on the topic

One of Eurofound's strengths is the continuity of research in its core areas of expertise over a number of years. Collective bargaining has been covered by both the European Industrial Relations Observatory (EIRO) (since 1997) and the European Working Conditions Observatory (EWCO) (since 2003). These two observatories were replaced by the European Observatory of Working Life (EurWORK) in 2014.

Thus, the annual reports on industrial relations developments in Europe produced by Eurofound since 1997 (which since 2010 also include working conditions developments) provide a comprehensive overview of developments in industrial relations, including information on developments in collective bargaining levels, convergence between different countries and industrial action, as well as the focus of the bargaining agendas. The biannual *Industrial Relations in Europe* reports of the European Commission complement the picture (European Commission, 2011, 2013, 2015 and earlier). Eurofound's publications also cover highly relevant specific topics such as new practices in industrial

relations in response to globalisation and demographic and labour market changes (Eurofound, 2002d), the influence of European integration on industrial relations (Eurofound, 2002e), industrial relations in the candidate countries (Eurofound, 2002c), quality assessments of social dialogue (Eurofound, 2002f) and industrial relations (Eurofound, 2004b), a comparative analysis of changes in collective bargaining systems since 1990 (Eurofound, 2005a), collective dispute resolution (Eurofound, 2006a) and factors facilitating new forms of agreements (Eurofound, 2007d). Other reports concern specific actors in collective bargaining (for example, multinational companies: Eurofound, 2009b) or collective representation of groups of workers (such as the self-employed: Eurofound, 2010e) and information on collective bargaining mechanisms (for example, extension: Eurofound, 2011a).

Other sources of information are, for example, the monthly *Collective Bargaining Newsletter* compiled by a research team from the Amsterdam Institute for Advanced Labour Studies (AIAS) in cooperation with the European Trade Union Institute (ETUI). This newsletter makes available further up-to-date information on collective bargaining in European countries. A continuous flow of data and information on collective bargaining developments is also provided by the information service agency Planet Labour.

The impact of the crisis on collective bargaining and the attempts of the social partners to overcome its negative effects have also been analysed by Eurofound in single research projects and comparative reports, for example, on social dialogue during the crisis (Eurofound, 2012b, 2012c) and the impact of the crisis on industrial relations, working conditions and wage-setting mechanisms in Europe (Eurofound, 2013a, 2014a, 2014c). Apart from the research and continuous monitoring carried out by Eurofound, the European Commission has studied this topic in the context of the *Industrial Relations in Europe* reports, mentioned above. Furthermore, the repercussions of the crisis on tripartite negotiations and collective bargaining have been addressed by the International Labour Organization (ILO) Industrial Relations and Employment Department (for example, Freyssinet, 2009; Ghellab, 2009; Glassner and Keune, 2010; Hayter, 2011; Hyman, 2010) as well as by the OECD. Finally, the European social partners themselves and the ETUI (for example, ETUI, 2013) have carried out various activities surveying and researching how the social partners and social dialogue have responded to the crisis, including in terms of collective bargaining.

When it comes to key variables influencing collective bargaining, Eurofound has extensive data resources, including information by country as well as from a comparative perspective on density and membership of trade unions (for example, the annual industrial relations reviews from 1997 to 2013, as well as Eurofound, 2004c, 2007a, 2007b, 2009c) and employer organisations (Eurofound, 2004a, 2010c), collective bargaining coverage (Eurofound, 2002a, 2007c) and industrial action over time (Eurofound, 2010b). Eurofound's industrial relations country profiles² as well as the Commission's *Industrial relations in Europe* reports from 2000 to 2014 are very helpful in this regard. Statistics on trade union density and collective bargaining coverage per country can be accessed via ILOSTAT, the ILO's central statistics database.³ In addition, for the period from 1990 to 2011, the Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) database provides data on trade unionism, wage setting, state intervention and social pacts.⁴

Thanks to these research endeavours, the authors of this report have been able to build upon an extensive data pool complemented by a multitude of national articles, reports and studies sourced by the national correspondents.

² Available online at <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/industrial-relations-country-profiles>.

³ Available online at <http://www.ilo.org/ilostat/faces/home/statisticaldata>.

⁴ Available online at <http://www.uva-aias.net/208>.

Box 1 Some findings from the *Pay in Europe in the 21st century* report

Pay across bargaining regimes

In this study of wage-bargaining outcomes in Europe, Eurofound classified the bargaining systems of the EU Member States using Visser's ICTWSS database as a starting point. This exercise identified six types of regimes that mixed different levels of wage bargaining and levels of coordination, and grouped countries according to regime.

A comparison of group medians within each wage-bargaining regime showed that actual pay outcomes during 1998–2012 were, on average, lowest in systems with a high or medium degree of coordination. Countries with low levels of bargaining coordination – whether at sector or company level – had higher increases of actual pay on average. It should, however, be noted that in all regimes (except, perhaps, for the case of highly coordinated sector-level bargaining), the range of outcomes was quite broad. The results might also have been influenced by the different overall economic growth of the national economies, specifically the original pay levels and inflation and productivity growth.

Findings differed slightly in the case of collectively agreed pay, with sector-level bargaining (in countries with high and medium coordination levels) having the lowest outcomes; somewhat higher outcomes were observed in countries with low levels of coordination as well as in countries with highly centralised bargaining. It also should be noted that as wage-bargaining regimes did not remain stable over time, analysing pay outcomes according to bargaining regime is sensitive to the year of classification used and can vary in some cases.

Collectively agreed pay and wage drift

In real terms, increases in collectively agreed pay were lowest in the country group with sector-level and highly coordinated bargaining (the median increase was 0.5%), while they were highest in countries with intermediate-level bargaining and a low degree of coordination (in which the median increase was 1.9%).

Wage drift, defined as the difference between increases in actual compensation per employee and increases in collectively agreed pay, was negative on average in Germany, Greece, Italy, Romania and Spain over the observed period; it was close to zero in Austria, France and Portugal; and it was positive in the remaining countries with available data. The wage-bargaining context does not add much to the explanation of such differences: positive and negative wage drift of different sizes were found in each of the regimes, with the exception of decentralised regimes, where only positive wage drift was recorded. However, it is in this regime that the biggest gaps in data existed. These differences may also be influenced by the collective bargaining coverage rates (below 100%) and the effective year of application of the agreed increases.

Furthermore, in those countries that received recommendations to reform their wage-bargaining mechanisms and in which there was a change in the level of wage bargaining or degree of coordination (Greece, Ireland, Italy, Romania and Slovenia), together with countries that were recommended to make reforms (Belgium, Portugal and

Spain) in 2009–2010, there was a turning point at which the index of actual compensation fell below the collectively agreed wage index, and the gap between the two started to widen. This implies that actual compensation grew more slowly than the collectively agreed amount.

One time-sensitive finding in this area is the observed ‘countercyclical’ aspect of collectively agreed pay. Collectively agreed pay – to a greater extent than actual compensation – seems to act as a kind of ‘insurance’ for employees in times of crisis. It does not follow entirely the fluctuations in output. Together with the fact that, in many systems, pay increases lag behind productivity developments, it is advisable to look at medium- and long-term developments instead of focusing on short-term outcomes. Systems with more decentralised bargaining structures and less bargaining coverage seem to have less of this insurance function for employees, leading to a greater exposure of employees to wages risks.

Source: Eurofound, 2014e

Social partners, tripartism and social dialogue

Developments concerning parties in collective bargaining

Key preconditions for a strong and functioning social dialogue between social partner organisations include a sufficient membership base, organisational capacity to negotiate, legal recognition, and the workers' and companies' confidence in these organisations. However, studies have shown a general pattern of decreasing organisational density, particularly in relation to trade unions (Eurofound, 2010c, 2013a; Schnabel, 2013). This has been confirmed, by and large, by the current study, which illustrates a number of common trends but also divergent developments since the end of the 1990s.

This study has found no single country where trade union density rates are known to have increased since 1997 and just a few (Denmark, Norway, Portugal and Spain) where employer organisations have reported an increase in density. There are some countries where both employer and trade union organisations report a fairly stable situation with regard to membership density, and all of them are in western Europe: six employer associations – in Austria, Belgium, Cyprus, France, Luxembourg and the Netherlands; and three trade union confederations – in Italy, Norway and Spain.

However, somewhat in contrast to available comparative figures on density, other analyses come to other conclusions regarding membership and density developments. A striking example here is Belgium, where more recent studies have stressed that – unlike in most other Member States – trade unions have managed quite successfully to increase their membership (see Box 2).

Box 2 Trade union membership and the Ghent system in Belgium, Denmark and Sweden

A study published in 2012 found that trade unions in Belgium increased their membership rates between 2001 and 2010. According to the author, an important reason why Belgian unions are doing well is the so-called Ghent system, which means that unions play an active role in the management of social security (in Belgium, almost 90% of unemployment benefits are paid through the unions). This may explain at least partly why Belgian unions have a growing membership, including amongst young workers.

The example of Belgium contrasts with developments in the Nordic countries, in particular in Denmark and Sweden, where trade unions have also traditionally had a strong position in the social security system via the administration of unemployment insurance funds. Here, a change of system immediately resulted in trade union membership decline. This happened in Sweden after 2006, when the membership fees of almost all unemployment funds increased at the same time that tax reductions for both union dues (25%) and fund fees (40%) were abolished. In Denmark, trade union membership similarly decreased after 2010, when the maximum benefit period of the unemployment insurance fund was halved from four to two years and the replacement rate level (the ratio of the unemployment benefit that an unemployed person receives in relation to the average income when still at work) was reduced.

Sources: Vandaele and Faniel, 2012; Eurofound, 2012d; Kjelberg, 2011.

As Table 1 shows, countries affected by a pattern of strong decrease (the bottom-right quadrant) saw a dramatic decline in membership density. These are mostly central and eastern European Member

States, where in several cases from 1997 onwards, trade union confederations lost more than 40% or 50% of their members. However, these countries are not a homogeneous block but are characterised by diverging developments and an increasing variety of patterns influenced by political changes, for example with regard to membership developments in trade union and employer organisations.

In Latvia, membership trends in trade union organisations contrast significantly with trends in employer organisation membership. The Free Trade Union Confederation (LBAS) steadily lost more than half of its members after 1999 (from 206,354 to 97,593 in 2013) and the number of affiliated organisations declined from 33 in 1999 to 20 in 2014 (mainly due to the closure of large companies that dominated specific sectors). The country's employer organisations have done much better, reporting increasing membership figures both before and after 2008.

Trade union membership developments in Poland display a trend quite different from that of Latvia. Although the Independent Self-Governing Trade Union Solidarity (NSZZ Solidarność) and the All-Poland Alliance of Trade Unions (OPZZ) experienced a gradual decrease in membership between 1999 and 2007, this was not as pronounced as in the prior period. However, what decreased substantially during this period was the number of plant-level trade union organisations. Since 2008, this decrease of plant-level organisations has slowed, and the overall number of trade union members even increased between 2008 and 2012. Membership of the main employer organisations the Employers of Poland (Pracodawcy RP), the Polish Confederation of Private Employers Lewiatan (PKPP Lewiatan) and the Polish Craft Association (ZRP) overall has been stable or even growing since the late 1990s; only the Business Centre Club (BCC) reported a declining membership.

Table 1: Patterns of change in the density of employer organisations and trade unions since the late 1990s

	Increase	Stable	Decrease	Major decrease (> 40%)
Employer organisations	Denmark, Norway, Portugal, Spain	Austria, Belgium, Cyprus, France, Luxembourg, Netherlands	Germany, Italy, Slovakia, Sweden, UK	Estonia, Romania, Slovenia
Trade unions	---	Italy, Norway, Spain	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Latvia, Luxembourg, Malta, Netherlands, Portugal, Romania, Sweden, UK	Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Poland, Slovakia, Slovenia

Notes: Based on data comparing 1997–1999 and 2011–2013; data were not available for employer organisation density for all countries for 1997–1999; data not available for Croatia; for detailed figures, see Table A1 in the annex.

Source: Authors, based on ICTWSS 4.0 and contributions from Eurofound's network of correspondents

The gap in trade union membership rates between the 'old' EU Member States (the EU15) and the central and eastern European countries that joined in 2004 and 2007 (the EU10) had almost closed in 2000, when rates were 27.0% in the EU15 and 27.3% in the EU10. The gap seems to have widened again more recently, with the ICTWSS database reporting net membership rates of 19.4% in the EU10 and 24.3% in the EU15 in 2008 (see also European Commission, 2013; no more recent aggregated data for the EU15 and EU10 are available).

Developments in the number of social partner organisations, in other words changes resulting from mergers or the establishment of new organisations, have been much less pronounced than the changes in density. What stands out is an increase in the numbers of both employer and trade union organisations mainly in the EU10, reflecting changes in the structure of the economy, including the development of new sectors, the shrinking of traditional industries and sectors, and changing organisational structures resulting from privatisation (see Table 2).

Table 2: Patterns of change in the numbers of employer organisations and trade unions since the late 1990s

	Increase	Stable	Decrease
Employer organisations	Bulgaria, Cyprus, Czech Republic, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia	Austria, Belgium, Denmark, Estonia, France, Germany, Greece, Ireland, Italy, Norway, Spain, UK	Finland, Hungary, Luxembourg, Malta, Netherlands, Sweden
Trade unions	Czech Republic, Estonia, Latvia, Malta, Poland, Slovakia, Slovenia	Austria, Belgium, Cyprus, Denmark, Finland, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Portugal, Romania, Spain, Sweden, UK	Bulgaria, France, Lithuania, Luxembourg

Notes: Based on data comparing 1997–1999 and 2011–2013; data were not available on employer organisation density for Latvia for 1997–1999; excludes Croatia; for detailed figures, see Table A2 in the annex.

Source: Authors, based on ICTWSS 4.0 and contributions from Eurofound's network of correspondents

In contrast, a number of EU15 countries experienced a decrease in the number of organisations, resulting from attempts to increase efficiency, create synergies and provide better services to members. In Finland, for example, the two major employer organisations – the Confederation of Finnish Industry and Employers (TT) and the Confederation of Service Industry Employers (PT) – merged into the Confederation of Finnish Industries (EK) to strengthen employers' collective voice by establishing a single peak employer organisation for the private sector.

In the Netherlands, although no large mergers have occurred, the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Federation for Small and Medium-sized Enterprises (MKB), two of the three employers' peak organisations, have intensified their cooperation during the past decade.

These and many more examples of organisational changes and changes relating to the coverage of companies and workers by national social partners' peak organisations indicate that social partners act according to specific national environments, industrial relations pathways and other traditions that differ significantly. Not only do the differences between industrial relations 'models' have to be taken into account but also aspects linked to the maturity and relative stability of industrial relations systems (that may explain the intensity of changes). Furthermore – and here the need for further and more in-depth research is apparent – it seems that there are a number of common challenges for both trade union and employer organisations. These result from social, economic and political changes and drivers; a steady increase in the number of workers and companies that are *not* organised, for example, results in decreasing (financial) resources and organisational strength. While the major driving factors can be very different between countries (for instance, changes in the world of work, structural change, the image of the organisations and institutional embedding), the resulting organisational challenges are quite similar. In this context also, the question arises whether or not any 'critical mass' of organisational capacity exists.

Trends in tripartite and bipartite practices

Changes in the influence of tripartism

The role of tripartite agreements or social pacts and the involvement of the social partners in national-level policymaking is an important but also an extremely complex element of industrial relations systems. Tripartite cooperation may take place at different levels, and it may take the form of institutionalised cooperation or cooperation on concrete projects. It may be formal or informal, and it changes over time and from country to country.

The importance of tripartism as a channel and instrument of influence within industrial relations differs significantly within the EU28 and Norway. While in all countries some forms of tripartite dialogue and consultation exists, the degree of formalisation and institutionalisation varies significantly.

The various forms of tripartite cooperation and concertation have changed considerably over time and with regard to different national framework conditions. In the 1970s, they were closely linked to the need to balance economic adjustment and price stability with income increases and social cohesion, in particular in the social-democratic northern and western-continental European countries. This combination of wage moderation and welfare expansion has become weaker since the 1980s, and concerns such as economic growth and competitiveness as well as employment and social policy reforms have become more important (Brandl and Traxler, 2011).

As noted in other research, in the 1990s, tripartite social pacts and agreements also emerged in EU Member States such as Ireland, Italy, Portugal and Spain, where such practices had not previously existed or had no strong tradition (Avdagic et al, 2011).

Box 3 Tripartism and bipartism: Ambiguity of terms and functional equivalents

A problem for comparative review and analysis arises from an ambiguity of terms used in national contexts. There is no clear definition of tripartism that would be acknowledged and used across countries. Furthermore, in industrial relations research, the use of terms such as 'agreement' and 'pact' (either in conjunction with 'tripartite' and 'social' or not) by actors and researchers also varies across countries. And, finally, as the case of Austria illustrates perfectly, there is a very vague boundary between tripartite 'agreements' or 'pacts' and 'concertation'; although no tripartism (in the form of institutions and formalised practice) may exist, there might be a strong and stable practice of policy concertation.

A similar and perhaps even greater problem arises in the case of bipartism because the difference between a 'bipartite agreement' (or 'pact') and a 'cross-sectoral or industry agreement' is unclear in the comparative context. This is particularly striking if the Nordic countries are compared with southern European countries and also central and eastern European countries. While in the latter group, agreements between the cross-sectoral or industry confederations often are referred to as 'agreements', 'pacts' or 'accords', these would be termed as 'higher' or national-level collective agreements in the Nordic tradition.

In addition, in the Member States that joined the EU in 2004 and afterwards, tripartite structures and practices were established with the active support and backing of EU institutions to stabilise the transformation process and strengthen the social consensus around it (Pochet et al, 2010). Although social pacts and tripartite practices are still present in most of the EU10, in many countries a weakening role and influence has been reported due to changes in government attitudes towards trade unions and employer associations (European Commission, 2015, p. 26).

The 2008 economic crisis had a significant impact on tripartism and social pacts. In many countries, tripartite consultation, concertation and 'crisis corporatism' (Urban, 2012) played an important role in the implementation of anti-crisis measures (Glassner and Keune, 2010; Eurofound, 2013c).

However, there are also cases where the crisis resulted in emergency measures without any tripartite consultation. In countries such as Hungary, the Czech Republic and Poland, this resulted in a crisis of tripartism (Eurofound, 2014c).

Tripartism and bipartism in the context of wage setting

Regarding the influence of tripartite as well as bipartite agreements on wage-setting mechanisms since the late 1990s, there were only three countries (Finland, Ireland and Slovenia) where government was directly at the bargaining table so that collective wage agreements at cross-sectoral level were concluded on a tripartite basis. For several reasons, in all three countries, the situation has changed significantly in recent years (see Box 4).

Box 4 Tripartite wage agreements: Finland, Ireland and Slovenia

In Finland, there is a tradition of tripartite general incomes policy settlements that dates back to the late 1960s. The government often played a key role in the negotiation of national-level agreements that produced recommendations to negotiators at industry level. However, the system did not work every time – sometimes the negotiators could not agree at national level and only industry-level agreements were concluded. In 2007, the tripartite system appeared to have ended when the private sector employer association EK refused to negotiate a new national agreement, insisting that negotiations should be at industry level to provide greater flexibility. Thus, the 2007 round of negotiations was conducted at industry level locally, and the main employer organisation indicated that it would not return to national pay negotiations in the future. The negotiations in the 2009 and 2010 pay rounds were also at industry level. In 2011, in light of the economic crisis, the employers indicated that they would be willing to sign a national framework agreement, and this was duly signed in October 2011, marking a return to more centralised bargaining in Finland after a gap of five years. Following difficult negotiations, which at one stage broke down, a further two-year cross-sector wage agreement was concluded in 2013.

