

1. Curbing Inequalities in Europe – How Can Social Dialogue and Industrial Relations Help to Close the Gap?

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1. INTRODUCTION

A key focus of international debate in recent times has been increased income inequalities and their adverse effects both socially and economically. According to the OECD (2015) income inequality is at its highest level for the past half-century and for the IMF (2015) growing inequalities hamper economic growth. The reduction of inequalities was recently asserted by the international community (2030 Agenda for Sustainable Development) and the European organisations as an important policy target. It has also been highlighted that the sources of growing inequality emerge from mechanisms in the world of work (ILO, 2014, 2016b; OECD, 2015). The purpose of this volume is to address the question of income inequalities from its root causes, by highlighting that inequalities may be generated from different labour market and industrial relations systems.

Particular attention is paid in this volume to the contribution of the social partners and social dialogue in reaching agreements beneficial for both employers and workers, and balancing flexibility with security. All European countries have put in place a number of labour market reforms that have led to the emergence of new forms of employment contracts and relations that have affected working conditions. Collective bargaining coverage, mechanisms and contents have been progressively transformed along with the changes in the labour market, legal and policy reforms and the evolving economic and social context. The roles of actors – in particular workers' and employers' representatives – have been challenged and transformed.

This volume presents research to further explore the link between social dialogue indicators (collective bargaining coverage, trade union density, collective agreements, tripartite consultations and so on), social dialogue mechanisms (extension mechanisms, renewal of collective agreements and so on) and indicators of inequalities in the world of work.

The key aim is to identify elements of a response to a number of questions: Which countries have succeeded in carrying out the necessary reforms (for instance in the labour market) without generating further inequalities? What type of industrial relations systems seem to perform better in this respect? What type of policy measures, institutions and actors play a determinant role, in particular the social partners and social dialogue to achieve more balanced outcomes? How far could social dialogue help to address the future transformations of the world of work while limiting inequalities?

The scope of this volume goes beyond pay inequalities to address also other types of inequality, such as inequality in the distribution (and perhaps payment) of working time; access or re-access to jobs; access to training and career opportunities; and access to social protection or to pensions. It also looks at inequalities that may affect particular groups

of workers, such as women or young people, or those under certain types of work arrangements, such as part-time workers, temporary workers and the self-employed.

This introductory chapter begins with an overview of research on the link between social dialogue and inequalities before turning to some lessons from the national studies. We then review some outcomes of collective bargaining at national, sectoral and firm level that have helped to reach a good compromise between flexibility and security. This leads to a number of policy considerations, which are also developed in the national chapters.

2. SOME LESSONS FROM THE NATIONAL STUDIES

2.1 Overview of Recent Studies on the Role of Industrial Relations in Inequalities

Before turning to the substance of collective bargaining as presented in this volume, let's briefly summarise some of the research on the role of industrial relations in inequalities from various perspectives. The research has mainly focused on testing the effects on wage inequalities of the presence of collective agreements and also of the level at which collective agreements are signed. The literature on the subject suggests that firms with enterprise-level collective agreements have higher wage inequality compared with firms with collective agreements at regional or sectoral level.¹ A number of studies also show that centralised bargaining arrangements are associated with lower wage inequality (for a review see Hayter, 2011: 141–152; 2015). For instance, Blau and Kahn found (1996) lower wage dispersion associated with a higher level of centralisation. The role of extension mechanisms has also been analysed. The same authors found that extension mechanisms played a significant role in compressing the wage structure. Western (1998) confirmed for the period from 1970 to 1990 that countries such as Germany, Italy and the Netherlands that practised the extension of collective agreements could limit the growth of wage inequality.

Bargaining coverage is another indicator that can influence inequalities: for instance Visser (2015) finds a strong negative association between collective bargaining coverage and wage inequality measured by the P1/P10 earnings ratio, and concludes through a study on 32 OECD member states, that coverage would account for 50 per cent of the variance in wage inequality.

Other researchers examined the impact of coordination between different levels of collective bargaining on pay inequality. The evidence is rather convergent and points to a positive correlation.² According to the OECD, 'overall earnings dispersion tends to fall as union density and bargaining coverage and centralisation/coordination increase (OECD 2004: 166). The evidence confirms that more centralised and also more coordinated wage bargaining has a negative relationship with the level of wage inequality.'³

A number of studies have also shown some effect of collective bargaining on gender wage inequality. Blau and Kahn (2003) found a significant effect of collective bargaining coverage and the gender pay gap, examining 22 countries from 1985 to 1994 (see also

1 See, for example, Rowthorn (1992), OECD (1997 and 2004), Blau and Kahn (1999 and 2003), Elvira and Saporta (2001) and Aidt and Tzannatos (2002).

2 See, for example, Aidt and Tzannatos (2002, 2008), Blau and Kahn (2002), Teulings and Hartog (1998), Wallerstein (1999), Fernández and Vacas (2015).