In Ireland, a series of National Partnership Agreements provided a non-binding framework for pay bargaining from 1987 to 2009. However, the most recent agreement, signed in 2008, was unable to withstand Ireland's economic crisis, and the country has returned to company-level bargaining in the private sector, following the withdrawal of the employers from the national wage agreement. The public sector continues to be covered by national agreements (known as the Croke Park and Haddington Road agreements).

In Slovenia, tripartite negotiations and agreements have also had a substantial role in wage-setting practices, for quite different reasons, however. Tripartite wage setting has been used since the mid-1990s to bring down inflation and limit wage dispersion as the country transitioned to a market economy. Until the end of the last decade, the Slovenian government and social partners signed a number of biannual tripartite agreements that determined pay rises and formed part of a broader 'social agreement'. However, since 2009, it has not proved possible to reach a similar wide-ranging agreement, although new labour market legislation, which was introduced in April 2013, was discussed in the National Economic and Social Council of Slovenia (ESS).

In many other countries (such as Bulgaria, Croatia, Denmark, Greece, Hungary, the Netherlands, Portugal, Spain and Sweden), there are either regular or irregular tripartite framework agreements at national level that contain legally non-binding recommendations for pay increases.

Tripartite practice also plays an important role in the setting of minimum wage levels in a growing number of countries that have established statutory minimum wages, Germany being the most recent case. This role of tripartite negotiation and concertation has been described elsewhere in detail (Schulten and Bispinck, 2014).

Table 3 summarises the national information collected for this study, as well as from other studies (such as Eurofound, 2014a), on the main features of tripartism and bipartism in wage setting in Member States and changes in the influence of these mechanisms. It shows that most countries where tripartite or bipartite agreements between cross-sectoral social partners exist have experienced a decrease in the influence of such mechanisms. Two things are important to stress in this context: a decreasing influence could result from a weakening of tripartite structures by legal reforms or conflicts between the key parties involved; but it also could result from a joint understanding of the parties involved that wages should no longer be set at the highest level in a general way and more room for manoeuvre should be left at lower level. These differences with regard to the reasons underlying change are illustrated not only by the three countries described in more detail in Box 4 (Finland, Ireland and Slovenia) but also by countries such as Belgium, Denmark, Italy, Portugal, Spain and Sweden, where tripartite and bipartite agreements have either been scrapped (as in Portugal in the second half of the 1990s already) or are used more as a broad orientation for wage negotiations and setting at other levels.

Furthermore, countries such as Hungary, Poland and Romania show a change from tripartism to governmental unilateralism with regard to wage setting. A similar development took place in Greece after 2010 as part of the financial assistance programme (Eurofound, 2013e).

Table 3: Main features of and changes to tripartism and bipartism in wage setting since the late 1990s

Patterns of development and influence	Countries, topics and trends
<p>Strong or fairly strong influence and no significant change over the whole period</p>	<p>Belgium: Until 2011, the biannual cross-industry agreements on wage development had an important influence on collective bargaining, leading to wage moderation. Since 2011, no cross-industry agreements have been signed; the government decided to allow no wage increase above automatic indexation in 2013–2014.</p> <p>Denmark: The bipartite Industry Agreement on employment relations concluded by the Central Organisation of Industrial Employees (CO-industri) and the Confederation of Danish Industry (DI) at the beginning of the 1990s and renewed subsequently has been trend setting for the whole Danish labour market, private as well as public. The agreement was last renewed in spring 2014.</p> <p>Netherlands: A social pact was negotiated in 2004–2005. After the crisis, in 2013, the government and the social partners agreed another social pact on the future of the Dutch economy, containing 66 measures covering the pension system, labour market and industrial relations. These pacts had some influence on wage setting and were prepared by the bipartite Foundation of Labour.</p>
<p>Limited influence or no significant change since the late 1990s</p>	<p>Bulgaria: Low degree of influence; the agreement on anti-crisis measures in 2010 had some influence.</p> <p>Latvia: Annual tripartite agreements on minimum wage levels have a low degree of influence.</p> <p>Slovakia: In 2000, a tripartite agreement that included an orientation on real wage adjustments was concluded but had only a low degree of influence.</p>

Patterns of development and influence	Countries, topics and trends
Influence varying since the late 1990s	<p>Cyprus: Limited influence; for example, the tripartite agreement on pay and wage indexation 2014.</p> <p>Finland: Central-level bargaining has a strong influence but was interrupted in the period 2008–2011 when sectoral agreements were achieved without a central-level agreement on income. The social partners returned to the tripartite central table in 2011, but now to establish a framework agreement for the sector negotiations.</p> <p>Germany: The influence of tripartism has varied. For example, in the context of the government initiatives on labour market reforms after 1997, the Alliance on Jobs had some influence but ended with conflicts between the unions and the employer organisations and had a negative impact on the trade union interests in tripartism. At the same time, both bipartite and tripartite initiatives on specific topics such as skills development and training have had quite a strong influence. From 2015, the tripartite Minimum Wage Commission has an important indirect influence on collective bargaining. In addition, the bipartite Apprenticeship Pact ended in 2014 with the establishment of the tripartite Alliance on Vocational and Further Training.</p>
Influence decreasing	<p>Estonia: The minimum wage since 1992 had been fixed by annual tripartite agreements. Since 2002, it has been fixed on a bipartite basis by the social partners (then implemented by government decree).</p> <p>Greece: The National General Collective Employment Agreement (EGSSE), which included provisions on minimum wage levels, was suspended after 2010, and the new agreement signed in 2013 (without the Hellenic Federation of Enterprise, SEV) no longer includes such provisions.</p> <p>Hungary: Wage and minimum wage agreements were set by the National Interest Reconciliation Council (OÉT) until 2012, when it was dissolved unilaterally by the government.</p> <p>Ireland: A breakdown of the central tripartite wage agreements occurred after 2008, and bipartite agreements became more important.</p> <p>Italy: The 2012 bilateral agreement of cross-industry social partners shifted the wage-setting mechanism from sector to company level.</p> <p>Poland: Tripartite negotiations took place only on minimum wage levels. Since 2010, these are set by the government unilaterally because the social partners do not come to an agreement.</p> <p>Portugal: The last income policy agreement at central level was signed in 1996. Today (and since 2006), only agreements on minimum wage level adjustments exist.</p> <p>Romania: Until 2011, indexation of the minimum wage was based on tripartite consultation. Since then, it has been set unilaterally by the government.</p> <p>Slovenia: Private sector bipartite pay agreements were in force between 1997 and 2005 before the employers left the agreement; in 2006, employers and trade unions concluded the private sector intersectoral Collective Agreement on the Pay Adjustment Framework.</p> <p>Spain: Bipartite wage agreements in 1997 (providing guidelines) and 2002–2007 had some influence. No agreement was concluded in 2009, but from 2010 onwards agreements have been signed (orientation, not mandatory).</p> <p>Sweden: The bipartite Industrial Cooperation and Negotiation Agreement played an important norm-setting role for the wage structure in the economy. In recent years, there has been a trend towards a wage-setting structure that does not set out to establish norms (in 2011, the agreement temporarily broke down).</p>

Source: Authors, based on contributions from Eurofound's network of correspondents

In this context, it should be noted that in most countries that still apply some form of wage indexation (Belgium, Cyprus, Luxembourg and Malta), these systems have increasingly come under pressure from employer organisations, as well as governments (in the case of Belgium and Cyprus). In Cyprus, there is also pressure from European institutions in the context of the Memorandum of Understanding with the government for a reform of the system (Eurofound, 2013e, 2014d).

Thus, as a general trend – against all national specificities and with the exception of minimum wage setting (the most recent example being Germany) – it can be concluded from this overview that the role of tripartism as well as cross-sectoral bipartism in wage setting has been weakened by a mixture of various drivers, ranging from the joint political will of key actors involved to change imposed by governmental or employers' unilateralism.

Other topics covered by tripartite and bipartite agreements

This analysis shows that quite a large and, in many countries, increasing number of topics other than wage-related issues have been addressed by tripartite consultation, concertation and negotiation. Although the overall picture is complicated (and again driven by a broad and traditional national industrial relations context and different degrees of political dynamism as well as more recent changes), the overall conclusion of this mapping is that both tripartism and bipartism are perhaps becoming more complex, unstable and diversified. However, as Table 3 shows, irrespective of the national background and across the different industrial relations models, governments seek the support of social partners to reach a consensus on implementing major reform projects, in particular in the fields of employment, labour and social policies. Quite similar patterns can be identified in bipartite social partners' initiatives, agreements and joint action.

As the composite overview in Table 4 demonstrates, tripartite and bipartite agreements and concertation covering social and employment policy issues, industrial relations frameworks and regulation exist in most EU countries (the only exceptions are Malta and the UK, where throughout the whole period no tripartite action existed). (Further details are included in the annex, in Table A3 for tripartite and Table A4 for bipartite practices.) More recently, and triggered by the 2008 crisis, tripartite and bipartite initiatives have also addressed issues such as competitiveness and productivity. Again, it is important to note differences and nuances with regard to functions and influence. These reflect the broad patterns of industrial relations traditions and models in the EU, ranging from a strong influence in the Nordic countries to an important element of concertation in Austria, Germany and the Netherlands to a more dialogue-oriented, consultative role in the central and eastern European countries.

Table 4: Policy fields and themes covered by tripartite and bipartite agreements at national level since the late 1990s

Policy fields	Countries	
Social and employment policies, including implementation of EU Directives	Agreements:	Austria (concertation), Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden
	Dialogue, consultation and recommendations:	Croatia, Estonia, Latvia, Poland, Slovenia
Industrial relations and labour law, including collective bargaining practice and procedures	Agreements:	Austria (concertation), Denmark, Germany, Italy, the Netherlands, Norway, Portugal, Spain
	Dialogue, consultation and recommendations:	Croatia, Czech Republic, Lithuania, Slovenia
Competitiveness and productivity, including anti-crisis measures, since 2008	Agreements:	Austria (concertation), Denmark, Finland, Germany (concertation), France, Italy, Netherlands, Sweden
	Dialogue, consultation and recommendations:	Bulgaria, Czech Republic, Latvia, Lithuania, Poland

Note: Additional information on selected countries can be found in Tables A3 and A4 in the annex.

Source: Authors, based on contributions from Eurofound's network of correspondents

While Table 4 presents an overview of where tripartism and bipartism was used in policymaking, Table 5 provides a summary of changes in these mechanisms since the late 1990s. One pattern that emerges is that the countries where tripartism or bipartism has a strong influence and that have experienced overall stability since the 1990s all are located in western Europe; all other countries that report a more or less stable situation since the late 1990s are characterised by a more consultative, dialogue-orientated tripartite or bipartite practice.

A second pattern is that in half of all EU Member States across all regions and industrial relations models, tripartism and bipartism have changed more or less significantly. There are western European countries where the influence over the period has varied (Italy, Germany, Finland, Portugal and Sweden), countries that are characterised by a decrease in influence of tripartite practice (Bulgaria, Greece, Hungary, Ireland, Poland and Slovenia) and also three cases where the influence of tripartism has increased in relation to specific themes or topics: Estonia in the context of the reform of the Employment Relations Act; Latvia and Sweden in the context of anti-crisis measures where the government has been interested in achieving a tripartite consent.

Table 5: Influence of tripartite and bipartite agreements on topics other than wage setting

Patterns of development and influence	Tripartite agreements	Bipartite agreements
Strong or fairly strong influence and no significant change over the whole period	Finland, Luxembourg, the Netherlands, Slovenia (only public sector)	Belgium, France, Germany, Italy, the Netherlands, Spain
Limited influence and no significant change since the late 1990s	Croatia, the Czech Republic, Lithuania, Norway	The Czech Republic, Ireland, Norway, Poland
Influence varying since the late 1990s	Italy, Germany, Portugal	Finland, Sweden
Influence decreasing since the late 1990s	Bulgaria, Greece, Hungary, Ireland, Poland, Slovenia (private sector)	---
Influence increasing	Estonia, Latvia, Sweden	---

Note: Further information on selected countries can be found in Tables A3 and A4 in the annex.

Source: Authors, based on contributions from Eurofound's network of correspondents

A closer look at the character and dynamics of tripartism, as well as bipartite agreements and initiatives, illustrates that there have not only been changes in the incidence of and backgrounds to these practices, but also with regard to trends. More recent examples from France, Germany and Italy indicate that such agreements or pacts have become more strongly oriented towards issues such as employment security, labour market mobility and competitiveness.

France: There is a long tradition of national interprofessional agreements in France that have an important role as the basis for legal changes in fields such as employment policy, working conditions, older workers and social security, as well as adjustments of the industrial relations system. This tradition has been quite stable since the late 1990s and more recently has played a stronger role. A major recent development has been the 2013 'Social agreement on a new economic and social model fostering competitiveness and employment and career paths of workers' (Vie Publique, 2013) signed by all major social partners (covering all employees and companies in the private sector).⁵ The agreement not only involved a bundle of measures aimed at improving the capacity of companies to manage change, restructuring and increasing flexibility at company level, but also measures to improve the labour market security of workers, professional mobility, and information and consultation practice at company level, including board-level employee representation in large companies (Eurofound, 2013b).

Italy: In Italy, while there is no institutionalised tripartism, tripartite agreements in the 1990s addressed a large number of issues. These include income policy, pension reform, labour market reform and economic growth. In the 2000s, tripartite negotiations have become less common and positions between the trade unions have diverged more. There has also been greater government

⁵ The signatories were Mouvement des entreprises de France (MEDEF); Union professionnelle artisanale (UPA); Confédération générale des petites et moyennes entreprises (CGPME, CFDT); Confédération française démocratique du travail (CFTC); and Confédération française de l'encadrement – Confédération générale des cadres (CFE-CGC). Confédération générale du travail (CGT) and FO (Force ouvrière) refused to sign.

unilateralism; for example, the reform of the pension system 2011 and the labour market reform in 2012 took place without any formal negotiations with the social partners. However, tripartite concertation was revitalised in 2012 by the tripartite ‘Guidelines to increase productivity and competitiveness in Italy’ (Linee programmatiche per la crescita della produttività e della competitività in Italia), signed by all peak-level social partner organisations apart from the trade union the General Italian Confederation of Labour (CGIL). The guidelines put a strong emphasis on second-level bargaining, allowing part of the wage increases agreed at national level to be managed at local and firm level to promote productivity. Tax and social security contribution reliefs are granted for productivity-based wage increases set at local and firm level. Local or company-level bargaining rounds that establish wage increases connected to productivity indexes have to be performed every year. The legislation does not determine any limits with regard to how much of the wage increases can be bargained at the company level.

Germany: In Germany, too, the influence of tripartism has varied a lot since the late 1990s. While tripartism never had a strong tradition, examples such as the Alliance for Jobs between 1998 and 2003 were disappointing, especially for the trade unions. However, there have been a number of tripartite and, in particular, bipartite pacts more recently between the social partners aimed at improving the skills base. These support further training activities or apprenticeships that were taken on board by the German government when it initiated two tripartite pacts or ‘partnerships’ in the autumn of 2014, one on skilled labour supply (Partnerschaft für Fachkräftesicherung) and one on further training (Allianz für Aus- und Weiterbildung). National-level bipartism has also played a role in the development and strengthening of anti-crisis measures in the wake of the 2008 crisis, aimed at preventing redundancies; this illustrates that bipartism has been driven strongly by events and issues.

These examples illustrate that despite all national differences, tripartism and bipartism are alive and constitute a dynamic sphere of industrial relations when it comes to coping with and addressing new challenges.

However, the changes that have occurred since the late 1990s and, in particular, the negative effects of the crisis on tripartism and bipartism in some countries also illustrate that – perhaps even more today than 10 years ago – marked gaps between the main industrial relations models in the EU exist. On the one hand, tripartism, ‘social partnership’ and ‘concertation’ are strongly rooted in the Nordic and western-continental models; on the other hand, central, eastern and southern Europe is characterised by much more fragile and unsteady practice that depends far more on political cycles, changes and will.

In recent decades, a constant fall in the numbers of employees that are covered by collective bargaining agreements has been reported in the EU. Nevertheless, and in contrast to other parts of the world, the collective bargaining coverage rate is still remarkably high: it has been estimated to be around 60% on average in the EU in 2012, according to the most recent figures from the ICTWSS; a similar share was reported by the 2013 European Company Survey (ECS) – see Box 5.

This comparative strength in the global context can be explained by the organisational strength and negotiation capacity of the social partner organisations, in particular the employer organisations (see, for example, European Commission, 2015, p. 28). The legal regulation and state-sponsored frameworks of collective bargaining have also been identified as crucial factors that influence the range and influence of collective agreements (see among others Traxler et al, 2001, p. 194). Here, existing studies have highlighted the existence and use of extension mechanisms to achieve a wider scope of application (Eurofound, 2011a). However, there are also a number of other factors that contribute to the stability and reach of collective bargaining agreements and the system as a whole. These ‘procedural’ rules are strongly linked to the role of collective bargaining at national level to avoid labour and social dumping and unfair competition between businesses, balancing territorial gaps, addressing specific sectoral needs and creating stability in situations of disputes. Such rules in particular are:

- rules governing the right to bargain and to conclude an agreement (often linked to the representativeness of signatory parties) as well as rules regarding the right to terminate an agreement (by either side, for instance, or only jointly by both signatory parties);
- rules for extending the validity of an agreement after its expiry (automatic continuation);
- procedures in cases of conflicts and disputes, such as peace obligations, mediation and dispute settlement;
- practices that support the coordination of collective bargaining, the links between different bargaining levels (favourability principles,⁶ hierarchies of agreements at various levels and so on) and the scale of centralisation of collective bargaining.

This chapter summarises the study results regarding developments in negotiation processes and procedures and the implementation of collective agreements. The focus is mainly on relevant changes that have taken place since the late 1990s.

To take into account longer-term trends and their qualitative and quantitative effects on collective bargaining, this section is complemented by Chapter 4, which takes a broader view on issues such as extension mechanisms, bargaining coordination, centralisation and decentralisation as well as other key aspects of national collective bargaining systems and practices.

⁶ According to the favourability principle, standards concluded at higher level can only be improved on for employees but not worsened at lower level.

Box 5 European Company Survey: Findings on collective bargaining

Collective bargaining can take place at various levels. Even when it takes place at higher levels (national or sector level), it is likely to impact on practices at establishment level. In the 2013 ECS, 67% of managers reported that employees in their establishment were covered by one or more collective wage agreements. Coverage by collective wage agreements negotiated at the establishment or company level was reported by 30% of managers, while coverage by an agreement negotiated at the sector or regional level was reported by 29%, and coverage by a cross-sectoral agreement was reported by 23% of managers. Coverage by an agreement negotiated for workers in a specific occupation was reported by 21% of managers. Differences across countries are very pronounced: coverage levels exceed 90% in Austria, Finland, Italy and Spain but are below 10% in Estonia and Latvia.

Employee representatives were asked whether there were negotiations on various aspects of pay at the establishment level: 43% reported that the basic pay was negotiated at the establishment; 36% reported that performance-based pay was negotiated at the establishment; and 14% reported that financial participation was a topic of negotiation at the establishment.