3 See, for example, Rowthorn (1992), Dahl et al. (2013), Dell'Aringa and Pagani (2007), Salverda and Mayhew (2009) and Jau-motte and Buitron (2015). For an analysis of the impact of level of bargaining and level of coordination on nominal and real wage increases and on macroeconomic performance, see Eurofound (2015).

Blau and Kahn, 1992, 2003; Rubery et al., 1994, Rubery, 2015). Negative effects on the gender pay gap were also identified along with a curtailing of collective bargaining and public sector adjustments within austerity measures (Karamessini and Rubery, 2015).

A number of researchers have also demonstrated the relationship that might exist between collective bargaining, on one hand, and low paid workers, on the other (Gautié and Schmitt, 2010; Salverda and Mayhew, 2009).

2.2 A Possible Role concerning Low Pay

The first lesson from this comparative volume concerns the bottom of the wage scale. The erosion of collective bargaining in a number of countries has coincided with the increase in the low pay segment (composed of those workers paid below two-thirds of the median wage), often stimulated by labour market reforms not always adopted with the involvement of social partners (and sometimes despite their opposition). Income inequality increased in Germany once the wage-setting system was eroded after the Hartz reforms. The development of so-called ‘mini-jobs’ outside the scope of collective bargaining, contributed to increasing the incidence of low pay there to the highest level in the EU and, since there was formerly no minimum wage (until 2015) to put a floor under pay levels, wages plunged to a greater extent than in any other EU member state.

A similar process has also been witnessed in the Netherlands, where the number of low paid and also their distance from the average income have increased. This was due to government pressure since the mid-1990s on unions and employers to lower existing wage scales in collective agreements or to introduce new scales much closer to the minimum wage,⁴ as a means of enabling the employment integration of worker categories with a weak labour market position.

Also to be noted in a number of European countries covered in this volume is the increased proportion of part-time jobs – including those with very low number of working hours – among the low paid, something that may also be explained by weak collective bargaining coverage for this category of workers.

Conversely, in Sweden, a centralised and coordinated collective bargaining system and a still compressed wage structure have prevented the development of low paid/low-skilled jobs, but instead have boosted policies favouring an upgrading of skills and have led to the lowest wage dispersion among OECD countries (followed by Finland and Denmark). Similarly, multi-level bargaining with also extension mechanisms placed Belgium as the country with the lowest share of low paid workers and among the top three best performers on wage equality (see chapter on Belgium).

2.3 Minimum Wage Acting as the Wage Floor of Collective Bargaining

A second lesson from the country stories in this volume is that the minimum wage clearly contributes to limiting wage inequality (since it makes it possible to increase starting wages at the end of the wage scale thus reducing the pay difference with the top), but only if combined with collective bargaining (that brings with it additional negotiations levels to build more floors).

⁴ The average level of the lowest scale in the Ministry’s monitoring sample of collective agreements has clearly declined, falling by more than 10 per cent, which had an impact on inequalities.

The minimum wage in the United Kingdom, for instance, has contributed to limiting the rise in low pay, but this is not enough considering that there are no additional bargaining rounds. Moreover the proliferation of various types of work contracts with different wage levels and working conditions has increased inequality. By contrast, the minimum wage in Ireland has helped to reduce inequalities because it has intervened within the framework of a stronger social dialogue framework (at national level) that has limited fragmentation in terms of work contracts and pay conditions.

The case of the Baltic states also shows that progressive adjustment and increases of the minimum wage decided by the social partners have helped to raise wages at the bottom, but have not led to much spillover effect in the absence of collective bargaining. This might explain why the trade unions have not had much effect on wage inequalities. The wage premium due to trade unions' presence is reduced from 7.6 per cent to less than 2 per cent when other variables, such as skills, location and other features are taken into account. Belgium offers an opposite example, with low pay scales in some industries that can be, thanks to additional sectoral collective bargaining, 20 to 30 per cent higher than the nationwide minimum. The chapter on Belgium also shows how higher minimum wages also help to reduce the lower-tail and also overall wage dispersion.

The minimum wage introduced in January 2015 in Germany has also made it possible to address the difficulties of concluding collective agreements in a number of sectors and regions, and has acted as a floor to further promote collective bargaining. It is revealing that the minimum wage act was part of a legislative package entitled the Act on the Strengthening of Free Collective Bargaining (*Gesetz zur Stärkung der Tarifautonomie*) which, besides introducing the minimum wage, is also intended to expand collective agreement coverage. In fact, derogations from the minimum wage are possible through collective agreements that are declared generally binding.

Conversely, an active collective bargaining process in a context of overall moderation of the national minimum wage, as has happened in the Netherlands for the past two decades, can increase rather than decrease wage inequalities (for instance, lower minimum wages were agreed for eastern Germany).

2.4 Reducing Pay Inequality through Wage Compression

Taking the minimum wage as the wage floor makes it possible, first, to avoid too low wages, while building collective bargaining on it allows wage evolution in terms of a consistent and negotiated wage grid that prevents too high wage differentials. This consistency is strengthened by multi-level bargaining, with wage bargaining at national and/or sectoral level, complemented by wage bargaining at firm level. This effect on wage compression is the fourth lesson from the different chapters of this volume.

The Spanish system of collective agreements for instance, based on higher than firm level bargaining, until the crisis had a compressing effect on wage dispersion, contributing to lower levels of wage inequality. Similarly in Sweden, collectively agreed high wage floors, combined with wage agreements at sectoral and enterprise level, have favoured a relatively compressed wage structure which has prevailed, despite decentralisation of wage fixing in recent years which has brought more wage differentiation. This more balanced outcome in terms of inequality is not limited to wage structure but also concerns working and employment conditions (see chapter on Sweden).

In fact, collective bargaining only at firm level, without some common framework negotiated at higher levels, may lead to fairly diversified wage outcomes and thus to higher

inter-firm and sometimes also inter-sectoral disparities, even if it might reduce within-firm inequality. Moreover, as observed for instance in the Netherlands, wage agreements at firm level seem to have brought a number of additional bonuses on top of the basic wage, which are particularly important for higher ranking employees, thus increasing inequalities over time, even if part of that rise cannot be attributed to collective negotiations, but rather to enterprise wage policies. In the Netherlands, collective agreements have seen their grip on wage formation as a whole diminish, so that wages have not followed the pace of productivity growth. Nonetheless, the structure of wage scales that they impose continues to limit the growth of within-firm inequalities. Belgium is a good example where multi-level bargaining starts with inter-professional agreements followed by negotiations in joint committees or sub-committees in individual sectors that then lead to firm-level agreements, a process that led to 90 per cent collective bargaining coverage and which placed Belgium as one of the very few countries where wage disparity did not increase.

While multi-level bargaining – moreover within a coordinated system – would help in reducing wage disparity, this might change if the hierarchy between the different levels is modified. In particular, the fact that there are more and more derogations or deviation clauses that allow deviation from general rules – as witnessed recently in Spain, but also Italy, the Netherlands and others – means that the coordination effect might be disrupted in terms of effects on, for instance, wage disparities.

2.5 Promoting More Equal Conditions for Groups less Covered by Collective Bargaining

By its effect of boosting wages at the bottom end of the wage scale, collective bargaining is helping those categories of workers who are generally underrepresented there, such as women, but also other categories of workers, such as migrants. National and sectoral agreements in particular make it possible to extend standards to employees with weaker bargaining power, particularly those working in small firms.

This is another lesson from this volume that confirms previous studies – mentioned earlier – on the effect of collective bargaining on gender wage inequality. According to the statistical analysis presented in the Spanish chapter, firms with more women not only have lower wages, but also higher wage inequality; a similar process is observed in firms with a high proportion of temporary and part-time jobs. Firm-level agreements (without upper level bargaining) are also found to be associated with higher wage disparity and also a wider gender pay gap. Collective agreements – especially at higher levels – by fixing the same rules for all represents a way of avoiding discrimination (Pillinger et al., 2016).

The chapter on the Baltics confirms that collective agreements have had an impact at the bottom of the scale, with also an identified effect on the gender pay gap. The chapter on Ireland shows that wage inequality fell for Irish men between 1994 and 2001, and for women between 1997 and 2001, the latter in particular being partly attributed to the introduction of the minimum wage in 2000 within a social dialogue framework, as noted earlier (see also McGuinness et al. 2009).

Problems of youth inequality are also presented in this volume. In the Netherlands enterprises have developed student low pay schemes that somehow escape from the influence of collective bargaining. Similarly in Slovenia companies in the retail trade, especially supermarkets, have built their business model on the use of young workers at very low levels of pay and with minimum working hours and also little use of social dialogue. In Spain, firms with a higher percentage of young employees (under 30 years of age)

that were also found to rarely have a collective agreement have experienced more wage inequality.

In Italy, the crisis seems to have led to a substantial worsening of the quality of existing jobs, pay levels and inequalities across socio-economic groups, which has mainly affected young people and low-skilled workers. These are found to have not only the lowest performance in terms of employment and unemployment rates, but also the worst outcomes with respect to job quality, with lower earnings but also considerably higher labour market insecurity and higher job strain. They are often confined on temporary contracts and are less covered by collective bargaining. The interest of young workers in trade unions and social dialogue is also very limited.