Source: Eurofound, 2015b, p. 105

Developments in collective bargaining negotiations

Legal reforms and their effects

The decade between 1997 and 2008 saw a relatively large number of legal reforms and amendments to collective bargaining regulation, illustrated in Table 6. Legal reforms were especially numerous in the central and eastern European countries in the context of adapting national legislation to develop collective bargaining frameworks that match a market economy and the *acquis communautaire* (for example, on information and consultation rights or the autonomy of social partners and social dialogue). But in the pre-2004 EU Member States, too, most of the changes listed in the table were aimed at stabilising collective bargaining structures, processes and related institutions.

Collective bargaining processes were strengthened, for example, in regard to public services and public servants in Greece and in regard to trade union recognition and the rights of trade union members in Ireland and the UK. In Greece (2003), France (2007) and Austria (2008), the involvement of trade unions in political decision-making processes via social dialogue, codetermination or concertation was strengthened. Several reforms weakened the existing system. One example is Portugal, where after the so-called *Colectiva Atípica* labour law reform in 2003, collective agreements at company level that were directly concluded between management and groups of workers who were not organised in trade unions became more widespread (Ramalho and do Rosário, 2013, p. 24).

In contrast to the decade before, there were much fewer legal reforms that had a direct effect on collective bargaining processes after 2008. These were intended to strengthen collective bargaining processes in spheres that were previously only weakly covered (small companies) or where collective bargaining was restricted (public services). Collective bargaining at group level was established in the Czech Republic, while codetermination in company decisions was established in France.

Since 2008, only the reforms that took place in Hungary and Romania (both in 2011) could be described as disruptive changes that seriously questioned certain principles of collective bargaining – the right to bargaining in Hungary and representativeness rules in Romania that practically made it impossible to conclude collective agreements above the company level (Trif, 2013).

Table 6: Legal reforms that have affected collective bargaining negotiations and processes since 2000

	Before 2008		Since 2008
2000	<p>Greece: improving collective bargaining processes in public services</p> <p>Romania: defining of duties of employer organisations</p> <p>UK: statutory union recognition procedure</p>	2008	<p>Austria: amendment to the Constitution recognising the central role of the social partners in the country's system of policymaking</p> <p>Latvia: defining of employer organisations</p>
2001	<p>Czech Republic: harmonisation with European law</p> <p>Poland: establishment of regional social dialogue committees, amended in 2005</p>	2008, 2010 and 2012	Greece: mediation and arbitration (see Table 6)
2001–2004	Ireland: rights of union members in companies that did not recognise unions	2009	Luxembourg: single status
2002	<p>Latvia: integration of existing regulations on company-level collective bargaining into the new Labour Law</p> <p>Slovakia: new Labour Code abolishing the previous limits on the scope of collective bargaining</p>	2010	<p>France: extending the scope of collective bargaining in public services</p> <p>France: enabling workers in small companies to participate in elections for union representation</p>
2003	<p>Bulgaria: tripartite cooperation and procedures</p> <p>Greece: creation of new social dialogue bodies on social protection and employment policy</p> <p>Portugal: promotion of collective agreements at company level between management and groups of workers that were not organised in trade unions</p> <p>Romania: strengthening trade unions in small companies and employee representative rights to participate in collective bargaining</p> <p>Slovakia: strengthening autonomous collective bargaining</p>	2011	<p>Hungary: restriction of bargaining rights</p> <p>Greece: possibility of simple associations of employees signing a collective agreement if there is no trade union</p> <p>Romania: new social dialogue Act abolishing or weakening collective bargaining processes above company level</p>
2004	UK: strengthening the rights of trade union members and coverage by collective agreements	2012	<p>Czech Republic: collective bargaining at company group level</p> <p>Spain: mandatory arbitration (see below)</p>
2006	<p>Czech Republic: strengthening collective bargaining</p> <p>Slovenia: Law on Collective Agreements</p>	2013	<p>France: company board-level representation</p> <p>Lithuania: strengthening trade union membership rights</p>
2007	<p>Czech Republic: Law on Collective Agreements and Labour Code</p> <p>Estonia: information and consultation obligations and rights</p> <p>France: strengthening role of social partners on government proposals for changes in employment law</p> <p>Romania: single-table bargaining processes</p>		

Source: Authors, based on contributions from Eurofound's network of correspondents and other sources

Conduct of collective bargaining

With regard to the way in which negotiations start (for example, which side addresses the other), including the need for certain social partners to establish legitimacy or representativeness, formalities during negotiations (for example, the need to conduct negotiations in a set time period) and handling potential conflicts during negotiations (such as obligations to keep the social peace), this study shows

that since the late 1990s, the EU countries have fallen into two large blocks. On the one hand, the majority of countries are characterised by a stable situation overall, with changes and adjustments aimed at stabilising and improving the whole system of collective bargaining. By contrast, there is a group of countries that have experienced much more significant changes that could be labelled 'system breaks'.

There have been many technical adjustments, relating, for example, to the obligation to start negotiations on a new agreement by a certain deadline before the old agreement ends (the Czech Republic in 2007), notification and registration obligations (Finland in 2001, Lithuania in 2003, Luxembourg in 2004 and Slovakia in 2007), and social peace obligations in the context of negotiations (Lithuania in 2003 and Italy in 2009) or as long as an agreement is in force (Romania in 2011).

In terms of the question of who is able to initiate negotiations and to conduct collective bargaining, the overall situation in most EU countries has not changed apart from some exceptions: while minor or rather technical adjustments were made in Luxembourg (2004), Croatia (2014) and the Czech Republic (2014), more far-reaching changes of the representativeness principles took place in France and Italy and are on the legislative agenda in Germany.

In addition, the UK practice regarding more active support of 'single-table bargaining arrangements' and the introduction in 2000 of the obligation to negotiate in cases of statutory union recognition have had some influence.⁷

Box 6 Multiple versus unity collective agreements at company level: France, Italy and Germany

In France, collective agreements are validated through the so-called majority principle. This was introduced in 2004 as a condition for collective agreements to be regarded as valid; previously, it was sufficient for an agreement to have been signed by at least one trade union with representative status. A 2008 reform obliges trade unions to obtain at least 10% of the workforce votes cast in the first round of works council or similar elections to conclude agreements (8% at sector and national levels). Agreements are valid only if signed by unions (delegates) with an aggregated share of 30% of the votes. One or several unions that have obtained at least 50% at company elections can veto an agreement.

In Italy, in January 2014, the social partners CGIL, the Italian Confederation of Workers' Trade Unions (CISL), the Italian Labour Union (UIL) and the General Confederation of Italian Industry (Confindustria) reached an agreement that formed the basis of the Consolidated Act on Representation, which addressed the representativeness of trade unions. The Act established the representative status through elections (at least 5%), stipulating how to conduct such elections, and defined the responsibilities of bargaining processes (including sanctions and arbitration procedures in cases of violation and conflicts) and the implementation of agreements.

⁷ According to this regulation, employers in companies where trade unions have gained recognition under the recognition procedure are obliged to negotiate over pay, working hours and holidays. However, according to research evidence, the statutory recognition procedure has accounted for relatively few new recognition agreements in the years since 2000 (varying between 10% and 20% according to year); see Gall, 2012.

The issue of multiple versus unity collective bargaining practice at company level in Germany has been the subject of constitutional debate in recent years. In 2010, the Federal Labour Court took the position that a company must apply all collective agreements settled by representative trade unions (*Tarifpluralität*). The ruling differs from the dominant practice of 'one company–one collective agreement'. In 2010, the Confederation of German Trade Unions (DGB) and the German Confederation of Employers' Associations (BDA) came out in favour of 'collective bargaining unity' (*Tarifeinheit*), stating that only the collective agreement signed by the trade union representing the majority of workers at company level should be applied. As of autumn 2014, the federal labour minister planned an Act on collective bargaining unity by summer 2015. At the time of writing, BDA is in favour, the DGB trade unions are split on the issue (DGB stepped back from the joint statement with BDA), and all trade unions other than DGB affiliates oppose the planned Act as an intervention into the right on strike.

In stark contrast to these adjustments, which were motivated by the aim of strengthening existing collective bargaining systems and processes and tackling weaknesses, ambiguities and lack of legal clarity, countries such as Greece and Romania have undergone changes that resulted in a significant weakening of existing national and sector-level collective bargaining processes and coordination in favour of company-level bargaining. The disruptions in Romania in 2011 (brought about by the Social Dialogue Act (Act 62/2011)) and in Greece after 2010 included a number of changes to formal requirements and details on conducting collective bargaining as well as new obligations with regard to industrial peace, arbitration and the 'after-effect' (their validity after expiry) of collective agreements.

In Romania, the new law abolished the previous system of obligatory annual bargaining rounds and the umbrella function of a national agreement covering a period of four years. The new law also replaced the existing obligatory branch-level bargaining rounds with 'sector-level bargaining' that is now linked to new and stricter representativeness criteria for all levels. For example, a trade union is regarded as representative and allowed to negotiate a single-employer collective agreement only if at least half plus one of the company's workers are affiliated to it (compared to one-third under the previous legislation). This means that only one trade union can be representative in one company compared to up to three under the old legislation. When there are no representative unions in a company because there are not enough members, negotiations can be carried out by the federation to which the existing union belongs. If there is no union at all, negotiations will be carried out by employee representatives only.

In Greece, a number of new laws have had a significant effect on the industrial relations system – for example, reducing the period of validity of expired collective agreements, abolishing unilateral recourse to arbitration procedures, and establishing the possibility for non-unionised groups of workers to conclude collective agreements. In combination with other significant changes that have been described in detail elsewhere (see, for example, Clauwaert and Schömann, 2013; Voskeritsian and Kornelakis, 2011; Rocha et al, 2014; Eurofound, 2014a), this has contributed to a significant change in the Greek collective bargaining system.

Settlement of labour disputes

Most reforms that were implemented between the late 1990s and 2008 regarding the settlement of labour disputes could be described as supporting and strengthening existing mechanisms of conciliation, mediation and arbitration by clarifying rules and strengthening institutions or

establishing a more effective system. Most of these legal changes took place in the western European Member States, apart from the introduction of a conciliation procedure in Latvia in 2008, which also favoured smooth and consent-orientated arbitration.

In contrast to the decade before 2008, legal reforms since then have had a mixed effect, as Table 7 illustrates. While the reforms in Denmark and Latvia (2008) aimed at strengthening and improving the systems of arbitration and conciliation, three reforms in Greece (2008, 2010 and 2012) resulted in increased barriers to gaining recourse to mediation and arbitration. Similar effects resulted from legal and other changes in Hungary (2011), Spain (2012) and Romania (2012). In Spain, following a 2012 legislative reform, new decision-making powers were given to the National Advisory Committee for Collective Agreements and its equivalents at regional level. This consultative tripartite body can now intervene by means of arbitration, if requested by one party, to settle collective agreement disputes if the alternative dispute resolution mechanisms, if any apply,⁸ fail to solve the problem. Unions are strongly opposed to this move, as this body is an administrative one within the Ministry of Employment and Social Security, and they consider that this intervention undermines the autonomy of the social partners.

Table 7: Developments in the settlement of disputes

	Before 2008		Since 2008
2000	Denmark: Conciliation Act, with new provisions governing the settlement of industrial disputes Sweden: establishment of the National Mediation Office (MI) able to force mediation	2008	Denmark: legal status given to the system of industrial arbitration tribunals Latvia: introduction of a conciliation procedure to resolve disputes Greece: recourse to mediation and arbitration during bargaining in state-controlled enterprises by joint agreement
2001	UK: introduction of voluntary arbitration procedure in unfair dismissal cases	2010	Greece: weakening of the Organisation for Mediation and Arbitration (OMED) as well as consequently the position of unions
2003	UK: reduction of procedural steps in disputes over representation rights Portugal: possibility of compulsory arbitration being determined by the Minister of Social Security and Labour if a collective agreement expires without being replaced	2011	Hungary: main institution of national reconciliation changed to a professional advisory board (National Economic and Social Council, NGTT)
2006	Portugal: creation of a system of obligatory arbitration	2012	Greece: consent of parties needed for recourse to arbitration Spain: mandatory arbitration in case of dispute concerning opt-outs Spain: weakening the autonomy of social partners, who are now obliged to accept the outcomes of mandatory arbitration decisions in cases of disputes concerning opt-outs Romania: modification of the mediation system that also includes certain obligations for parties involved

Source: Authors, based on contributions from Eurofound's network of correspondents

Amendments to implementation and termination practices

Principles governing scope and application

In contrast with countries outside Europe (Canada, Japan and the USA), most EU countries have a long tradition of extending the scope of collective bargaining agreements not only to members of the signatory parties (both of trade unions and employer organisations) but also to non-unionised workers as well as companies that are not members of the employer organisation that has signed the

⁸ An alternative dispute resolution mechanism for the settlement of labour disputes exists in Spain based on a bipartite agreement between the social partners and is supported financially by the state. It is managed by a bipartite foundation (Servicio Interconfederal de Mediación y Arbitraje, SIMA), which handles the disputes by means of mediation, conciliation and arbitration techniques.

agreement.⁹ The topic of collective bargaining agreement extension mechanisms and the (significant) varieties of national regulation, implementation and application in the EU Member States has been documented and analysed in a number of comparative studies (see among others Schulten, 2012; Eurofound, 2011a; Hayter, 2011; Kamanabrou, 2011; Sciarra, 2007).

Before discussing this topic further, some key aspects of current extension systems and the various ways in which they are used should be highlighted. First, the extension of collective agreements to a wider area of application is widespread in Europe, particularly in terms of the coverage of non-unionised workers of a company covered by a collective agreement (*erga omnes*) but also with regard to companies not organised in employers' organisations that signed the agreement. In addition, regarding the coverage of non-unionised workers, it should be noted that even in countries where agreements are legally binding only for trade union members (Bulgaria, Germany, Lithuania, Sweden and the UK), in practice the employers often provide the same or similar conditions for all employees within the company.

In terms of sector-wide extensions, there are currently only seven EU Member States where no legal mechanism exists for the extension of collective agreements to the whole sector: Cyprus, Denmark, Ireland, Italy, Malta, Sweden and the UK (although some elements of extension were under revision in 2014 and 2015; see the section on deviation from collective agreement provisions below) – see Table 8. In Italy, however, the constitutional obligation of employers to pay a 'fair wage' has been a strong functional equivalent of a legal extension mechanism, because judicial practice has traditionally identified minimum collectively agreed wages as a reference for assessing the fairness of wages.

While many countries have a legal framework to apply extensions, the right to extend a collective agreement may be subject to specific requirements (relating to the minimum coverage rate of the agreement or the representativeness of the signatories) or to state authorities being involved. In contrast, there are also countries where it is common for collective agreements to be extended (such as Finland and the Netherlands) and others where collective agreements are automatically or almost automatically extended (Austria, Belgium, France and Spain).

Table 8: Use of collective bargaining agreement extension mechanisms

Main features	Countries
Extension is widespread, and most collective agreements are declared generally binding	Belgium, Finland, France, Greece (until 2011), Luxembourg, Netherlands, Portugal (until 2012), Spain
Extension is widespread due to functional equivalents	Austria, Ireland (until 2009–2011), Italy, Slovenia (until 2008), Romania (until 2011)
Extension is possible but used infrequently or never	Croatia, Bulgaria, Czech Republic, Estonia, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, Slovakia, Slovenia
Extension is not possible	Cyprus, Denmark, Ireland (since 2011), Malta, Sweden, UK

Sources: Authors, based on contributions from Eurofound's network of correspondents; Eurofound, 2011a and 2014a

Although the EU Member States' basic legal frameworks and mechanisms for the extension of collective bargaining agreements have remained quite stable since the late 1990s, there have been some fundamental amendments and changes in certain countries more recently that have resulted

⁹ Interestingly, the first examples of extending the scope of collective bargaining agreements can be found in Australia and New Zealand. In Europe, Switzerland was the first country that initiated such a regulation (though it was not approved in the first instance by the national parliament) before it was included in the collective bargaining regulation in Germany in 1918. See Schulten, 2012, p. 488.

in a reduction of the extension of collective agreements. These cases (Greece, Ireland, Portugal and Romania) have been documented and analysed comprehensively elsewhere (see Rocha et al, 2014; Clauwaert and Schömann, 2013; Ewing, 2014; Trif, 2013, 2014; Dundon and Hickland, 2014). In Greece and Portugal, the drastic changes that occurred were in line with recommendations in the context of the structural reform programmes (Voskeritsian and Kornelakis, 2011; Patra, 2012; Távora and González, 2014) – see Box 7.

In contrast with these developments that negatively affect the extension of collective bargaining, there are also a number of countries where extension practices have been strengthened by legal changes or other developments. For example, a slight increase of extension practices within the existing legal framework after 2008 is reported in Croatia, Bulgaria, Norway and Slovenia – in other words, in countries where the legal possibility of an extension of collective agreements exists but has so far been used very rarely.

Box 7 Drastic changes to extension practices and rules: Greece and Portugal

Until 2011, the sectoral collective agreements in Greece could be extended to all workers in the sector or profession if the agreement was binding for employers employing at least 51% of workers in the sector or profession. The extension of the application, through the declaration of a sectoral collective agreement as obligatory, could also be requested by the competent trade union of workers or employers. In 2011, under Law 4024/2011, the provisions with regard to the extension of the application were suspended until 2015. During this period, provision was made for the exclusive application of sectoral and professional collective agreements only when the employer was a member of the signatory employer organisation.

In 2012, the government in Portugal significantly increased the requirements for the extension of collective agreements, which had previously been commonplace. Following the Memorandum of Understanding between the Portuguese government and the Troika (the EU, the International Monetary Fund (IMF) and the European Central Bank (ECB)), a quantitative criterion was put in place for the extension of collective agreements. According to this, signatory companies must now employ at least half of the workers in the sector, geographical area or professional category to qualify for an extension. Previously, there was no quorum, but the extension was linked to a 'public interest'. Interestingly, the situation in Portugal is exactly the opposite of a change that took place in Germany after 2014, where the German government relaxed the strict quorum for extension and strengthened the criterion of collective agreements being in the 'public interest'. In Portugal, the changes resulted in a sharp decline of extensions and subsequently the collective bargaining coverage rate. In June 2014, the government eased the extension criteria for employer organisations with a high share of micro and small enterprises.

In Croatia, for example, extension mechanisms were rarely applied before 2008, but since then, four collective agreements – for the wood and paper industry, construction, commerce and travel agencies – have been extended by ministerial decision. In Bulgaria, the possibility for extension was provided by law in 2001; however, it has been applied only since 2010 as the anti-crisis measures, negotiated in 2010, allowed the extension of few collective labour agreements in sectors such as mining, water supply and beer production. In Norway, extension was first used in 2003 but only for

a few agreements and mainly concerning pay and working time. In light of increasing labour migration from the EU10, the practice of extension has increased as key clauses of collective agreements have been made generally applicable within several industries, such as construction and shipbuilding. From 2008 onwards, the practice has remained stable and increased slightly in the last year.

New legislation positively influenced extension practices in the Czech Republic, Estonia, Germany, Hungary, Italy, Latvia and Slovakia. In the Czech Republic, there was a simplification of rules governing extension in 2005 (see Eurofound, 2006b); in Hungary, the establishment of sectoral social dialogue committees in 2003 was supported by the government; in Latvia, thresholds and criteria in 2006 and 2010 were lowered; and in Estonia, the High Court in 2008 confirmed the constitutional consistency of extensions. Apart from those in Latvia, all these changes took place before the crisis. In Germany, Italy and Slovakia, legislative changes that supported the extension of collective agreements took place more recently – see Box 8 for details on Germany and Italy.