Collective bargaining can thus help cover also vulnerable groups. For instance, a multi-employer agreement at sectoral or national level can cover more workers since it can be extended to all employers, including those outside the employers' organisations that negotiated the agreement. Moreover, if they know that an agreement may be extended and become binding, both employers' associations and trade unions will be more engaged in discussions. By contrast, single-employer bargaining at enterprise level may often cover only a limited number of workers, and some groups of workers – for instance, those on non-standard contracts – may not be included. In this sense, multi-employer bargaining is more inclusive and helps to limit inequalities between categories of workers.

The econometric exercise presented in the chapter on Spain shows that firms with a higher proportion of employees with temporary contracts also have higher wage inequality, which indicates that there should be more collective bargaining to cover this type of employee.

2.6 Redistributing Working Time More Equally

By fixing a set of standards, collective agreements might also help to improve equality of working time, in terms of number of working hours, access to overtime and also payment of working hours. This is another conclusion of this series of national chapters.

Massive use of zero-hours contracts in the United Kingdom shows how intimately working hours may be related to low pay. Insufficient working hours for part-time workers might also represent a source of inequality, as shown in the Netherlands and other countries. We will see in Section 3 how collective agreements may address and help to better regulate this area.

2.7 Contributing to Lower Inequality in Disposable Household Income

The correlation between industrial relations and inequality in terms of disposable household income has not been much studied. Household income is of course influenced by wages from individual earners in the household – in which collective bargaining plays a role. In fact, wage inequality was found to explain a very important part of incomes inequality (ILO 2015c).

Disposable household income is also very much influenced by tax policy and social security. The social partners in a number of EU countries – for instance in France and Belgium – also manage social protection, a role that they may further increase along with the progressive withdrawal of the state in a number of countries from its function of providing social security and benefits, particularly pensions. The social partners through

their participation in tripartite councils can also influence the distribution process. Social dialogue and industrial relations can thus play a role in disposable household income through different levers, directly through collective bargaining that influences wages or indirectly through their influence on major reforms currently ongoing in many countries, for example, with regard to the labour market, social security, pensions and taxes. This aspect is further investigated in some chapters in this volume.

3. SOCIAL DIALOGUE OUTCOMES ON INEQUALITY: EXAMPLES OF COLLECTIVE AGREEMENTS

This section – and the various chapters in this volume – presents a series of concrete outcomes of social dialogue at national level, but also of collective bargaining at lower level of the sector, region or enterprise that have managed to reconcile flexibility and security. This picture also allows us to see what are the trends in terms of collective bargaining on emerging issues in the world of work, and to highlight that the effects of social dialogue and collective bargaining on inequality might indeed derive from this capacity of bargaining to reach agreements that reflect the interests of both employers and workers.

Examples of collective agreements in this volume show that flexibility with security can be reached in very different ways. An outcome can be reached in the same area or same policy reform with various elements bringing some flexibility and others ensuring some security; this was the case for instance in the national agreement on the labour market reforms in the Netherlands, which improved the contractual position of temporary workers on the security side in exchange for shortened dismissal procedures on the flexibility side.

An agreement on flexibility and security can also be struck in a more general framework – generally negotiated at national or sectoral level – where some elements of flexibility introduced in one area – for instance on wages – can be compensated with some elements strengthening workers' security in another area, for instance better coverage of temporary workers with regard to employment.

Finally, an agreement can be promoted in a more general model where some flexibility can be introduced within companies (for instance to make dismissals easier), but in exchange for security outside companies, as represented by the Swedish case where more external flexibility with fewer obstacles to dismissal has been accepted in exchange for more security for workers to receive the necessary training to find another job after dismissal.

3.1 Seeking Balanced Outcomes through National Consultations on Major Reforms...

The various chapters of this book – for instance on Greece, Italy and France – converge in describing how adversarial relations between employers and the workers in the 1970s and 1980s were converted into more consensual industrial relations in recent decades with, as a consequence, a clear reduction in social conflicts and days lost due to strikes. This has also corresponded to the development of tripartite consultations and negotiations and the emergence of social dialogue at national level, with also a number of tripartite pacts (Freyssinet, 2010). All studies suggest that pacts have had an effect of moderating wages as these pay outcomes grew less than in countries without a pact.

Similarly in Belgium, social partners negotiate upper limits of wage growth – as a way to balance the automatic indexing of wages – on the basis of the weighted average of pay developments in neighbouring countries, namely Germany, France and the Netherlands. Social partners then discuss in joint committees in each sector within those boundaries.

Ireland is also a good example, where a high level of tripartite partnership for years made it possible to limit wage inequalities by providing a frame of wage progression in line with competitiveness, while the minimum wage, also introduced in 2000 after considerable social dialogue, made it possible to establish a floor to avoid an increase in the low pay segment. These wage guidelines were then implemented by more sectoral and enterprise-type collective agreements, even if those levels remained less developed than in other EU countries. The collapse of that social partnership, as stated in the Irish chapter, led to conditions being decided unilaterally by the employers, a process that led to wages and working conditions less favourable for the workers.

In Germany, there have never been national collective agreements as in most other EU countries. Nevertheless, there have been a few agreements, for example, to establish a productivity-based wage policy through so-called ‘concerted action’ (Konzertierte Aktion) in 1967–1977, or the Schröder government’s ‘Alliance for Work’ (Bündnis für Arbeit) in 1998–2003 and the regular national agreements on vocational training for young people. There can be some informal agreements, such as the one between the government and the collective bargaining partners during the financial crisis in order to avoid redundancies (see chapter on Germany).

In the Netherlands, the Wassenaar Agreement of the early 1980s (Hemerijck et al., 2000) was a long-term agreement between unions and employers to restrain wage growth in order to achieve low unemployment rates and inflation. National bodies –mainly the bipartite Labour Foundation (StvdA) and tripartite Social and Economic Council (SER) – and pacts advise the industry-level (and company-level) unions and employers, who are the parties legally permitted to take measures on wages and other aspects of employment in their collective agreements, and on occupational pensions.

Besides concluding pacts, social partners are often involved in a number of policy-making areas. In Sweden, the industrial relations system plays a fundamental role in regulating the labour market and shaping the development of employment, wage structures and vocational training, but also social protection systems, such as pensions (complementary pension) and unemployment benefits. In France and also Belgium (where they are part of governing boards of institutes or agencies in those fields), the social partners are heavily involved in the management of social security, especially public health insurance and unemployment benefits, and participate in the design and delivery of vocational training. Furthermore, the 2007 Act on Modernisation of Social Dialogue makes it compulsory for the French government to consult national trade unions and employers’ organisations when proposing reforms of industrial relations, employment and vocational training.

In Ireland, one recently agreed programme, ‘Towards 2016’, set out a framework within which the key social challenges facing individuals at each stage of life are tackled, focusing on the needs of children, young adults, people of working age, older people and people with disabilities, and proposing government actions across policy domains ranging from health and education to transport, housing, regional and rural development, tourism, energy, enterprise and sustainability. In this respect, social partnership might be seen as ‘settling the distributional questions’.

In those countries in which such levels and forms of dialogue are the most developed, more balanced reforms could generally be achieved that have also contributed to limiting the growth of inequalities.

In France, although the state maintains a strong role, several important reforms have been carried out on the basis of social bargaining and national agreements that were then transposed into law. In recent years, there has been increased participation of social partners in labour market reforms, especially in the recent crisis, with agreements that provide more labour security for workers in exchange for increased labour market flexibility: in 2008 an agreement was reached on the possibility for workers to keep their health and training entitlements in case of layoffs (in exchange for the possibility to agree on the termination of indefinite contracts); in 2013 on setting minimum working hours for part-time employees (in exchange for eventual layoffs and wage cuts in case of economic difficulties); and in 2015 on individual training accounts to improve lifelong learning (in exchange for a reduction of employers' vocational training contributions). The recent Act on Rules relating to labour, social dialogue modernisation and secure occupational trajectories (July 2016,) was also intended to develop this negotiation process by reforming social dialogue, but the bill was passed without sufficient social dialogue and thus led to strikes and public demonstrations.

In Slovenia, the strength of industrial relations (with tripartite mechanisms through the tripartite Economic and Social Council, minimum wages, collective bargaining at different levels and strong trade unions and employers' organisations) made it possible early in the transition to follow a sort of restrained negotiated incomes policy that allowed some wage moderation in exchange for more trade union involvement in reforms, such as on social protection and pensions. The progressive erosion of the bargaining power of trade unions, which coincided with the growth of nonstandard employment somehow changed that balance and progressively led both employers and the government to use social dialogue less, something that was further accelerated by the economic crisis. The weaker involvement of the tripartite council in many cases ended in imbalanced outcomes in favour of flexibility and that often led to strikes to reject them (see chapter on Slovenia).

For example, the introduction of the new law on mini-jobs without social dialogue in Slovenia led to a reform that gave priority to flexibility without security measures. On the other hand, the minimum wage increase in 2013 did not incorporate major employers' demands either.

With the crisis, many other governments implemented interventions hurriedly and often without proper consultation of the social partners.

These conflicts in a number of countries also led in some cases to the fall of the government, thus leading to political instability as well.

In Spain, although there is a tradition of national tripartite social dialogue with the conclusion of national pacts or national agreements, in 2010 the reform of collective agreements was decided without effective consultation and agreement with the social partners. This led for instance to the decision that when a collective agreement expires, its conditions will only be applicable for one year. The lack of social dialogue in labour market reforms also led to 'imbalanced' reforms in favour of flexibility and to the detriment of security. For instance, the first of the labour reforms eased the terms on which firms can modify working conditions (Art. 41 of the Labour Code), an option that is widely used by firms to change working conditions, further strengthened by the possibility to have a derogation from upper-level collective agreements at company level.