Box 8 Enhancement of extension mechanisms in recent legislation: Germany and Italy

After a decrease in the number of extended agreements since 1997 in Germany, extensions per year were at a historic low before the crisis and in the dynamic recovery phase. In 2014, the Act for Promoting Collective Bargaining Autonomy (Tarifautonomiestärkungsgesetz) reformed the extension mechanisms under the Collective Agreement Act and the Posted Workers Act and allowed for an extension mechanism in the Temporary Agency Act. The previous threshold (50% coverage of workers by a sectoral agreement to be extendable) was abandoned and the legislation was amended to include the condition that an ‘extension has to be in public interest’. The collective agreement has to be representative in terms of being concluded by the trade union with the most workers in the sector.

By contrast, Italy was characterised by a widespread practice of de facto extension confirmed by Labour Court rulings. The Collective Act on Representation in 2014 introduced a regulation on automatic extension. Agreements signed by trade unions reaching a total representativeness threshold of at least 50% plus one and approved by workers through a referendum are binding for all workers in the sector and for all trade unions and employer organisations that signed the agreement. According to the Act, firm-level agreements signed by the majority of the members of a workers’ representative body (Rappresentanza Sindacale Unitaria, RSUs) or by the plant-level union structures (Rappresentanze sindacali aziendali, RSAs) that collect the majority of proxies conferred by employees are binding for all workers.

Slovakia has changed its regulations on extensions repeatedly, both restricting (2007) and relaxing (2013) the criteria. New laws in 2014 provided for the abandonment of quantitative thresholds in Germany. In Italy, the de facto extension by constitutional obligation was complemented by a general quorum criterion for the extension of collective agreements.

Similarities and differences in extension practices

Some commonalities in the development and change of extension practices across countries since 1997 are worth highlighting, as are some differences.

Firstly, perhaps the most significant change has affected a number of countries in the group of countries previously characterised by a widespread use of extension practices, either directly by legal

provisions or by functional equivalents. This change has resulted in a significant decline of collective bargaining coverage, as the cases of Ireland, Greece, Portugal and Romania illustrate. In most, this change was crisis-induced and part of other far-reaching changes.

Secondly, there are very few cases where an increasing use of extension practices has been reported. Only in Bulgaria, Germany and Norway has the use of extension declarations increased during the past decade – all these are from the group where extension mechanisms exist but were used rather rarely in the past. In Germany, the increase resulted from a growing number of sectoral minimum wage agreements that were declared legally binding, while in Bulgaria (from a very low basis, however) and Norway, a (slight) growth of existing provisions has been reported. In Slovakia, the possibility to extend collective agreements was made easier after 2013 when the rule (introduced in 2011) that the relevant employer had to agree to the extension was abolished. In Germany, from 1997 to 2007, there was a continuous decline in the number of collective agreements declared generally applicable for a sector, and the number of new extensions decreased sharply, particularly in the early 2000s. Extensions per year were at a historic low in 2008. From 2008 to 2012, the overall number of extended agreements increased from 463 to 502, but decreased to 496 in 2014.

Finally, and also taking into account that there is quite a large group of countries where practices have been reported as stable (including all those countries where no extension practice exists), the overall EU trend since the late 1990s in terms of the widening of the scope of collective agreements by various extension mechanisms is quite clear: all in all, the application of widespread extension practices is becoming less frequent, while there has been little or no change in countries that are characterised by a very rare application of extension mechanisms. A further result is that change in regard to the functional scope of collective agreements has clearly accelerated after 2008, in particular in those countries that were affected most by the double-dip recession crises.

Termination and continuation beyond expiry

Legal changes to practices relating to the after-effect of collective agreements after expiry since the late 1990s affected just a few countries, in southern as well as central and eastern Europe. Most prominent are the southern European countries of Greece, Portugal and Spain, where there has been a tradition of automatic continuation of collective agreements in cases where no new agreement can be reached – see Box 9.

Box 9 Changes to automatic continuation of collective agreements on expiry: Greece, Spain and Portugal

In Greece, the structural reforms following the Memorandum of Understanding included a law in 2012 that replaced the possibility of indefinite collective agreements ('*metenergeia*') by a minimum time validity of one year and a maximum of three years. Similarly, the after-effect period of collective agreements has been reduced from six to three months. If no new agreement can be concluded during this period, all terms of the expired agreement will cease to apply, except terms on basic salary and social allowances.

Similarly, in Spain, the government put an end to the principle of 'ultra-activity' (*ultra-actividad*) in 2012, which previously allowed for the indefinite extension of expired collective agreements. From the beginning, the implementation of this change resulted in a significant decline of collective agreements reached at sector level. However, the Supreme Court has recently called into question this legislative change with its interpretation that the law does not distinguish between agreements signed prior to the reform and those signed after, and consequently parties may negotiate an extension where ultra-activity clauses exist. Therefore, those agreements previously agreed remain valid until the next agreements are negotiated. Interestingly, the Supreme Court refers in this decision to ILO Convention 98 and Article 6 of the European Social Charter.

In Portugal, the structural reform programme called for an independent review on the survival (*sobrevigência*) of contracts that have expired but are not renewed. The Labour Code of 2003 and a new law in 2006 had introduced a restriction of the rule that a collective agreement could only expire if all its signatory parties would agree or if replaced by a new agreement. A further revision in 2009 introduced a reduction of the survival period and created a new regime for agreements with a survival clause. In August 2014, a new law was adopted that further reduced the survival of collective agreements that had expired and not been renewed from 18 months to one year. The law also reduced the time of a continuation of an existing agreement until a new agreement is reached from five to three years since the last time the agreement was published or after one of the parties expressed its interest in ending the agreement.

But measures relaxing the after-effects of collective agreements have not only been implemented in the southern European countries. In 2000, Poland introduced the rule that in case of the termination of an agreement, it should be valid until a new agreement is concluded. However, in 2002, this regulation changed, and the possibility for an agreement to be terminated unilaterally by either signatory party was established. In this context, it should be noted that the 2002 changes also involved the possibility for an employer to suspend the provisions of a collective agreement in situations of severe financial difficulties.

Also reflecting a trend of establishing more flexibility in the aftermath of collective agreements, in 2012 Estonia introduced a new law that replaced the practice of automatic continuation of collective agreements after expiry and established the requirement that a continuation of validity must be agreed by the signatory parties.

These changes, which mainly occurred after the 2008 crisis, seem to illustrate a common feature with regard to the continuation of collective agreements after expiry. Existing practices of automatic

continuation have been scrapped, and the continuation of agreements today in most European countries seem to be based on a joint agreement of the signatory parties – at least after a certain period of time. Furthermore, as the example of Poland shows, as far back as 2001 it has been made easier for a collective agreement to be terminated unilaterally by one signatory party.

Deviation from collective agreement provisions

Different kinds of company-level deviations from national or sectoral collective agreements have received growing attention in recent years in academic and policy debates in Europe, particularly since the economic crisis started to put many companies and jobs under pressure.

There are various forms of deviations from higher-level collective agreements and possibilities for companies to do so. The reasoning behind deviations is that they are an instrument that may permit companies to overcome temporary economic difficulties without resorting to (mass) layoffs. This may help prevent workers from becoming unemployed, avoid costly layoff procedures and preserve human capital for the company. Although the use of terms is not always consistent across different countries, deviation can take different forms, such as opening clauses, hardship clauses, opt-out clauses for parts of or the whole collective agreement, or ‘inability-to-pay’ clauses in crisis situations.¹⁰ Perhaps more important than the concrete forms and types of deviations is whether or not the possibility to deviate from collective bargaining norms is linked to certain rules, procedures and clauses that are defined in the respective intersectoral or sectoral agreements or whether an opt-out or deviation can be decided unilaterally by the employers.

In particular from the trade union point of view, deviation from collective agreement provisions, namely on wages and working time, is a controversial instrument because if applied in an uncoordinated way, it may undermine or weaken the regulatory capacity of collectively agreed standards and can result in downward spirals and increased competition between companies in a given sector on wages and working conditions.

The introduction of possibilities within collective bargaining systems that devolve the regulation of lower-level agreements (opening clauses) or which allow lower levels of bargaining to derogate from the regulations set by higher-level agreements in situations of economic hardship (derogation, opt-out or hardship clauses) is not a new trend. Controlled forms of deviation (opening, derogation, deviation clauses) as well as less controlled forms (such as general opt-out clauses) have been interpreted as major aspects of the trend of towards more decentralised bargaining and a strengthening of flexibility of collective agreements that began in the early 1990s in western Europe.

For example, in Finland since the early 1990s there has been a growing tendency for national collective agreements in the private and public sectors to contain opening clauses that devolve bargaining processes at company level, especially related to working time flexibility. Agreements on pay and labour costs are also fairly common in local-level agreements. In 1993, the tripartite agreement in Italy awarded the task of defining the issues that company company-level bargaining is allowed to deal with to sector-level agreements.

However, as Table 9 illustrates, various forms of deviation possibilities have been widespread since the beginning of the century.

¹⁰ It is not possible in the context of this study to give a comprehensive overview of the different forms of deviation practice and their evolution since the late 1990s; see Eurofound, 2010d for an overview of seven EU Member States.

In Germany, opening clauses have been included in an increasing number of sectoral agreements, applying in the event of serious economic difficulties but also to improve competitiveness, safeguard employment and facilitate fresh investment (the Pforzheim Accord concluded in 2004 in the metalworking sector being the most important agreement). In Norway, since 2000, most private sector collective agreements have contained a clause allowing parties at company level to agree on experimental schemes on working time that are outside the level of the collective agreement; however, the provision is rarely used. Provisions stipulating derogation from minimal standards have been introduced into collective wage agreements in Slovenia since 2006 to save jobs.

As mentioned above, in 2002, Poland established the possibility to deviate from the provisions of a collective agreement in situations of financial difficulties. Also in France, the so-called Loi Fillon in 2004 introduced the possibility of deviation from higher-level agreements unless such derogation is expressly forbidden in the higher-level agreement. The favourability principle, however, remains in force in respect of four themes: minimum wages, job classifications, supplementary social protection measures and multicompany and cross-sector vocational training funds.

Deviations from sectoral agreements were allowed at company level in Denmark in the first place as pilot projects addressing working time, cooperation in the workplace and further training. Before 2008, any deviation had to be acknowledged at sector level. Today, the possibility of deviation at company level has been made permanent, and sector organisations only need to be informed.

Table 9: Changes in deviation clauses and practices

		Opening clauses	Opt-outs	Other deviation practices
Introduction or strengthening of deviation possibilities	Before 2008	Finland, Germany, Italy, Norway	Estonia	Denmark, France, Italy, Lithuania, Poland, Slovenia
	Since 2008	Austria, Cyprus, Germany, Italy, Norway, Portugal, Sweden	Bulgaria, France, Greece, Ireland, Italy, Slovenia, Spain	Croatia, Cyprus, Denmark, France, Lithuania, Romania
No change		Belgium, Czech Republic, Hungary, Latvia, Luxembourg, Malta, Netherlands, Slovakia, UK		

Sources: Authors, based on contributions from Eurofound's network of correspondents; Eurofound, 2014a

It is clear from Table 9 that the possibility to deviate from the provisions of a collective agreement through opening clauses, opt-outs or other forms of issue-specific deviation practices became much more widespread in the EU after 2008, and legal changes since 2008 have been more intensive than before.

This dynamic is illustrated, for example, by Italy: the agreement of 1993 defined the general scope (and hierarchies) of company- versus sector-level agreements, but until 2009, there were no specific regulations on opening clauses, although in principle the possibility existed to include such clauses in sectoral collective agreements (Eurofound, 2011c). In 2009, a number of employer associations, including Confindustria, the major employer association, and the CISL and UIL trade unions signed the Framework Agreement for the Reform of the Collective Bargaining System.¹¹ The agreement contains, among other things, the contingency for opening clauses, permitting company-level collective bargaining – or territorial-level bargaining concerning specific regions or cities in Italy – to change, for the worse, the rules of national sectoral collective agreements. It would apply in situations of economic crisis or to promote economic and employment growth. To reach these goals, it is possible for decentralised agreements to modify the contents of national sectoral agreements with regard to wages and other norms. However, the agreement also leaves open broad possibilities for the sectoral social partners to control the specific conditions and procedures of such opening clauses.

¹¹ CGIL, the major trade union confederation, refused to sign the agreement.

Countries that have not seen any significant change either have industrial relations models in which collective bargaining predominantly takes place at the company level or are cases such as Belgium and the Netherlands, which even before 1997 had established a system of national and sectoral agreements that contain provisions allowing or obliging employers and union representatives to negotiate certain issues at company level.

With the onset of the economic crisis and a consequent growing need for internal flexibility enabling companies to cope with the fallout of the economic downturn, deviation possibilities were promoted in more countries, namely in Bulgaria, France, Greece, Ireland, Italy, Slovenia and Spain.

In cases of economic hardship, the possibility of deviation was introduced via legislation (Greece in 2010, Spain in 2010 and Ireland in 2011) in sectors governed by binding wage-setting mechanisms.¹² In France, the possibility of temporary deviations from wage and working time agreements in exchange for job security was established in 2013, mirroring similar rules already established in countries such as Italy in 2011 (opt-out clauses from sector wage standards introduced in 2011) or Spain in 2012 (opt-out clauses in sector and provincial agreements).

Deviation practices have also become more widespread, particularly in response to economic crisis situations. While in Austria only a slight increase of opening clauses has been reported in recent years, in Cyprus a constantly growing number of opening and other deviation clauses has been concluded since 2012. During the financial crisis, the need to increase the flexibility of companies, especially regarding working time, was reinforced. Hence, in Norway most agreements in the private sector allowed for deviations concerning the implementation of the sector wage increase. In exchange for rather low wage increases, agreements in Germany featured a range of provisions for short-time work and other forms of working time reduction at company level – particularly so in the metal sector, to maintain employment. The same applies to the 2010 short-time working agreement in manufacturing in Sweden.

To increase productivity and competitiveness, elements of the sector-level bargaining agenda may be delegated to company level, a practice promoted by the 2012 Labour Code in Portugal as well as by the 2009 and 2014 tripartite agreements in Italy.

More frequent exceptions to the favourability principle

Since 2008, and most notably in the countries affected significantly by the crisis, not only have various possibilities for companies to deviate from sectoral or national collective agreements been made easier, but legal changes have also addressed the so-called favourability principle. In countries with multilevel collective bargaining systems, this principle has established a clear hierarchy in bargaining levels, according to which standards concluded at a higher level can only be improved on (for employees) but not worsened at a lower level. In most cases, it also includes the provision that collective agreements at every level may not include any provision that is below legal standards¹³ (this rule was strengthened, for example, in Portugal in 2009 and Hungary in 2012).

The favourability principle has been weakened in the context of labour market reform packages in response to the economic crisis. In 2009, a reform in Lithuania stipulated that collective agreements may provide less protection for employees than laid down by law in areas such as dismissal notice periods and severance pay. And after 2010, Greece and Portugal introduced new rules that allowed company-level agreements to derogate from higher-level agreements.

¹² In Ireland, a new Act on bargaining that reinstates Registered Employment Agreements (REAs) was agreed in 2014, which will allow for temporary derogation at company level in case of financial problems. The Act has not been enacted yet (see also, ETUI, 2014b).

¹³ See the overview in Eurofound, 2005a, p. 11.

Widening and narrowing of the topics addressed

According to a Eurofound study on social dialogue during the global economic crisis of 2008 and thereafter, the traditional institutional patterns of European social dialogue prevailed and remained unchanged in this period (Eurofound, 2012c). At the same time, the authors noted a number of changes, adjustments and new practices or innovations, particularly in countries where collective bargaining has traditionally been strong and stable. The study noted that the subjects addressed by collective bargaining have gradually broadened, increasingly addressing issues such as employability (vocational training), equal treatment of women and men, and the fight against discrimination. These results reflect other comparative studies (such as Hayter, 2011) as well as policy-oriented analyses of the quality of industrial relations (European Commission, 2002a).

Table 10 illustrates subjects that have been addressed increasingly by collective bargaining at various levels since 2000.

Table 10: Emerging topics addressed by collective bargaining since 2000

Economic themes	Employment themes	Work-related themes
- Competitiveness	- Early retirement	- Employability and training (vocational training and lifelong learning)
- Change management and restructuring	- Job classification	- Prevention of skills shortages
- Internal and external flexibility	- Promotion and career development	- Apprenticeship
- Downsizing	- Integration of minorities and individuals at risk or with disadvantages in the labour market	- New forms of work (such as temporary work, part-time work, telework and 'economically dependent' self-employment)
- Outsourcing and contracting out	- Gender equality and the gender pay gap	- Work organisation
- Agency and contract work	- Promotion of active ageing	- Working conditions (also for subcontractors)
- Demographic change	- Mobility and career pathways, employment and redeployment	- Gender mainstreaming
	- Pensions	- Non-discrimination
	- Profit-sharing schemes	- Reconciliation of work and family life
	- Dismissal rules and compensation	- Work-life balance
		- Health and safety (including psychological work environment and sexual harassment)
		- Corporate social responsibility
		- Undeclared work

Sources: Various Eurofound annual industrial relations reports, European Commission Industrial Relations in Europe reports and other comparative studies

While the overview in Table 10 indicates broader trends and the evolution of major themes addressed by collective bargaining generally speaking, before 2005–2006, particularly, issues related to working conditions and the regulation of new forms of employment (mainly atypical work) were addressed, thereby reflecting EU-level Directives and agreements such as those on telework, part-time work or temporary agency work. Against this general trend of a broadening scope of topics in collective bargaining, the current analysis and reports by Eurofound national correspondents allow for a more in-depth and detailed analysis of collective bargaining topics and their development before and after 2008.

Table 11 highlights the results of the information collected for this study, covering the period since the 1990s. It shows that the development of topics addressed during the past 15 years is characterised not by broad and uniform trends but a concurrence of different tendencies and patterns of evolution

according to country and over time. Four general patterns of stability and change and clusters of countries are evident.

Firstly, there is a group of western European countries with well-established and stable multilevel bargaining systems, comprising Austria, Belgium and the Netherlands, where the bargaining agenda at the end of the 1990s was already comparatively broad and little change has been seen since then.

The second group, comprising Croatia, Luxembourg, Poland and Portugal, is characterised by narrower bargaining agendas that have also undergone few changes since the end of the 1990s.