In this context, flexibility might have gone too far – as documented in this volume – without compensating security, for instance with the rapid growth of self-employed who receive very low income and lack social protection, as in the Netherlands, Slovenia and many other countries.

Table 1 Examples of innovative agreements at national level, selected EU countries

Items/Country	Wages and working conditions	Working time	Employment	Training	Gender equality/ NSFE equality	Private social protection	Social dia- logue
<i>Belgium</i>	2009-10 interprofessional agreement on tackling the crisis, including premiums (above indexation) of 125 euros in 2009 and 250 euros in 2010, without increasing costs for employers; higher benefit for temporarily unemployed; employers' new social tax reductions to recruit long-term unemployed	2016 cross-sectoral agreement on working time (No. 35), on temporary agency work (No. 36), and on Leave for compelling reasons (No. 45)			2008 agreement for gender neutrality in job-grading systems		
<i>Croatia</i>	Dec. 2016 agreement on basic salary increase for civil servants and public employees (by 2% in 2017)						
<i>Estonia</i>	Dec. 2016, agreement on minimum wage for cultural workers with higher education						
<i>Finland</i>	Oct. 2011-13 Framework agreement (covering 94% of workers) to ensure competitiveness and employment, which offers a pay increase of 4.3% over the period. Aug. 2013 Employment and growth agreement (covering 90% of workers) provided for modest wage increase over a two-year period and also covered non-pay issues, such as changes in social insurance contributions and unemployment benefit rules	Feb. 2016 Competitiveness Pact stipulated an increase in annual working time of 24 hours, wage freeze for 2017, and holiday bonuses of public sector employees would be temporarily reduced. It also provides for job creation measures					

Table 1 Examples of innovative agreements at national level, selected EU countries (cont.)

Items/Country	Wages and working conditions	Working time	Employment	Training	Gender equality/NSFE equality	Private social protection	Social dialogue
<i>Germany</i>	Productivity-based wages (<i>Konzertierte Aktion</i> in 1967–1977) Dec. 2016 agreement in railways and transport on innovative one-off payment of €550 between October 2016 and March 2017.	Agreement to avoid redundancies through reduced working time during the financial crisis Dec 2016 agreement in railways for every employee to choose between a pay rise, working one hour less per week or an additional six days of holiday	‘Alliance for Work’ (<i>Bündnis für Arbeit</i>) in 1998–2003	Vocational training for young people	In 2014, standards governing the working and employment conditions of all agency workers		
<i>Greece</i>		National General Collective Labour Agreement (EGSSE) signed by social partners for 2016 on inclusive labour markets and unemployment, on the refugee migration problem (but not on minimum wage)					
<i>Ireland</i>	2011 IBEC-ICTU national protocol for orderly industrial relations and local bargaining in the private (unionised) sector, renewed for 2012 and 2013		2013–2016 (the Lansdowne Rd agreement in the public sector to limit or restore employment and wage cuts)				

Table 1 Examples of innovative agreements at national level, selected EU countries (cont.)

Items/Country	Wages and working conditions	Working time	Employment	Training	Gender equality/NSFE equality	Private social protection	Social dialogue
<i>Lithuania</i>	2009 national agreement provided for measures to combat the recession, including cuts in public administration expenditure and an obligation not to reduce basic salaries of civil servants						
<i>Luxembourg</i>	2016-2019 new wage agreement in the public sector on wage increase of 1.5%	2016-2019 new agreement in public sector for more flexible part-time work arrangements. Possibility to reduce working time by increments of 10% to between 90% and 40% of full working time		Feb. 2016 social partners' agreement for quality at school and training for teaching			
<i>Malta</i>	Malta's tripartite national social dialogue institution, commissioned studies on low pay that recommended the minimum pay to be pegged to a ratio related to the basic average or median wage.						
<i>Portugal</i>	2016 tripartite commitment on the minimum wage						2016 debate on revitalising collective bargaining

Table 1 Examples of innovative agreements at national level, selected EU countries (cont.)

Items/Country	Wages and working conditions	Working time	Employment	Training	Gender equality/ NSFE equality	Private social protection	Social dialogue
<i>Spain</i>	2013 agreement on labour conflicts, mediation and arbitration		2014 agreement on (extending means tested) unemployment assistance		2008-2010 fifth national collective agreement for temporary agency workers	2011 agreement on the reform of public system of pensions	2015–2017 agreement on employment and collective bargaining
<i>Slovenia</i>	2017–2019 wage agreement on wages in the central public sector		Social Agreement 2015-16 signed in Feb. 2015, after six years without a pact. The agreement covers 12 areas and enumerates 140 goals: finance, sustainable economic development, new investment cycles, public sector, etc. However, a dispute over the Minimum Wage Act led to the withdrawal of employers' support in Nov. 2015				In Dec. 2016, government and social partners signed new rules on the functioning of the main national body for social dialogue, the Economic and Social Council of Slovenia (ESSS)
<i>Sweden</i>			Number of framework agreements signed by various sectors in 2009/10 on temporary layoffs and short-time working schemes, in response to the crisis			From 2007, national agreement (and 2013) provided for three years (last one in 2016) an 'equality allowance' for low pay among women to be further negotiated at sectoral level	