Table 11: Patterns of change in terms of topics addressed by collective bargaining

Patterns of evolution	Countries
Stable with a broad bargaining agenda	Austria, Belgium, Netherlands
Stable with a narrow bargaining agenda	Croatia, Luxembourg, Poland, Portugal (mainly addressing wage setting issues)
Broadening the bargaining agenda	Bulgaria, Cyprus, Hungary, Latvia, Malta, Slovakia, Slovenia (all before 2008, resulting from EU accession) Romania (before 2011) Czech Republic (after 2007, resulting from decentralisation) Finland (after 2008, resulting from more flexibility at company level) Denmark, France, Germany (as a result of decentralisation) Italy (more flexibility at company level, small companies, bipartite funds) Lithuania (regional social dialogue issues) Sweden (as a result of decentralisation, training and skills, flexible workers) Spain (flexibility and employment security)
Narrowing the bargaining agenda	Bulgaria, Cyprus, Estonia (with the exception of skills development), Greece, Hungary, Ireland (all after 2008) Romania (after 2011) UK (steady trend)

Source: Authors, based on contributions from Eurofound's network of correspondents

Thirdly, there is a larger group of EU Member States – representing quite different models and patterns of collective bargaining and industrial relations – where agendas have undergone broadening processes to address new topics. Although the driving forces behind these developments differ in most cases, major factors have been the integration into the EU of central and eastern European countries and Malta and greater flexibility and autonomy of company-based bargaining (decentralisation) in countries such as the Czech Republic, Finland, Germany and Sweden. Finland, Germany and Sweden, particularly, have seen a widening of bargaining topics at company level (most prominently on internal flexibility, such as short-time working systems, but also on supporting employability and skills development) in response to the 2008 crisis. Interestingly, during the whole period analysed, Spain shows predominantly stable bargaining agendas enlarged by incorporating specific themes related to flexibility or employment security, although the legislative reform adopted as a consequence of the crisis has tended to reduce room for negotiation on some topics that are now ruled by law.

In the fourth group of countries, the crisis has resulted in a narrowing of topics negotiated at different levels of collective bargaining. Significant change has taken place, for example, in Bulgaria, Cyprus and Hungary, where before the crisis new issues were addressed by collective bargaining, but the range of topics since then has been reduced significantly. A strong crisis-induced change is also reported in Greece and Ireland after 2008 as a result of redirecting collective bargaining to local level. A similar change took place in Romania after 2011 as a result of the 2011 Social Dialogue Act.

The UK, as perhaps the only country in Europe where even by the end of the 1990s collective bargaining above the company level hardly existed, is the only EU country that is characterised by a steady process of narrowing the bargaining agenda throughout the whole period covered by this study, resulting from a continuous erosion and weakening of collective bargaining at company level, which tends to focus on basic topics such as wages and working time.

A recent comparative report edited by the ILO highlighted the ability of collective bargaining outputs in highly coordinated industrial relations systems to foster innovation and balance the interests of employers and workers (Hayter, 2011). The overview in Table 11 confirms this linkage between the narrowness or openness of collective bargaining topics, on the one hand, and the existence of multilevel and coordinated bargaining systems, on the other hand. It shows that countries with narrow bargaining agendas or those that have experienced a narrowing down of topics addressed by collective bargaining are also those with a rather weak multilevel and coordinated system of bargaining.

Changes in functional levels, decentralisation and coordination

Most EU countries have a multilevel collective bargaining system that is characterised by a hierarchical or functional interaction between the different bargaining levels. As Table 12 shows, until the 2008 crisis there were only eight countries – all of them from either the West or Centre-East model of industrial relations (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland and the UK) – where collective bargaining took place predominantly at company level.

Table 12: Change in the dominant level of bargaining since the late 1990s

Bargaining system	Countries	Change in the predominant level of bargaining
Bargaining predominantly takes place at central or cross-industry level, with binding norms or ceilings to be respected by agreements negotiated at lower levels	Belgium, Finland, Ireland (until 2009), Slovenia (until 2009)	<p>Ireland: change towards company level as the predominant level of bargaining (2009)</p> <p>Finland: change towards industry or sector level in the period 2007–2011, followed by a centralisation of bargaining</p> <p>Slovenia: change towards sector level (2009)</p> <p>General trend: company level has stronger role</p>
Intermediate or alternating between central and industry bargaining	Greece (until 2010)	Change towards stronger influence of company bargaining in an intermediate sector- or company-level system (2010)
Bargaining predominantly takes place at the sector or industry level	Austria, Denmark, France, Germany, Italy, Netherlands, Romania (until 2011), Slovenia (since 2009), Spain, Sweden	<p>Romania: change towards company level (2011)</p> <p>Portugal: change towards stronger influence of company-level bargaining in an intermediate sector- or company-level system (2012)</p> <p>General trend: company level has stronger role</p>
Intermediate or alternating between sector and company bargaining	Bulgaria, Croatia, Cyprus, Greece (since 2010), Luxembourg, Portugal (since 2012), Slovakia	<p>No change, but strong role of company level as a general feature</p> <p>Two countries have joined this model since 2008</p>
Bargaining predominantly takes place at the local or company level	Czech Republic, Estonia, Hungary, Ireland (since 2009), Latvia, Lithuania, Malta, Poland, Romania (since 2011), UK	<p>No change</p> <p>Two countries have joined this model since 2008</p>

Sources: Authors, based on contributions from Eurofound's network of correspondents and ICTWSS 4.0

At the other end of the spectrum, there are four countries (Belgium, Finland, Ireland and Slovenia) where until 2009 bargaining predominantly took place at central or cross-industry level, with binding norms for agreements negotiated at lower levels. This group has experienced the most significant change. While there have been some trends of temporary recentralisation after periods of an increasing

role of sector-level bargaining in Belgium (due to the role played by the government in the wage negotiations of 2011 and 2013) and Finland (as a result of the return to cross-sector wage agreements in 2011 and 2013), Ireland and Slovenia have experienced a notable downward shift in the predominant bargaining level. In Ireland, no new cross-industry social pact was signed in 2009, thereby ending a series of pacts concluded since 1987 and shifting bargaining predominantly to company level. A similar development was noted in Slovenia, where in 2009 the social partners failed to renew the cross-industry pacts that determine working conditions for sectors not covered by an agreement.

According to the ICTWSS database (see also European Commission, 2015, p. 31), there are three different forms of intermediate or alternating systems of multilevel bargaining that are more or less linked to predominant roles of sector- or company-level bargaining.¹⁴ Until 2010, Greece was a special case because it was characterised by an intermediate system of industry bargaining that was determined very much by agreements reached at central level. This has changed, however, due to the 2010 reform of the favourability principle that resulted in the sector or company level becoming the dominant arena of bargaining. Significant changes also took place in Portugal and Romania, where stricter representativeness criteria resulted in a weakening of higher bargaining levels, and lower levels became more important or dominant.

These changes make the landscape of national collective bargaining systems today very different from the end of the 1990s, as a result of the marked shift towards lower levels of bargaining and the absence of any example where higher-level agreements gained more importance. In a situation of accelerated decentralisation and an increase of deviation practices, the coordination of collective bargaining as well as refining functional and hierarchical relationships aimed at keeping the balance between lower and upper bargaining levels becomes more relevant.

Collective bargaining coordination

The coordination of collective bargaining refers to the relationships between the various bargaining levels (vertical coordination) or across different bargaining units at the same level (horizontal coordination). Moreover, coordination mechanisms can be based on different aspects of bargaining systems, namely:

- regulatory capacity (for example, the norms set in higher-level agreements);
- organisational capacity (for example, the control that central organisations can exert on lower-level bargaining units);
- a combination of both of the above (for example, pattern bargaining, whereby a particular agreement sets the reference for subsequent ones).

Against the trends of accelerated decentralisation and downstream shifts of bargaining competences towards lower levels, as already described, the need for stronger coordination of collective bargaining has certainly increased since the late 1990s throughout the EU.

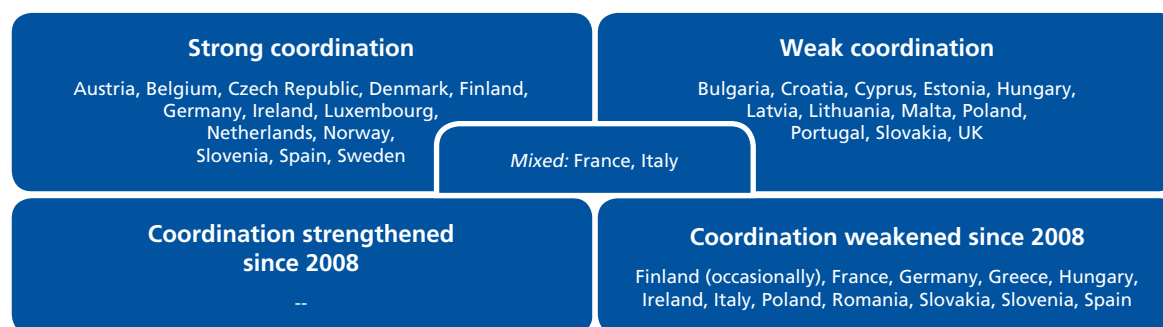
In contrast to comparative studies that have argued that, unlike centralisation, there is no common long-term trend in coordination (such as European Commission, 2015),¹⁵ the national analysis carried out in this study produces a slightly different picture. Figure 1 suggests that bargaining

¹⁴ These are a) intermediate or alternating between central and industry bargaining; b) bargaining predominantly taking place at the sector or industry level; c) intermediate or alternating between sector and company bargaining.

¹⁵ This difference may, however, also result from a definition of coordination (as in the ICTWSS database) that also includes government-imposed coordination.

coordination since 2008 has certainly not been strengthened (despite a potentially increasing need for it due to decentralisation), but rather the opposite has been the case – at least in a number of countries that fall into both major groups of either strong or weak bargaining coordination practice.

Figure 1: Features and trends in the coordination of bargaining levels



Source: Authors, based on contributions from Eurofound’s network of correspondents and ICTWSS 4.0

Throughout the whole period covered by this study, EU Member States could generally be divided in two groups of countries that tend to overlap with the Centre-West and North industrial relations models (with strong coordination) and the Centre-East and West models (with weak coordination).

There are a number of countries that can be regarded as ‘stable’ because no change or only marginal change has taken place since the late 1990s. These are, in particular, Austria, Belgium, Denmark, the Netherlands and Sweden, where coordination is at fairly high and stable levels (see Box 10 for more details on the Netherlands and Sweden). It also includes Spain, which before 1997 strengthened the coordination of collective bargaining, and the Czech Republic, the only country from the central and eastern European Member States belonging to this group. In Spain, however, coordination has recently been weakened following a reform in 2012 that decentralises to company level by allowing the lower level of bargaining not to apply the higher collective agreement. There are also countries in the group with a high level of bargaining coordination that have experienced a weakening of coordination in certain sectors (such as the public service in Germany) or temporarily (Finland). Similar trends are reported from France and Italy.

Box 10 Coordination within multilevel systems of collective bargaining: Sweden and the Netherlands

Swedish collective agreements can be classified into seven types, which can be further grouped into three categories: a) locally set wages with different restrictions, b) wage pots that are then locally distributed to employees, with different restrictions, and c) centrally set wage increases that may include a wage pot as well. Using statistical analysis on the data from the yearly reports of the Mediation Institute, there was a clear trend of the wage-pot category increasing and centralised wages declining. It is noteworthy that this happened within the framework of sectoral or cross-sectoral agreements.

In the Netherlands, the 2012–2013 agreement for the printing industry is a good example of ‘controlled decentralisation’. There are three types of provisions. The first category is binding to the signatory parties. The second category allows for deviations at subsector or company level, to be negotiated by employers and unions. The third category allows for deviations at company level after consultation with the works council.

There has also been a significant weakening of bargaining coordination in countries of the group where coordination is weaker. In Ireland and Slovenia, the collapse of social pacts in 2009 resulted in diminishing coordination. In Romania, coordination totally broke down as a result of the legislative changes introduced in 2011. Collective bargaining coordination has also been weakened significantly in Greece, Hungary, Poland and Slovakia, according to the national reports. It has diminished most drastically perhaps in Greece, where not only was the national-level collective agreement suspended and the favourability principle abolished, but the option to conclude collective agreements with so-called ‘associations of persons’ who are not unionised was instituted. As the Greek contribution to this study highlights, this had immediate and negative effects on working conditions and wages – see Box 11.

Box 11 New types of company-level agreements: Greece

The passing of a law in late 2011 allowed company-level agreements to take precedence over sectoral agreements, leading to a proliferation of new agreements concluded by employers and mainly newly established ‘associations of persons’ at company level in various sectors of the economy. The negative impact of this on the workers’ incomes soon became visible and increased in 2012.

The vast majority of the new business-level agreements provide for drastic pay reductions, ranging from 10% to 40%, compared with the levels provided for by sectoral, professional or older business-level agreements. In many of them, the minimum pay in the enterprise is reduced and aligned completely with the minimum wage.

Another important result of this analysis is that in contrast to earlier periods (the most notable example being Spain), since the late 1990s there has been no single national example where collective bargaining coordination has been strengthened. Although there have been some attempts – often supported by European funding – in the Baltic countries (after 2008) as well as Hungary (before 2008), they have not resulted in any concrete effects of any significant coordination.

Longer-term trends and their impact

Quantitative developments

A comparative report from 2005 on collective bargaining trends since the beginning of the 1990s highlighted that with respect to the overall number of agreements as well as the average duration of collective agreements, little quantitative change took place throughout that decade (Eurofound, 2005a). By contrast, the current report indicates a growing variety of trends and tendencies.

Average duration of collective agreements

Most EU countries report that the average duration of collective agreements since 2008 has reduced, mainly as a result of the difficulties in agreeing longer-term provisions in times of economic and financial turmoil and accelerated change (Table 13). However, there is also a substantial group of six countries that report exactly the opposite. As this group includes countries with a multilevel bargaining system that is highly coordinated, such as Denmark, Finland and Germany, as well as, to a lesser degree, the Czech Republic, this may indicate the coexistence of longer-term, higher-level agreements with a prolonged average duration that provide an orientation and framework for lower-level agreements that have shorter durations or are more flexible.

This pattern also characterises most countries that report an overall stability in the average duration of collective agreements (Austria, Belgium, France, Italy, Malta, the Netherlands, Norway, Poland and Slovakia), as Table 13 shows.

Table 13: Patterns of change in the duration of collective agreements

Patterns of change	Countries
Overall stable duration	Austria, Belgium, France, Italy, Malta, Netherlands, Norway, Poland, Slovakia
Reduced duration since 2008	Bulgaria, Croatia, Cyprus, Lithuania, Luxembourg, Portugal, Romania, Slovenia, UK
Increased duration since 2008	Czech Republic, Denmark, Finland, Germany, Hungary, Spain

Notes: Mixed results for Ireland and Sweden; no data available for Estonia, Greece and Latvia. For details, see Table A5 in the annex.

Source: Authors, based on contributions from Eurofound's network of correspondents

Although more substantial research should address this issue, one possible conclusion from these patterns is that countries with a functioning and stable system of multilevel bargaining that have also had decentralised bargaining practice in a coordinated way since the end of the 1990s have either experienced a comparatively stable situation in terms of the duration of agreements or even a trend for longer durations. In contrast, countries where the company level is the dominant level of bargaining have seen a shortening of average durations as a result of the worsening of economic conditions.

Number of collective agreements

Decentralisation of bargaining processes, on the one hand, and crisis-induced factors, on the other, also seem to determine patterns of change with regard to the absolute number of collective agreements in the EU Member States. As Table 14 shows, apart from the UK, all countries that have experienced an overall decline in the number of collective agreements are located in central and eastern Europe or in southern Europe; in other words, countries where collective bargaining predominantly takes place at company level or countries that after 2008 experienced an abrupt and

‘disorganised’ decentralisation – such as Greece, Portugal and Spain – resulting in a sharp decrease in the number of collective agreements.¹⁶

Table 14: Patterns of change in the number of agreements

Patterns of change	Countries
No significant change	Denmark, Norway, Sweden
Decreasing number of agreements	Belgium (higher-level agreements), Bulgaria, Cyprus, Czech Republic, Estonia, Latvia, Malta, Poland, Portugal (after 2008), Romania, Slovakia, Slovenia, Spain (after 2008), UK
Increasing number of agreements	Austria, Belgium, Croatia, Finland, France, Germany (particularly company-level agreements), Italy (particularly company-level agreements), Lithuania (sector level), the Netherlands (company level), Spain (until 2008)

Notes: No data available for Greece, Ireland, Hungary and Luxembourg. For more details, see Table A5 in the annex.

Source: Authors, based on contributions from Eurofound’s network of correspondents

Developments in collective bargaining coverage

Bargaining coverage remained stable for the EU as a whole during the decade preceding the crisis, with a slight decrease from about 68% at the end of the 1990s to approximately 66% in 2007–2009 (European Commission, 2013, p. 21). The decline since then has not only accelerated, but the differences in developments between countries have increased significantly. As Table 15 shows, the most dramatic decline in collective bargaining happened in those countries where unemployment increased most strongly as an effect of the 2008 crisis and where the collective bargaining system was the target of structural reforms. In Romania, bargaining coverage increased from about 70% in 1999 to almost 100% in 2008 and then fell to only 35% after 2011; in Greece, it plummeted from 85% in 2010 to less than 40% subsequently; in Spain, it decreased from 80% to 55% since 2010; and in Portugal, it fell from more than 80% to less than 70% since 2008. These countries before the crisis had bargaining coverage rates that were clearly above the EU average.

There is a further group of countries that has experienced a decline in collective bargaining coverage above the EU average: Cyprus, Bulgaria, Ireland, Hungary, Germany, Poland, Slovakia and Slovenia have all seen a decline of more than 10 percentage points. This decline can be explained not only by the effects of economic crisis, company closures and rising unemployment but may also reflect longer-term trends of restructuring (such as offshoring and outsourcing) and structural trends within the economy (for example, the shift from manufacturing toward services) that occurred even before 2008 (as in Germany).

By contrast, there are countries where collective bargaining coverage has been relatively stable, such as Austria, the Czech Republic, Denmark, France, Italy and Sweden. Furthermore, there are three countries where since 2008 collective bargaining coverage is reported to have increased slightly: Belgium, Finland and the Netherlands. This latter group of countries is particularly interesting as it is composed of countries that also are characterised by overall stability in their collective bargaining frameworks and less regulatory change, as well as a strong overall trend of decentralisation of bargaining (which, however, is carried out in a coordinated and organised way).

¹⁶ Between 2008 and 2014, the number of newly registered collective agreements fell by 71%, from 295 to 85, in Portugal, and the number of workers covered by newly concluded collective agreements declined by 87%, from 1.9 million to 246,000. In Spain, the number of registered collective agreements in the same period fell by 43%, from 6,000 to approximately 3,400, while the number of workers covered by such agreements decreased by 41%, from 12 million to just over 7 million. In Greece, the number of company-based collective agreements increased sharply after the new law came into force and provided for the conclusion of agreements at company level with lower-standard provisions than the higher-level agreements at sector level. Furthermore, many employers used the new legal opportunity to conclude agreements with non-unionised ‘associations of employees’. (Figures taken from ETUI, 2014a and information provided by Eurofound’s national correspondents.)

However, this stable or even positive situation in some countries has not halted the general, and since 2008 accelerated, trend of a decreasing coverage of employees by collective bargaining. Table 15 also shows that the number of EU countries that have a rate of collective bargaining coverage below 40% has doubled since the end of the 1990s and that today in more than one-third of all EU Member States, the majority of employees are not covered by collective bargaining.

Table 15: Evolution of collective bargaining coverage

	Very low coverage < 20%	Low coverage 20%–40%	Medium coverage 40%–60%	High coverage 60%–80%	Very high coverage 80%–100%	EU average
1997–1999	Latvia Lithuania	Bulgaria Estonia Hungary UK	Czech Republic Ireland Malta Poland Slovakia	Croatia Cyprus Germany Greece Italy Luxembourg Portugal Romania	Austria Belgium Denmark Finland France Netherlands Slovenia Spain Sweden	68% (1998)
Number of countries	2	4	5	8	9	28
2011–2013	Estonia Latvia Lithuania Poland	Bulgaria Greece Hungary Ireland Romania Slovakia UK	Cyprus Czech Republic Luxembourg Spain Germany	Croatia Italy Malta Portugal	Austria Belgium Denmark Finland France Netherlands Slovenia Sweden	61% (2012)
Number of countries	4	7	5	4	8	28

Sources: European Commission, 2013, 2015

From the figures, a clear trend of growing divergence emerges, with a growing gap between an increased number of countries with low or very low coverage rates and a fairly stable group of countries that are characterised by very high coverage rates (only Spain has left this group since the crisis). This latter group also includes countries that have otherwise experienced either little change or strongly coordinated and negotiated change throughout the study period, such as Austria, Belgium, Denmark, Finland, France, the Netherlands and Sweden.

Impacts on national collective bargaining

In the previous section as well as in earlier parts of this report addressing changes with regard to the extension of collective agreements and various forms of deviations, country-by-country trends have been reported and conclusions on certain groups of countries have already been drawn. Here follows an assessment on a more aggregated level, considering the five industrial relations models that have broadly been accepted within the industrial relations research community.

Table 16 summarises the longer-term impacts of regulatory change on the five industrial relations clusters. In an aggregated way, it illustrates that the different clusters have not been evenly affected by regulatory change since the late 1990s but to a varying degree. In the North and Centre-West clusters, regulatory change mainly took the form of adjustments that followed, mirrored or fostered longer-term changes, such as a growing diversification of workforces, stronger competition, decentralisation or new themes such as globalisation, work–life balance or equality. A further feature of the North and Centre-West ‘adaptation model’ is that many changes were not imposed unilaterally by governments but were negotiated and agreed at tripartite or bipartite level. Thus they

have been implemented on the basis of joint understanding with the aim of balancing the interests of workers, employers and governments. (See Box 12 for a discussion of Germany.)

Table 16: Longer-term impacts of regulatory change on collective bargaining in five industrial relations clusters

	Low impact	Some impact	Significant impact	Strong impact
North	Denmark, Norway	Finland (since 2008, decentralisation and flexibilisation), Sweden		---
Centre-West	Austria, Luxembourg, Netherlands	Belgium (steady trend)	Germany (different trends before and after 2008)	---
West	UK, Malta	Cyprus		Ireland (decentralisation)
South		Croatia (mixed impacts), France, Italy		Greece, Portugal (decentralisation), Spain
Centre-East	Estonia Poland	Czech Republic, Latvia, Lithuania (EU accession, mixed impacts)	Bulgaria, Slovakia, Slovenia (EU accession, mixed impacts)	Hungary (decentralisation), Romania

Source: Authors

Compared to these two clusters, the other three industrial relations models have experienced considerable change since the late 1990s, and there is also a more polarised picture within each cluster. The West cluster is characterised by overall stability and only minor regulatory changes in the UK and Malta, on the one hand, plus some impact in Cyprus and significant change in Ireland after 2008, on the other. In the South cluster, the effects of the crisis and the changes in the regulatory framework in Greece, Portugal and Spain contrast sharply with the moderate and more mixed impact of regulatory change on bargaining processes and outcomes in Croatia, France and Italy. It is important to highlight that in the three southern European crisis countries, the impact of regulatory change has changed significantly since the late 1990s: before 2008 – as shown in previous chapters of this study – legal reforms and adjustments often aimed at strengthening collective bargaining processes in their scope and coverage, while after the crisis, these regulations were interpreted as ‘too rigid’, and reforms fostered a rather uncoordinated devolution of collective bargaining towards the company level.

Similar developments characterise the cases of Hungary and Romania in the Centre-East industrial relations cluster, which is the largest and most diverse cluster. This diversity is also reflected in the impact of regulatory change, which is difficult to assess. All countries, of course, experienced adjustments at the end of the 1990s and at the beginning of the 2000s in the context of EU accession. The impact of regulatory change throughout the period differs and also reflects the influence of the social partners (which is stronger in countries such as the Czech Republic and Slovenia than, for example, in the Baltic states or Poland).

Box 12 Collective bargaining decentralisation: Germany

To a certain degree, Germany is an exception to the Centre-West model. The so-called Hartz reforms, implemented against the strong opposition of the trade unions after 2003, had a significant indirect effect on the collective bargaining, as the massive expansion of flexible jobs resulted in an increased pressure on wages and collective agreements. They also accelerated the already strong trend of decentralisation and fragmentation (Schulten and Bispinck, 2014).

However, unlike in other countries, social partnership and the influence of trade unions underwent a kind of revival during the 2008 crisis, and jobs were successfully preserved through internal flexicurity agreements. In addition, against this experience of successful 'crisis corporatism' (combined with factors such as successful trade union campaigns and pressure from EU institutions addressing the growing low-wage sector and the rapidly growing income gaps), more recent regulatory change took the form of a strengthening of collective bargaining processes (via the extension mechanism) and the introduction of a statutory minimum wage. Against this, within the Centre-West industrial relations group, collective bargaining in Germany certainly has faced the most significant impact resulting from regulatory change.

Trends and influences on future collective bargaining

Trends, drivers and challenges

The study so far has identified a number of longer-term trends as well as more recent developments within collective bargaining practices at national level that are likely to continue in the future. First of all, the long-term trend of declining coverage of workers and companies by collective bargaining, which was less pronounced but still present in the early part of this century and then accelerated after 2008, arguably will continue at a more-or-less steady pace. It is also likely that the increasing gap between countries that have a very high coverage rate of more than 80% and those where only 2 out of 10 employees (or fewer) are covered by collective agreements will continue in the future.

This is likely to happen not only because economic changes in Europe's labour markets involving shrinking shares of well-organised companies and workers and increasing shares of non-unionised and not-covered sectors, in particular in private services and the small company sector. The average decline of collective bargaining coverage and the fact that the group of countries with low coverage rates is steadily growing because of an erosion of countries in the middle – those with coverage rates between 40% and 70% – also results from changes in collective bargaining processes. The weakening of extension mechanisms and other supportive instruments (for example, automatic continuation rules) during the last decade in most European countries (sometimes directly by legal changes, sometimes indirectly, for example, by new and stricter representativeness criteria) have been particularly influential in this respect.

A further trend that will certainly continue into the future is that of the aligning of collective bargaining processes more closely with company-level requirements, especially with regard to competitiveness, productivity and costs. These trends of decentralisation of multilevel bargaining systems, the devolution of negotiation levels towards the company level, and the increased flexibilisation via opening clauses, opt-outs or derogation possibilities, as well as various forms of temporary or ongoing suspension of collective bargaining provisions at company level, are not new.

Decentralisation was already a major trend in previous periods and began long before the end of the 1990s. However, it had been largely limited to the high-wage and high-standard Nordic and western-continental countries in response to internationalisation and globalisation, to preserve jobs and keep labour costs competitive. Decentralisation was also implemented in a more or less consensual and highly coordinated way. More recent developments in central and eastern Europe and southern Europe, as well as the rapid acceleration of deviation practices in other regions (for example, in Germany, where employer organisations have established the option for companies to become members without the obligation to obey the collective agreement), show that the decentralisation trend of the past decade has become not only more widespread in terms of the companies and workers affected but also much more complex. Negotiated, centrally coordinated and 'organised' forms of decentralisation still exist, but there are also other forms that have been described as 'individualisation', 'fragmentation' or 'disorganised decentralisation'. Furthermore, with the weakening or abolition of hierarchies of bargaining levels and favourability principles in countries where these have been forceful instruments, the decentralisation trend has reached a point where an increasing number of countries allow for a 'tailor-made' adoption of bargaining agreements at company level.

It would, however, be a mistake to assume that the future trends of collective bargaining practice and outcomes will rest entirely on these trends. This study and the developments and tendencies

in practices and framework conditions show distinctly that collective bargaining involves very complex and unequal levels of regulation and practice, with some common elements from country to country but also marked differences and diverging, non-concurring developments. In this context, tendencies and changes that contrast with the overall and longer-term trends of decentralisation and flexibilisation of collective bargaining are particularly interesting. And here, not only the examples of Belgium and Finland, which have experienced (temporary) phases of ‘recentralisation’, are particularly interesting, but also approaches in the Baltic states (after 2008) and in Hungary (before 2008) to establish some kind of sectoral, regional or national coordination. Although these initiatives so far have not had any concrete or quantifiable results, they indicate that there seems to be a critical boundary for decentralised bargaining practice – if it becomes too fragmented and individualised, it becomes problematic.

These (and other) examples of deviation within the broader trend of decentralisation and flexibilisation bring us to the question of the role and function of collective bargaining in market-orientated societies. Collective bargaining has always been a search for a compromise between the interests of workers and employers. As highlighted in a report of a high-level group of experts on the future of industrial relations in Europe that was published in 2002 (European Commission, 2002b), collective bargaining has the potential to make an important contribution to good corporate governance, fostering modernisation and innovation as well as strengthening competition and meeting important challenges such as globalisation, technological change and changes in our social fabric and labour markets. However, there are other dimensions of collective bargaining that are equally important, in particular from the perspective of workers: it contributes to social cohesion and equality, creates better prospects for employment and improves living and working conditions.

In terms of meeting this double set of objectives, multilevel systems of collective bargaining or – in cases where they do not exist – functional equivalents such as bipartite or tripartite practices are necessary to achieve results beyond the company level.

And here, this study finds that particularly the changes in the regulatory frameworks, most dramatically in the crisis-ridden ‘programme’ countries, indicate a certain shift in the role and interests of political actors as the main regulators of collective bargaining. The structural reforms and the ‘modernisation of collective bargaining systems’ that have been repeatedly requested by various international institutions and the European authorities in exchange for financial support programmes after 2008 had a strong influence. With regard to the influence on wage setting, a recent Eurofound report has highlighted that this increasing interference within national collective bargaining is aiming at a ‘marketisation’ of wage setting:

Marketisation involves wage-setting mechanisms becoming more sensitive to the market and business circumstances of companies through (further) decentralisation. Those countries where single-employer bargaining constitutes the predominant wage-setting regime, and where unilateral management regulation is usually more widespread than collective wage setting, have mechanisms which are already substantially marketised and decentralised.

(Eurofound, 2014a, p. 41)

This has resulted in a greater imbalance between bargaining practices that tend to serve the interests of the employer (‘market-orientation’, competition, productivity and costs), on the one hand, and various forms of ‘solidarity’, ‘composite’ or ‘integrative’ bargaining practices that focus on the

creation of win-win situations between employers and workers or support wider social objectives, on the other.

While, according to some commentators, the changes that occurred after 2008 in many countries, especially the 'programme' countries, reflect the emergence of a 'new supranational interventionism' (ETUI, 2013), this study has also shown that a shift from integrative, expansionist or solidarity collective bargaining towards competitive or productive bargaining in other countries had already taken place before 2008.¹⁷ An interesting example is the emergence and evolution of 'concession bargaining'¹⁸ and the growing extent of flexibilisation and decentralisation of collective bargaining since the mid-1990s in countries such as Denmark and the Netherlands, but particularly Germany.

Box 13 Recent developments and tendencies in Germany

According to an ILO working paper published in 2009, it was extremely difficult to control the process by which the collective bargaining system was eroded: 'From the early years of the present decade until the beginning of the current crisis, erosion was aggravated by fragmentation through local concession bargaining, entailing deviations from collectively agreed industry standards' (Lehndorff 2009, p. 26).

This fragmentation of the bargaining system, as well as the significant increase in more flexible and often precarious forms of work as a result of Germany's labour market reforms after 2003, has fostered a long period of wage moderation, real wage decreases and marked expansion of the low-wage sectors. These developments finally also had some astonishing effects in terms of collective bargaining structures and actors, notably a remarkable revival of trade unionism¹⁹ and a growing public awareness that the increasing imbalances and gaps in the development of wages, incomes and career opportunities that has characterised employment and labour market developments since the late 1990s has been an effect of the erosion of the collective bargaining system.²⁰

Against this, Germany has recently experienced a quite impressive U-turn in regard to the regulatory framework of collective bargaining and, in essence, aims at a rebalancing of bargaining outcomes by strengthening its distributive effects and orientation towards solidarity. The stronger political support for sectoral collective bargaining through the reform of the extension mechanism adopted in 2014 by the new law on the 'strengthening of collective bargaining autonomy' (Stärkung der Tarifautonomie), as well as the introduction of a statutory minimum wage as from beginning of 2015 clearly show this tendency.

The more recent developments in Germany, described in Box 13, as well the previously highlighted phases of recentralisation of collective bargaining in Belgium and Finland and the initiatives to strengthen collective bargaining and social dialogue coordination in the Baltic states indicate that the overall shift towards flexibility, erosion and fragmentation of collective bargaining throughout Europe may not be the end of the line.

¹⁷ On these terms and the different dimensions of collective bargaining, see, for example, Traxler, 2002.

¹⁸ On this term, see also European Commission, 2011, pp. 11 and 110.

¹⁹ In 2013, five out of eight DGB-affiliated unions (among them the two largest, IG Metall and Ver.di) noted a slight increase in membership; see, for example, Dribbusch and Birke, 2014.

²⁰ The Bertelsmann Foundation recently published a study highlighting the strong correlation between the increasing gap between low and higher wage groups and the erosion of collective bargaining coverage (Felbermayr et al, 2014).

Social partners' views

According to the social partners,²¹ collective bargaining processes as well as outcomes will change significantly in the coming years to better cope with current and future challenges and as a result of longer-term trends in our societies and economies.

In terms of the structure of collective bargaining systems as well as actors and processes, no significant further change is expected by the national social partners in Austria, Croatia, Latvia, Malta, Sweden and the UK. In these countries, the state traditionally has not influenced collective bargaining very much, and actors are expected to remain stable. In Austria and Sweden, the general stability will continue, and the sector will remain the predominant level of collective bargaining. However, in Croatia, Latvia, Malta and the UK, the company level already prevails, so further decentralisation is not relevant.

While state intervention has become frequent even in countries traditionally characterised by non-intervention, further growth in government intervention, quite surprisingly, is expected in only a few countries. Pressure on inflation rates and concerns over wage costs and competitiveness still have an important impact in many countries. However, with the exception of Belgium and Germany, the social partners do not expect their bargaining margin or autonomy to be threatened by the state in future. In other countries, the social partners expect greater intervention by governments in the regulation of collective bargaining, for example in the public sector (Cyprus and Lithuania), with regard to mediation and resolution of labour disputes (Cyprus and Estonia) or the application (Bulgaria) and regulation (Estonia) of extension mechanisms.

Concerning social partners and their relationships, decline in trade union density is closely linked to the restructuring of actors (mainly trade unions) as well as to the balance of power. Where the position of trade unions continues to be weakened (for example, by continued unemployment as in Cyprus), further mergers of trade unions are likely in reaction to the steady decrease in union membership. But the internationalisation of markets and a new political scenario could also entail a renewal of social partners' structure and function, as is the case in Italy. Contrary to current trends, trade unions might gain influence due to a tightening labour market and demographic change or due to a gain in experience (the latter being a development that is expected in Lithuania). While in most European countries there are specific topics or sectors where the bargaining style might differ from time to time, major change towards a more adversarial bargaining behaviour is not expected.

When it comes to further decentralisation and flexibilisation of collective bargaining, the positions of employer organisations and trade union organisations, of course, differ in terms of objectives and orientation. For example, in countries where both social partners expect a further flexibilisation and decentralisation, trade unions highlight the need to implement these developments in a coordinated and organised way. In Cyprus, some trade unions will seek more regulation in collective bargaining, such as a sort of extension mechanism, as a way to prevent a further decrease in bargaining coverage. In Estonia, employee representatives highlight the need to increase the bargaining power of sectoral representatives.

However, there also are some interesting joint assessments with regard to future changes. For example, in Spain, even for employer organisations decentralisation is not a goal in itself. The main objective is seen to be to increase the efficiency of the collective bargaining system by more flexibility

²¹ This study and the contributions from the Eurofound national correspondents included an exchange with the relevant national social partner organisations about their views and assessments regarding major trends in collective bargaining during the past 15 years and their opinions regarding major future trends. This section is based on their replies.

at company level. While employer organisations strive for continuous decentralisation in Finland, deviations from the three-level centralised bargaining style are not likely from their point of view.

Also in Italy, where decentralised collective bargaining is becoming increasingly important, national collective bargaining will preserve its own crucial role according to the social partners.

As for Portugal, there has been a significant general decrease in bargaining both at sector and company level and that is not expected to change much. However, employer organisations expect that collective bargaining at higher level will regain importance in future through a new generation of framework agreements. Trade union confederations want to maintain and restore the sector level as the major pattern-setting level of collective bargaining.

These assessments of social partners reflect to some extent what has been highlighted above already, and illustrate the search for a new balance or to correct the increased imbalances between centralised collective bargaining, on the one hand, and individualised bargaining practices, on the other.

Table 17 summarises these and further expectations of major developments in collective bargaining according to the social partners.

Table 17: Major and likely future developments in collective bargaining systems and processes, according to the social partners

Social partners expect ...	Countries
No further change in the coming years	Austria, Croatia, Latvia, Malta, Sweden, UK
Stronger state intervention	Belgium, Bulgaria, Cyprus, Estonia (legal reforms), Germany, Lithuania
Change and reorganisation of actors	Cyprus, Czech Republic, Denmark, Estonia, Finland, Hungary, Lithuania, Spain
Decline in trade union density	Bulgaria, Cyprus, Denmark, France, Italy, Luxembourg, Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, Spain
Changes in balance of power	Bulgaria, Cyprus, Estonia (growing employee strength; demographic change), Ireland (growing employee strength), Luxembourg, Netherlands
Further decentralisation and flexibility	Cyprus (individualisation), Czech Republic, Estonia, (individualisation), Finland, France, Germany (coordinated), Italy, Slovakia, Slovenia, Spain
Drop in the number of agreements and collective bargaining coverage	Czech Republic, France, Portugal, Slovakia, Slovenia, Spain

Note: No information on Greece.

Source: Authors, based on contributions from Eurofound's network of correspondents

Regarding developments in collective bargaining outcomes (such as the contents and type of agreements and scope in terms of coverage) and the ability to address new topics, the social partners are quite positive about future expectations, as Table 18 illustrates.

In most EU Member States, the social partners expect a continuing or even accelerated trend towards more pay moderation and more flexibility of collective agreements with regard to working time. Against the background of very modest or even negative real wage increases during and since the crisis in many countries, this assessment is worrying, as the gap between wage incomes and capital incomes is characterised by a long-term increase that is likely to continue in the future if this projection by the social partner organisations is correct.

While the opinions of the social partners regarding future trends in bargaining quality, wage development, working time and working conditions show little difference between countries in western Europe and central and eastern European countries, there are more differences between the major industrial relations clusters when it comes to 'new' or emerging topics. Here, it is mainly the countries

in the Centre-West and North groups that highlight the need to address issues such as employment security, technological change, well-being at work, skills development, equality, demographic change, restructuring, social security and the situation of young workers on the labour market.

Table 18: Important future topics and expected outcomes of collective bargaining, according to the social partners

Social partners expect ...	Countries
More wage and pay moderation	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Finland, Germany, Ireland, Italy, Lithuania, Luxembourg, Norway, Poland, Portugal, Romania, Spain, UK
More flexible agreements on working time	Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain
More flexible agreements on working conditions	Belgium, Croatia, Germany, Italy, Latvia, Lithuania, Malta, Norway, Portugal, Slovakia, UK
Employment security becoming more important	Belgium, Czech Republic, Denmark, Hungary, Italy, Latvia, Luxembourg, Malta, Netherlands, Romania, Spain, Sweden
Agreements increasingly addressing technological change	Austria, the Czech Republic, Germany, Latvia, Malta, UK
New topics or issues that become more relevant to be addressed	Belgium (work organisation, well-being at work), Estonia (migrant workers, skills development), Germany (demography, job guarantee for apprentices, coverage of non-standard workers), Netherlands (restructuring, social plans and redundancy payments, pensions), Norway (pensions), Slovenia (youth)

Note: No information on Greece.