At the same time, social dialogue at national level has brought some innovative outcomes, for instance introducing some security to the trend towards more flexibility in the use of temporary contracts. In France, for instance, tripartite dialogue has led to better coverage of fixed-term workers through a decrease in the minimum number of months to obtain entitlement (four months since 2008) and the recent creation of cumulative rights (*droits rechargeables*) in 2015.

3.2 ...and through Innovative Collective Agreements

Collective bargaining at intermediary and firm level is used to complement national social dialogue and agreements in most EU member states, where around two-thirds of workers are covered by some form of collective agreement (Van Gyes, 2012), with a general rule widespread in European countries that more decentralised agreements (for instance, at company level) must improve wages and working conditions agreed in higher agreements at sectoral and national levels. Over recent years, however, we have seen that a number of derogation clauses have been added to allow enterprise agreements to define their own standards by negotiation, even below higher negotiated standards, something that might distort the previous hierarchy and coordination of standards between levels.

3.2.1 At sectoral/regional level

Table 2 presents a sample of selected agreements in various countries to illustrate the rich process of collective bargaining at intermediate (sectoral/regional) level on a very diversified range of topics. The issues discussed very often include inequality either to better extend coverage to groups of workers that were excluded or to negotiate some flexibility/security outcomes.

In the Netherlands the process is fairly extensive because collective agreements are the core instrument for unions and employers to influence labour market outcomes, and there is a possibility – at the prerogative of the Minister of Social Affairs and Employment – to declare industry-level collective agreements generally binding also for non-organised employers and employees. It is interesting that in the crisis collective agreements were extended to workers in a number of sectors, such as contract cleaning, security services, waste disposal and personal care. Since these sectors have a large share of temporary agency workers and also of migrant workers, this process could certainly help to level up working conditions and reduce the inequalities faced by these groups.

Trade unions and employers' organisations in Sweden are also structured along sectoral/industry lines, and the bargaining system remains fundamentally a two-tier system – which thus remains centralised and coordinated – where bargaining takes place firstly at the industry/sectoral level and afterwards at the company level. These collective agreements at the industry level and even at the company level are often extended and improve the statutory universal basic social protection in the form of higher replacement/compensation rates or a longer period of entitlement, for example regarding unemployment and sickness benefits, parental and training leave and pensions (occupational pensions).

Similarly in Slovenia, the fact that sectoral collective agreements cover a relatively wide array of issues appears to be conducive to package deals that include several elements of flexibility and security.

The case studies in the metal and trade sectors (see chapter on Slovenia) show that collective bargaining can significantly adjust the combination of flexibility and security

to sectoral circumstances. Moreover, the collective agreements in those two sectors have managed to put more emphasis on internal flexibility (and especially on working time and functional flexibility, less on wage flexibility) rather than on external flexibility, which is often not good for workers' security, nor for factories, which generally prefer to maintain a motivated labour force and a good social climate in order to increase its prospects of growth. In the electrical industry, provisions for the elimination of wage supplements that were previously included in the minimum wage were inserted in the collective agreements until the legal redefinition of the minimum wage in 2015.

While the law of 2013 introduced some possible derogation at enterprise level from higher-level – mainly sectoral – agreements, it also enabled the unions to start negotiating various security provisions in other areas of the 'bargaining package', and in some cases to use them to bring reluctant employer organisations to the bargaining table.

In Germany, because of the trade union structure, the industry level has emerged as the dominant bargaining level. However, income inequality in Germany has increased significantly due to the erosion of its wage-setting system, which followed the inclusive model until the mid-1990s. This increase was particularly noticeable in those industries and companies in which workers were neither covered by a collective agreement nor represented by a works council. They therefore found themselves in wage negotiations without the protection of the two main institutions – free collective bargaining and code-determination – that constitute the German model of industrial relations.

At the same time, a number of issues have been developed at sectoral level. For instance from 2014, an agreement was reached in the metal industry between IG Metall and the employers to entitle employees to a training agreement with a maximum time horizon of seven years, during which they will be able to work part-time, or take leave, eventually going to study for a degree while saving up certain elements of their pay in a training account to cover the period of absence (see Table 2). This agreement seems to take into account the various phases of the life course and should be beneficial both for the employees, who can better manage work and their personal life, and for the companies, which can benefit from a more motivated and further trained labour force. In Austria, in 2013 a new, innovative element was introduced in collective bargaining, the so-called 'free time option'. Two sectoral-level collective agreements concluded in 2013 – in the electronics and mining and steel sectors – included for the first time the option of converting pay rises into extra time off work, a practice that was further developed in 2016 (see Table 2).