Source: Authors, based on contributions from Eurofound's network of correspondents

The overview of major trends that by and large shaped the development of collective bargaining since the 1990s and more recent tendencies, as well as the overview of social partners' expectations of future developments in collective bargaining systems and outcomes, clearly show that in most EU Member States there is a general climate of uncertainty. There is also a growing feeling of standing at a crossroads with regard to the future of collective bargaining. After years of crisis-related emergency measures and hectic activities in the development of 'structural reform' recipes in countries where the multilevel bargaining systems were seen as too rigid and that have experienced an unprecedented and fast phase of catching up in regard to decentralisation and individualisation, there are also tendencies that indicate a further shift. Although it is unlikely that the old hierarchies of centralised bargaining will be restored, rebalancing the different levels of bargaining and strengthening its integrative and distributive dimensions is certainly on the agenda in many countries.

Of course, the future collective bargaining trends at national level, as in the past, will be heavily shaped by national traditions, very diverse regulatory, institutional and other internal drivers (including the organisational strength of social partner organisations and social dialogue and industrial relations cultures), and external drivers (specifically economic and social challenges).

It is, however, likely that the boundaries and differences between the five models of industrial relations have become more permeable and blurred during the past decade and particularly since 2008. Already today, for example, it is increasingly obvious that there are perhaps more differences than commonalities within the Centre-East industrial relations model.

This scenario of divergence and convergence is also confirmed by the assessments made by social partners at national level themselves. A striking result of the overview tables above is that the groups of countries that come to similar assessments are very mixed and do not reflect different industrial relations models or even a simply west-east, north-south dichotomy.

Acceleration of change, convergence and divergence

After a decade of relative stability in the 1990s, collective bargaining systems and processes in the EU since the end of that decade have undergone a steady change that has accelerated since 2008. The main indicators of this change are the more rapid decline of coverage rates and regulatory changes in a number of collective bargaining practices and processes, particularly with regard to the extension of collective agreements, functional hierarchies and the growing importance of company-based bargaining processes.

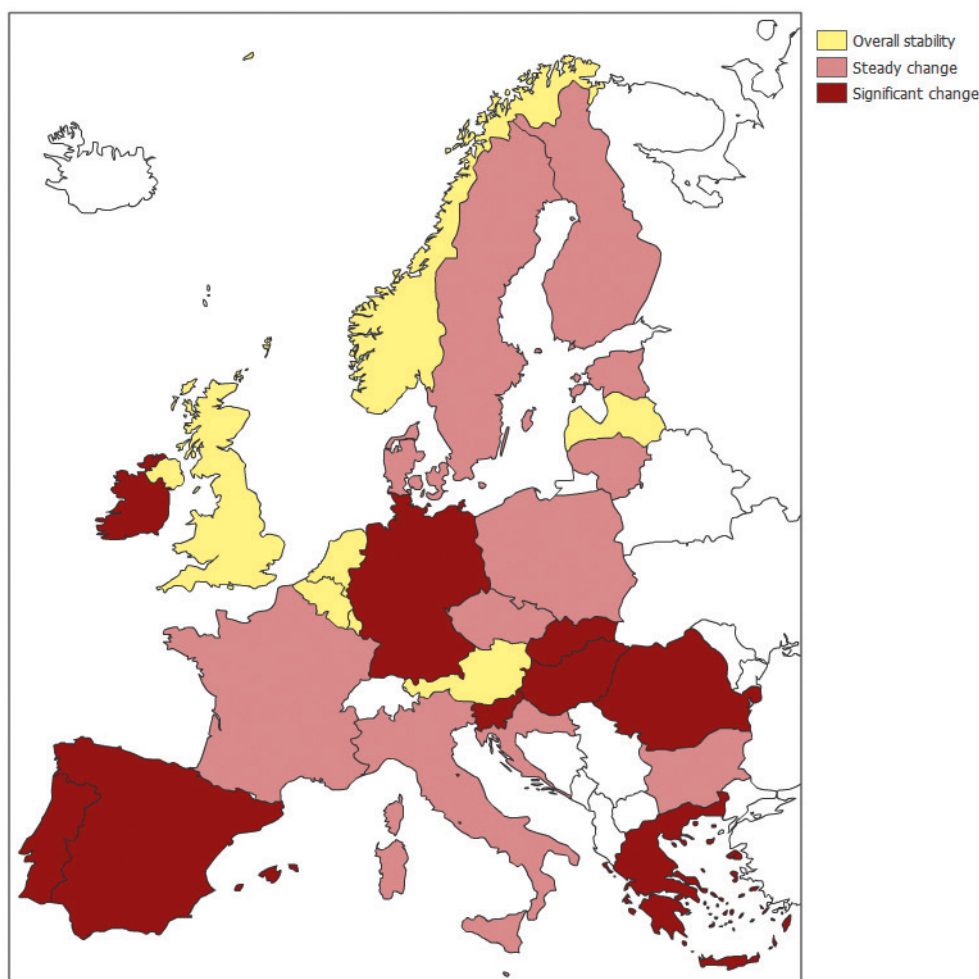
This acceleration of change has affected not just the countries that experienced the worst of the crisis. In fact, the adjustment and significant shift towards more decentralised and sometimes fragmented and individualised bargaining systems seem to be a process of catching up, whereby countries in southern Europe, in particular, have caught up with developments that occurred previously in other countries. However, whereas the decentralisation and flexibilisation of multilevel bargaining systems and practices in the Nordic countries and western-continental Europe was implemented in a gradual and coordinated way based – more or less – on tripartite consultation and concertation, the shift in countries such as Greece, Portugal, Romania and Spain has been much more abrupt and disorganised, often imposed unilaterally by government. Because this regulatory change was implemented in a largely uncontrolled and disorganised way, it resulted in rapid fragmentation and individualisation of collective bargaining practices on the ground at company level.

As a result, this overall trend of decentralisation and flexibilisation has made the demarcation lines between different systems of collective bargaining more blurred and permeable. In addition, the social, equity-related and redistributive aspects of collective bargaining and its subsidiary role in regard to social and employment security have been weakened.

This study has highlighted a common and strong trend of convergence towards a greater flexibility of collective bargaining processes. It also finds that this flexibilisation is more widespread in those countries that started to make their multilevel bargaining systems more flexible even before the end of the 1990s. In addition, it has been taking place in countries, particularly the central and eastern European countries, that have always been characterised by bargaining processes predominantly at company level. And it has finally also become a stronger reality in those countries that until the 2008 crisis resisted this trend.

However, the common trend towards flexibility in collective bargaining processes does not mean that all EU countries have experienced uniform and similar developments since the end of the 1990s. There were also moves in different and even opposite directions. To explain these divergent developments, it is important to consider the differences in the point of departure (especially the degree of flexibility from the company point of view), the organisational strength and influence of key actors involved as well as the external pressure (such as unemployment, competition and the financial circumstances of companies).

Figure 2: The intensity of change in collective bargaining since 1997



Source: Authors, based on Table A7 in the annex

Despite all asymmetries and asynchronicities in the timing and pace of these changes, the underlying trends result from an increasing economic pressure on companies, sectors and countries in the EU and the need to adjust labour costs and improve productivity. In this context, the speed of globalisation since the end of the 1990s and the intensity today of the integration in global production and business networks should be considered. The strongly growing influence of foreign shareholder interests, owners and multinational companies are also influential factors.

Growing discrepancies in roles and influence

This relative convergence of collective bargaining systems and practices within the EU does not imply that major differences between industrial relations models and collective bargaining practices and outcomes have diminished. Rather the opposite is the case, when not only quantitative indicators but also more qualitative aspects such as the role and influence of collective bargaining and key actors (including various forms of bipartism, tripartism, concertation and so on) are taken into account.

A major result of this study in this context is that since 2008 the gap has broadened between countries that are characterised by a comparatively high organisational strength of social partner organisations, stable

and influential practices and institutions of various forms of tripartism, and a broad collective bargaining agenda, on the one hand, and countries where industrial relations actors, processes and outcomes are weaker, on the other hand. For example, in terms of the membership density of trade union and employer organisations, all the countries that have experienced the strongest decline in density since the end of the 1990s are located in central and eastern Europe, whereas all the countries that report relative stability are in western Europe. But not only is there a growing gap; in terms of the influence of tripartism and tripartite practices on public policies, the shrinking group of countries where influence is reported to be significant and goes beyond symbolic action or mere dialogue, consultation and information are also located in western Europe. Similar features emerge with regard to the influence of social partners and concertation on anti-crisis programmes or social policy packages in response to labour market problems. A further clear result is that there is a stark contrast between those (few) countries that report a stable situation and a broadening collective bargaining agenda that covers not only core items but also contributes to coping with major economic, social and other challenges and those countries that have experienced a significant narrowing of bargaining agendas during the past decade. The latter group consists of many countries in central and eastern, north-western and southern Europe.

Finally, there is the development of collective bargaining coverage rates since the late 1990s, perhaps the most dramatic indicator of growing discrepancies. Here, a pattern of growing polarisation and an 'erosion of the middle' of national collective bargaining systems clearly emerges. When clustering countries by coverage rate, it becomes evident that the only group characterised by relative stability is the group of around eight countries that have a very high collective bargaining coverage rate of more than 80%. By contrast, the group with collective bargaining systems that have a medium to high rate of coverage (between 40% and 80%) has eroded significantly during the study period. In particular, the group of countries that at the end of the 1990s had a high coverage rate of 60%–80% experienced the strongest contraction, from eight countries to only four countries today. As a result, a substantial number of EU Member States today have low collective bargaining coverage of less than 40%. This group also experienced the strongest growth in numbers (from 6 to 11), consisting mostly of countries in central and eastern Europe, plus Greece, Ireland and the UK.

Hence, it could be stated that trends of convergence of collective bargaining systems and practices at the underlying level of collective bargaining institutions, actors and practices is paralleled by growing discrepancies between relative stability in a small group of countries and steady to accelerated erosion in the rest.

As a result, and in sharp contrast to the situation at the end of the 1990s, the collective bargaining landscape in the EU today has two characteristic features.

- A relatively small core of countries in the Nordic and western-continental regions where collective bargaining still functions as an important and institutionalised component of the welfare system, having a significant influence on the distribution of income and wealth, social justice and improvements in employment and working conditions. Decentralisation processes and a stronger orientation of collective bargaining outcomes towards productivity and competitiveness are, by and large, implemented in a consensual and organised way, shaped by central coordination, particularly at sector level.
- A larger group of countries where the non-wage functions of collective bargaining have traditionally been limited, either because of low union and employer organisational strength and a weak influence of collective bargaining above company level or because of abrupt changes and disruptions within the key institutional settings of collective bargaining. And it is in this group where the future role of collective bargaining is much more under stress, vague and unclear.

It is important to highlight that this second group is far from homogeneous, being characterised by a significant degree of internal variation of, for example, organisational strength, regulatory frameworks of collective bargaining, and industrial relations traditions and cultures. This study has also shown that before as well as since the crisis there have been differences in regulatory dynamism (for instance, initiatives to strengthen the extension of collective bargaining agreements and bargaining coordination at sector level, broadening of topics addressed by bargaining, but also governmental unilateralism that undermined the existing system and practices of collective bargaining).

Persistence of typologies but different patterns of change

A recent Eurofound report on the impact of the crisis on industrial relations and working conditions has already raised the question of whether the severity of the impact of the crisis on industrial relations can in any way be linked to industrial relations typologies (Eurofound, 2014c). This report and various other authors in general agree that the effects of the crisis on industrial relations are characterised both by the persistence of different paths (of different economic and social regimes) as well as common industrial relations trends (namely decentralisation and erosion of multiemployer bargaining) that according to some authors (Glassner, 2013; Hyman, 2010) also reflect a general shift toward 'neo' or market liberalism.

This study confirms that the 2008 crisis was the most important event that has taken place since the late 1990s in regard to the overall landscape of industrial relations in the EU. This is particularly true for some southern European countries (Greece, Portugal and Spain) and a few central and eastern European countries. In all other countries, change has been less abrupt, more gradual or linked to country-specific drivers (such as labour law reform projects of national governments). From a longer-term perspective, it should also not be forgotten that in central and eastern Europe, the accession to the EU after 2003 – and even in the earlier phases of the transition from a central planning economy – has had the most significant impact on industrial relations.

Against this, the mapping of changes and their impact on industrial relations typologies in this study differs from the various studies that have analysed this question in relation to the effects of the 2008 crisis. Although the exact assessment may vary from case to case, what is striking when comparing the character of changes to different industrial relations typologies and country clusters is the polarisation and strong diversity within the different industrial relations models. In particular, the internal diversity in the Centre-East group is remarkable, ranging from quite stable situations to strong impacts.

Three general patterns of changes took place since the end of the 1990s that affected the five industrial relations clusters quite differently:

1. gradual adjustment, which characterises all countries in the North group and most countries in the Centre-West group (apart from Germany), as well as the majority of countries in the South and Centre-East groups;
2. accelerated change, which characterises a much smaller group of countries consisting of Germany as well as three Centre-East countries;
3. crisis-induced change, which affected countries in the West, South and Centre-East groups that were most severely hit by the crisis.

In the third group, the future will tell whether or not the quite abrupt change may result in a ‘path break’, in other words, a shift away from certain industrial relations features (for example, the strong supporting and stabilising role of the state in the South model in regard to collective bargaining outcomes at national and sector levels by extension mechanisms) toward another model (namely a stronger market liberalism).

Unilateralism and shift in political paradigms

Although there are large differences in the extent and orientation of interventions in collective bargaining, the shift towards governmental unilateralism marks a major change, and not only in the crisis countries. The outputs from the European Semester process addressed to some Member States have caused a shift away from non-intervention in collective bargaining towards a more proactive EU stance. This new approach is one of guiding and recommending reforms that strengthen decentralised and more company-level flexibility (and limit practices of extension and thus collective bargaining coverage), while at the same time supporting social dialogue and social partnership as core elements of the European social model.²²

This shift in political paradigms should not be underestimated nor should it be assumed that its effects are limited to the crisis-ridden ‘programme’ countries. Apart from more open intervention in favour of flexibilisation and decentralisation of collective bargaining, the absence of any significant initiative to support collective bargaining, tripartism or social dialogue with a view to their capacity to influence employment and social developments positively has and will have a strong impact on the future role of collective bargaining in the EU. It is worthwhile to look back at EU-level debates and assessments that were made before the crisis and the emergence of new economic governance to illustrate how significant the more recent shift of EU policy in regard to industrial relations and collective bargaining has been.

In 2002, a high-level group of experts commissioned by the European Commission highlighted the challenges that the EU’s economic and social fabric faces, mainly from globalisation. While acknowledging that this also puts stress on the industrial relations system, the group’s report emphasised the role of collective bargaining in developing adequate responses and, resulting from this, the need to actively support the social partners in the development of their capacities in this regard:

Enhancing competitiveness while preserving the European social model becomes a crucial issue for the EU in the global market place ... Social partners should be assisted to develop their full capacity to meet the double challenge they face which, on the one hand, is to play their domestic roles effectively and on the other hand to prepare for their new obligations in the new Europe. Considerable development of the social partners is necessary to ensure that industrial relations function effectively at both European and national levels

(European Commission, 2002b, pp. 11, 31)

²² A report published by the European Commission on labour market developments in 2012 includes a ‘barometer’ or checklist of employment-friendly reforms that uses ‘decrease the bargaining coverage (for example, by revising the modalities and conditions for the extension of collective agreements to non-signatory parties)’ or ‘decentralise the bargaining system (for example, by introducing/extending the possibility to derogate from higher-level agreements or to negotiate firm-level agreements)’ as an indicator to measure the direction of labour market reforms and their ‘employment friendliness’ (European Commission, 2012, pp. v and 103–104).

Three years later a comparative report about collective bargaining trends during the 1990s published by Eurofound stated:

Since strong autonomous relations between social partners' organisations are widely regarded as a core element of the 'European social model', there needs to be a growing responsibility to maintain or rebuild comprehensive collective bargaining systems for all relevant political actors, not only at national but also at European level

(Eurofound, 2005a, p. 25)

This study has shown that since the end of the 1990s national governments have played such a supportive role in a only few countries – in most countries, as well as at EU level particularly after 2008, the opposite was more the case.

The need to find a new balance

This study has shown that, with few exceptions, most EU countries since the late 1990s have been reporting accelerated change in their collective bargaining practices and systems.

All EU countries have faced globalisation and increased pressure on costs and productivity; continuous economic and financial uncertainties; an unprecedented level of unemployment; technological change; demographic, employment and social changes and risks; increasing income inequalities; skills gaps; and the need to adjust training systems. These challenges are changing the role of, the problems to be addressed by, and the actors involved in collective bargaining. As a result, existing regulations and standard collective agreements are being challenged by the combined pressures of flexible work organisation, costs, outsourcing and shareholder value, especially where regulations and agreements cover entire sectors or national economies in a standard way. This, in turn, has created pressure for organised as well as more disorganised and fragmented decentralisation in all EU countries, accompanied by major strains and a weakening of the regulatory power of employer organisations and trade unions at national level.

Taking account of all these developments and often contradictory trends (polarisation or asymmetric convergence in terms of more flexible procedures, but also divergence in terms of national dynamics and the effects of the crisis), along with changes in the regulatory influence and orientations of national governments and European institutions, the following questions in regard to the current and future role of collective bargaining arise, based on two approaches:

- Will collective bargaining at company level keep on reducing its core functions as a mechanism for setting wages and incomes within a corridor that is mainly determined by firm performance, competitiveness and productivity?
- Or will there also be above that level a wider dimension of collective bargaining in regard to social integration, equality, avoiding unfair competition, and influencing employment and working conditions as well as income and wealth distribution more broadly, and not only limited to employees covered directly by bargaining agreements?

This research suggests that the evolution of 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. At the same time, it has become clear that there are still examples throughout Europe where this more normative role of collective bargaining is alive

and has even been revitalised in response to social and labour market challenges. Accordingly, it is acknowledged that collective bargaining provides a solid foundation for progress and growth in the EU Member States, not only by setting wages and working conditions as core functions, but also by supporting the reduction of income inequalities. In addition, it comprises an intangible asset for industrial relations, building up mutual trust between actors, easing the settlement of labour and industrial disputes, and contributing to the general macroeconomic development at national level and better company performance.

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Annex: Supplementary tables

Table A1: Employer organisations and trade union density since the late 1990s

	Employer organisation density (%)			Trade union density (%)		
	1997–1999	2011–2013	Trend	1997–1999	2011–2013	Trend
Austria	100	100	Stable	39.8	27.8	Decline
Belgium	82	82	Stable	55.6	50.4	Decline
Bulgaria	(---)	55	---	39.2	19.8	Decline (>50%)
Cyprus	60	62.5	Increase	70	49	Decline
Czech Republic	---	35%	---	36.9	17.3	Decline (>50%)
Denmark	58	65	Increase	75.6)	68.5	Decline
Estonia	> 35	23.8	Decline	>20	8.1	Decline (>50%)
Germany	> 60	< 60	Decline	27	18	Decline
Greece	---	43.7	---	29.8	25.4	Decline
Finland	---	72.7	---	79.4	69	Decline
France	74	75	Stable	8.4	7.9	Decline
Hungary	---	40	---	35.3	16.8	Decline (>50%)
Ireland	---	60	---	45.2	36.1	Decline
Italy	> 62	58	Decline	36.2	35.2	Stable
Latvia	---	35	---	>25	14.8	Decline
Lithuania	---	< 14	---	30	10	---
Luxembourg	80	80	Stable	42.4	37.3	Decline
Malta	---	60	---	62.8	48.6	Decline
Netherlands	85	85	Stable	24.4	19	Decline
Norway	55	65	Increase	55.5	54.6	Stable
Poland	---	20	---	20.5	14.1	Decline (>40%)
Portugal	< 60	65	Increase	25.2	19.3	Decline
Romania	> 80	< 60	Decline	>45	32.8	Decline
Slovakia	> 33	< 29	Decline	42	16.7	Decline (>40%)
Slovenia	100	55	Decline	44.1	24.4	Decline (>40%)
Spain	72	75	Increase	15.6	15.6	Stable
Sweden	> 83	< 83	Decline	82	68	Decline
UK	> 40	<35	Decline	31.9	27.1	Decline

Source: ICTWSS 4.0, April 2013

Table A2: Number of employer organisations and trade unions since the late 1990s

	Number of employer organisations		Number of union confederations	
	1997–1999	2011–2013	1997–1999	2011–2013
Austria	2	2	1	1
Belgium	3	3	3	3
Bulgaria	5	7	5	3
Cyprus	4	5	4	4
Czech Republic	3	4	3	4
Denmark	4	4	4	4
Estonia	3	3	2	3
Germany	4	4	3	3
Greece	3	3	2	2
Finland	4	3	3	3
France	4	4	8	7
Hungary	7	6	6	6
Ireland	5	5	1	1
Italy	10	10	7	7
Latvia	---	2	1	2
Lithuania	1	2	4	3
Luxembourg	8	1	7	4
Malta	4	3	2	3
Netherlands	2	1	3	3
Norway	4	4	4	4
Poland	2	5	2	3
Portugal	5	6	4	4
Romania	10	13	5	5
Slovakia	2	3	1	2
Slovenia	4	5	3	7
Spain	2	2	6	6
Sweden	6	4	3	3
UK	1	1	1	1

Note: green = increase, grey = stable, yellow = decline

Source: ICTWSS 4.0, April 2013

Table A3: Tripartite agreements and pacts on topics other than wage setting

Patterns of development and influence	Countries, topics, trends
Strong or fairly strong influence and no significant change over the whole period	<p>Finland: Before 2008: important agreements on social security and working conditions, for example, on pensions, employment contracts, health and safety at work, family leave and unemployment benefits. Since 2008: agreements on 'change security', unemployment and pension schemes.</p> <p>Luxembourg: Traditionally, the agreements of the Tripartite Coordination Committee play an important role in wage development, working time (flexibility) and other topics (such as conversion of blue and white collar contracts); more recent tripartite discussions focused on competitiveness and the fight against unemployment.</p> <p>Netherlands: Tripartite agreements have some influence on issues such as pensions, dismissal law and flexible contracts.</p> <p>Slovenia (only public sector): Far-reaching agreement between government and public sector trade unions in 2007 after five years of negotiation. Further agreements in different public service sectors (including social services, electricity, railways and coal mining) were concluded in 2008.</p>
Limited influence and no significant change since the late 1990s	<p>Croatia: The Economic and Social Council (ESC), a tripartite body established in 1994, has fostered the exchange of information and dialogue between the social partners and the government. The ESC also has an impact on collective bargaining styles and outcomes.</p> <p>Czech Republic: A number of tripartite agreements (by the Council for Social and Economic Agreement of the Czech Republic, RSHD ČR) have addressed the regulation of collective bargaining (for example, 2005–2006 on extension mechanisms); in 2010, a tripartite agreement and recommendation on economic revitalisation measures was finalised (the social partners were not consulted on the 2009 national anti-crisis plan).</p> <p>Lithuania: The national-level tripartite agreement on cooperation (2005) and the national agreement to combat the crisis (2009) – both had only minor influence on collective bargaining.</p> <p>Norway: The agreement on inclusive working life, renewed 2008.</p>
Influence varying since the late 1990s	<p>Italy: Tripartite agreements or accords played a major role in the 1990s in social, employment and industrial relations issues, but during the 2000s and after there was a growth in governmental unilateralism; more recently, in a 2012 agreement, tripartism was revived.</p> <p>Germany: Temporary and largely government-driven initiatives such as the Alliance for Jobs (1998–2003) or, more recently, on skilled labour and further training (2014).</p> <p>Portugal: Most tripartite agreements refer to public policies (pensions, vocational education and training, health and safety, for example, in 2001, 2006 and 2007). Apart from the labour law reform of 2008, tripartite agreements had little impact on labour law and collective bargaining regulation. An agreement signed in 2012 referred to collective bargaining, but it had no concrete impact.</p>
Influence decreasing since the late 1990s	<p>Ireland: Until 2008, national tripartite social partner agreements had a strong influence on employment legislation and income tax policy; since then, the influence of tripartism has decreased significantly.</p> <p>Poland: The Tripartite Commission and joint agreements had addressed issues such as managing restructuring (recommendations and guidelines) and the implementation of EU Directives; since 2008 and governmental unilateralism, cross-sectoral tripartism was suspended and the sector level became more important. Slovenia: Between 2003 and 2009, there were two major 'social agreements' that made recommendations for the general direction for economic and social development, including provisions on wage policy, employment, training, social dialogue, equal opportunities and collective bargaining coordination and decentralisation. No social agreement has been concluded since 2008.</p>
Influence increasing	<p>Estonia: Tripartite consultation took place in the context of the Employment Relations Reform Act 2008.</p> <p>Latvia: Before 2008, there was no tripartite practice, but this changed during the 2008 crisis. In 2009, the Memorandum of Understanding between the EU and Latvia on harsh austerity measures (such as wage cuts, cuts in pensions and other social expenditures) was also signed by the social partners. In 2011, cross-industry social partners and the Ministry of Finance signed an agreement on tax policy strategy.</p> <p>Sweden: Tripartite dialogue has only taken place since 2011. In 2013, there was an initiative to create subsidised introductory jobs in the industrial sector for young people with no relevant work experience. The new jobs are limited to employers that are members of an employer organisation that has signed a collective agreement including provisions that deal with introductory jobs.</p>

Source: Authors, based on contributions from Eurofound's network of correspondents

Table A4: Bipartite agreements on topics other than wage setting

Patterns of development and influence	Countries, topics, trends
<p>Strong or fairly strong influence and no significant change over the whole period</p>	<p>Belgium: Tradition of comprehensive cross-industry agreement, covering various topics such as training, pension schemes, conversion of blue and white collar contracts (for example, in 2011).</p> <p>France: National interprofessional agreements play an important role as the basis for legal changes in fields such as employment policy, working conditions, older workers and social security. The reform of collective bargaining has also been addressed by a bipartite agreement (July 2001). Since 2008, the focus has increased on competitiveness and employment (the agreement of January 2013).</p> <p>Germany: Bipartite cross-industry agreements played an important role, in particular the pacts on fostering and increasing the number of apprenticeships (since 2004, renewed until the end of 2014). Also multistakeholder strategies, for instance in the field of occupational health and safety (Joint German Occupational Safety and Health Strategy), since 2006 are important.</p> <p>Italy: Strong influence on regulation of working conditions and collective bargaining practice, for example, the 2009 industrial relations reform, the 2014 agreement on the representativeness of trade unions, and the 2012 agreement on productivity and competitiveness.</p> <p>Netherlands: Mirroring the national tripartite agreements on issues such as pensions, dismissal law and flexible contracts.</p> <p>Spain: Bipartite agreements have been concluded on a number of issues. Those that particularly have an impact on collective bargaining are the agreements on lifelong learning (concluded between 1992 and 2004) and on extra-judicial resolution of conflicts (1996, 2001, 2004 and 2012). Important also was the 2013 agreement on the ultra-activity of collective agreements 2013 in response to the collective bargaining reform of 2012.</p>
<p>Limited influence and no significant change since the late 1990s</p>	<p>Czech Republic: Bipartite agreements exist but have a limited influence on collective bargaining. In 2001, the social partners in the automotive industry concluded an agreement to support collective bargaining in companies and to moderate disputes at this level. In 2004, a cross-sector agreement was concluded in support of collective bargaining processes at various levels. Since 2008, existing bipartite agreements are still in place and are applied with no changes.</p> <p>Ireland: In the private sector, there is only a bipartite 'protocol' from 2010, setting very basic rules for conducting local bargaining.</p> <p>Norway: Bipartite agreement that extended vacation rights and introduced more flexible working time regulations had some influence. More recently, agreements following collective bargaining outcomes (for example, on working conditions) had less influence.</p> <p>Poland: Implementation of EU Directives (for example, on telework and stress) by bipartite guidelines. The 2009 anti-crisis package (remaining in force for two years) also resulted from 13 proposals agreed between the social partners.</p>
<p>Influence varying since the late 1990s</p>	<p>Finland: Various agreements and recommendations between peak-level employer organisations and trade unions on matters such as general cooperation, redundancy protection, holiday pay and work-related stress, which had some influence on collective bargaining. Since 2008, agreements have taken the form of recommendations only (for example, on gender equality) as well as stronger forms (the proposal for a reform of the pension system was concluded in September 2014).</p> <p>Sweden: Bipartite Industry Agreement 2010 in response to the crisis in the labour market (involving a reduction of working hours to prevent layoffs).</p>
<p>Influence increasing or decreasing since the late 1990s</p>	<p>---</p>

Source: Authors, based on contributions from Eurofound's network of correspondents

Table A5: Overview of quantitative changes

	Trends in duration of agreements	Trends in the number of agreements	Trends in collective bargaining coverage
Austria	Stable	Slight increase (before 2008)	Slight increase
Belgium	Stable	Decrease at higher level, increase at company level	No change
Bulgaria	Unstable, shortened since 2008	Increasing before and decreasing after 2008	Increase
Croatia	Unstable, shortened since 2008	Lack of data, but tendency towards increase	Decrease
Cyprus	Shortened since 2008	Overall decrease	Decrease
Czech Republic	Stable at company level, prolonged for higher level since 2008	Overall decrease	Overall increase, but more companies having a collective agreement
Denmark	Overall prolonged	No change	Slight decrease since 2008
Estonia	No data	Decrease	Decrease
Finland	Overall prolonged	Slight increase at sector and company levels	No change
France	No significant changes	Volatile at national level, increase at sector and company levels	Stable at cross-sector and sector levels, probably increasing at company level
Germany	Prolonged	Some increase at sector level and stronger increase at company level	Decrease
Greece	No data	No data	Decrease
Hungary	Unstable, prolonged after 2008	No data	Decrease
Ireland	Unstable and great variety at company level	No data	Gradual but steady decrease
Italy	No overall change	Stable at national and sector levels, increase at company level	No change
Latvia	No data	Decrease	Decrease
Lithuania	Unstable, shortened since 2008	Overall no change, slight increase of sector level agreements	No change
Luxembourg	Overall stable, but tendency towards shorter agreements since 2008	No data	No change
Malta	No change	Decrease since 2008 at company level	Decrease
Netherlands	No change	No change at sector level, increase at company level	No change
Norway	No change	No change	Slight decrease
Poland	No change	Overall decrease (slower since 2008)	Decrease
Portugal	Shortened after 2008	Slow decrease at sector and company levels before 2008 and strong decrease at sector and company levels after 2008	Slight decrease before and strong decrease after 2008
Romania	Change since 2011	Abrupt and sharp decrease since 2011	Decrease between 1997 and 2009, increase in 2013
Slovakia	No change	Decrease at sector and company levels	No data
Slovenia	Lack of data, but new regulation on unilateral termination likely to result in shorter durations	Decrease (especially at sector level)	No data
Spain	Prolonged after 2008	Increase at sector and company levels before 2008 and decrease since then	Sharp decrease from around 80% to less than 60%
Sweden	No change at national and company levels, shortened sector level	No change	No change
UK	Prolonged before and shortened after 2008	Decrease	No data

Source: Authors, based on contributions from Eurofound's network of correspondents

Table A6: Main features and evolution of centralisation and decentralisation

Change pattern	Countries and details
No significant change	Croatia, Latvia, Norway, UK
Steady decentralisation	<p>Austria: Steady decentralisation from sector to company level. More recently, tendencies of fragmentation and more uncoordinated decentralisation (for instance, the 2012 bargaining round in metalworking).</p> <p>Belgium: Steady decentralisation from centralised to sector or branch level. Regionalisation also affected collective bargaining processes.</p> <p>Finland: Steady increase of decentralisation from national to lower levels (opening clauses on a growing number of issues). More recent national agreements tend to have the nature of framework agreements for lower-level bargaining.</p> <p>France: Steady increase of decentralisation from national to lower levels (in particular, company level).</p> <p>Luxembourg: Steady decentralisation from central to sector and company levels.</p> <p>Netherlands: Steady increase of decentralisation, but in a highly coordinated way.</p>
Accelerated decentralisation	<p>Bulgaria: Steady decentralisation from centralised to sector or branch level. Increased use of opening clauses.</p> <p>Cyprus: Since 2012, an accelerating trend of decentralisation from sector to company level and also from company level to workplace or firm level by deviations from collective agreements, reflecting the situation of the firm.</p> <p>Czech Republic: Decentralisation trend continues and has accelerated since 2008.</p> <p>Denmark: Strong increase of decentralisation from sector to company level since 2008. Also further decentralisation from company to workplace level since 2008.</p> <p>Germany: Accelerated trend of decentralisation from national to lower levels (including workplace level). In the public sector, decentralisation from national to local bargaining.</p> <p>Italy: Since 2008, the trend of decentralisation from sector to company level as well as from company to workplace level has accelerated.</p> <p>Malta: System is already highly decentralised, with the main bargaining level being the company level. Also, existing agreements with sectoral partners were not renewed (for example, for car import sector in 2004).</p> <p>Poland: Accelerating trend from sector to company level. In both periods under analysis, a systematic decrease in the significance of sectoral collective bargaining was apparent as compared to enterprise-level bargaining (indicating decentralisation of collective bargaining). Single-employer collective agreements prevail because in many sectors there are no appropriate employer organisations (or, more rarely, sectoral trade unions structures), or sectoral organisations refuse to engage in bargaining with trade unions.</p> <p>Slovakia: Accelerating trend of decentralisation from sector to company level (illustrated by a decreasing number of multiemployer collective agreements and a relatively stable number of company collective agreements).</p> <p>Slovenia: The steady trend of decentralisation from sector to company level after 2008 was further accelerated by the shift from centralised to sector-level bargaining in the public services sector.</p> <p>Spain: The steady trend of decentralisation from sector to company level has been accelerated by the 2012 reform that gave priority to company-level agreements over sectoral multiemployer agreements (whether national, regional or provincial) in matters such as basic pay and pay supplements, even if the social partners decide to establish an alternative structure of collective bargaining.</p> <p>Sweden: Steady trend of decentralisation that includes the delegation of wage setting from sector to local or company level.</p>
Accelerated decentralisation with abrupt change	<p>Greece: Apart from the steady acceleration of decentralisation from cross-sector to sector or branch levels, the reforms since 2008 have resulted in an abrupt increase in decentralisation to company and workplace levels.</p> <p>Hungary: Apart from the steady acceleration of decentralisation from cross-sector to sector or branch levels, the reforms since 2008 have resulted in an abrupt increase in decentralisation to company and workplace levels.</p> <p>Ireland: Apart from the longer-term decentralisation trends, accelerated decentralisation took place after 2008 with the abolition of national agreements and the end of sector-level coordination and extension practice.</p> <p>Portugal: Although there was no shift between bargaining levels, the reforms after 2008 have resulted in a collapse of branch-level agreements and a strong drop in company-level negotiations.</p> <p>Romania: Little change before 2008 but abrupt change of the whole bargaining system due to the new 2011 regulation (which included the abolition of national and branch sector agreements)</p>
Tendencies of recentralisation	<p>Estonia: The system is already strongly decentralised, with company level being the main bargaining level. There are tendencies (arising from social partners initiatives) towards recentralisation (from company to sector level).</p> <p>Lithuania: As the company level is already the main level of collective bargaining, the system throughout the period remained very decentralised. In 2012–2014, attempts were made to encourage the agreement of higher-level bargaining at sector level (in order to provide general frameworks, supported by ESF funding).</p>

Source: Authors, based on contributions from Eurofound's network of correspondents

Table A7: Measuring the intensity of change in collective bargaining since 1997

	Factors influencing collective bargaining					Outcomes				Overall change	
	Union membership	Employer organisation membership	Regulatory change: extension	Regulatory change: deviation	Coordination	Bargaining coverage	Decentralisation	Coordination	Bargaining agenda		
Latvia	2	1	1	1	1	2	1	1	1	11	Overall Stability
Belgium	2	1	1	1	1	1	2	1	1	11	
Luxembourg	2	1	1	1	1	1	2	1	1	11	
Netherlands	2	1	1	1	1	1	2	1	1	11	
Norway	1	2	1	2	1	1	1	1	1	11	
Austria	2	1	1	2	1	1	2	1	1	12	
UK	2	2	1	1	1	2	1	1	2	13	
Malta	2	1	1	1	1	2	3	1	2	14	Steady change
Denmark	2	2	1	2	1	1	3	1	1	14	
Lithuania	3	1	1	2	1	1	2	1	2	14	
Bulgaria	3	1	1	2	1	1	3	1	2	15	
Czech Republic	3	1	1	1	1	2	3	1	2	15	
Finland	2	1	1	2	2	1	2	2	2	15	
France	2	1	1	2	2	1	2	2	2	15	
Sweden	2	2	1	2	1	1	3	1	2	15	
Poland	2	1	1	2	2	2	3	2	1	16	
Cyprus	2	2	1	2	1	2	3	1	2	16	
Estonia	3	2	1	2	1	2	2	1	2	16	
Italy	1	2	1	3	2	1	3	2	1	16	
Hungary	3	1	1	1	2	2	3	2	2	17	Significant Change
Spain	1	2	1	2	2	3	3	2	1	17	
Portugal	2	2	3	2	1	3	3	1	1	18	
Slovakia	3	2	1	1	2	2	3	2	2	18	
Slovenia	3	2	3	2	2	1	3	2	1	19	
Ireland	2	1	3	2	3	2	3	2	2	20	
Germany	3	2	1	3	2	2	3	2	2	20	
Greece	2	1	3	3	3	2	3	3	2	22	
Romania	2	2	3	2	3	2	3	3	2	22	

Note: 1 = no or very little change, 2 = gradual change, 3 = significant change.

Source: Authors, based contributions from Eurofound's network of correspondents and other sources.

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Collective bargaining systems in the EU have undergone a steady change since the end of the 1990s. But as businesses across Europe struggle to respond to intensifying global competition, pressure from employers for greater flexibility in collective bargaining is increasing, especially since the 2008 economic crisis. This report sets out 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. In doing so, it aims to distinguish long-term trends and to identify changes brought on by the crisis. It also aims to identify the directions collective bargaining is likely to take in the coming years. The study finds a common and strong trend of convergence across the EU towards decentralisation and more flexibility in collective bargaining processes, but with significant asymmetries in the timing and pace of change.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