The chapter on France also shows that sectoral agreements are numerous (more than 700 per year). They focus mainly on wages, and sectoral collective agreements seem to have allowed a better wage progression (+2.5 per cent in 2015) over recent years.

The recent agreement in the culture sector is a good illustration of how a better balance can be achieved between flexibility (required considering that most tasks in this sector are short-term) and security (with the need to compensate such flexibility with access to unemployment benefits once in inactivity) after months of negotiations.

In Spain, once a collective agreement is signed, its provisions are extended automatically to all employees working in the relevant area, beyond those belonging to the signatory organisations. As a result, nearly 75 per cent of Spanish employees used to be covered by collective agreements. This broad coverage of collective bargaining, together with this combination of levels, was found to have an equalising impact in terms of wages and working conditions.

Some innovative agreements were also signed at regional level, for instance on fostering competitiveness while reducing unemployment and non-standard employment in

Catalonia. These agreements also aim at developing the transition of temporary workers into permanent employment and facilitate working time flexibility. The Spanish authors point to the fact that only 10 per cent of firms, affecting roughly a quarter of employees (with intermediate-level agreements), include provisions on the conversion of fixed-term contracts into open-ended contracts, and less than 3 per cent of collective agreements establish limits on the ratio between temporary employees and overall labour force. However, a few regional (Salamanca) or sectoral agreements (for security workers) set a clear minimum of 60–65 per cent open ended-contracts in contracts overall (see Table 2).

Interestingly, some sectoral collective agreements in a number of countries also set a minimum number of hours for part-time workers, which is important in a context of growing involuntary part-time reported in most EU countries (for example, this applies to 60 per cent of part-time employees in Spain), a major source of income inequality. For instance, the collective agreement for security workers in 2015 in Spain set a minimum of 10 hours per week for monitors, who earlier tended to work only 45 minutes a day, thus leading to more equality, and also to lower the gender gap, given that most monitors are women. In France, a minimum of 24 hours a week was also set in some sectors.

The above examples of multi-level bargaining contrast with the United Kingdom, which has rather opted for a decentralised system of collective agreements at enterprise level. However, a continuous deterioration of trade unionisation, a decrease in the number and coverage of collective agreements, especially in the private sector, with also less and less representative bodies to enable workers to have a say, has been accompanied by increased wage inequality, with the exception of the public sector, which has maintained more centralised agreements and also good coverage in terms of trade union members and collective agreements. Interestingly, Ireland, which is characterised by a similar collective bargaining system decentralised at enterprise level, was able to limit inequality growth with more success, thanks to an overall social dialogue framework at national level, at least until the crisis.

Greece is an example of a country that has been shifting since the crisis from a multi-level to a rather decentralised collective bargaining system. The Greek chapter documents that this shift, including the interruption of social dialogue in areas such as the minimum wage has led to a number of reforms that promoted flexibility without much security. This is particularly striking for young workers who have incurred more wage inequality through a minimum wage fixed at a lower level for those aged under 25, combined with a new inequality in the distribution of working time, with a growth in the number of young workers stuck in involuntary part-time status.

3.2.2 At enterprise level

An increasing number of issues

While some decentralisation of collective bargaining towards the enterprise level is reported in most EU countries, it is also important to note that collective bargaining at this level is being rapidly extended to new topics and policy areas (see Table 2). Agreements are developing on issues such as equal pay for work of equal value (often called by the social partners ‘equal pay for equal work’ agreements) and notably to reduce gender inequalities, but also on working time – with also a number of agreements on how to improve the quality of part-time employment – and also possible solutions to increase the capacity of companies to be flexible with regard to layoffs.

In France, while new rules tend to favour the development of decentralised social bargaining and to simplify the organisation of the industrial relations system, there has been

an increase in the social partners' commitment to negotiate at the firm level on wages and other topics, such as working time, work organisation, collective health insurance, gender equality and so on, with even a recent trend to oblige companies to reach an agreement on some issues. In case of failure to reach an agreement at the company level, an action plan has to be implemented: that principle applies to gender equality (2006) and to seniors' employment at companies employing 50 or more people (2008).

At the same time, a number of chapters in this book highlight the lack of negotiation around flexibility and security issues at firm level, probably indicating a lack of coordination between national and enterprise level collective bargaining.

By contrast, the second case study in the chapter on Slovenia shows how the good coordination between upper-level and enterprise collective bargaining could improve the working conditions of agency workers in a major electric company. This innovative agreement was first facilitated by the law, which demands equal treatment and does not allow for deviations in this area. Second, the fact that the sectoral collective agreement set the establishment of parity committees at firm level as mandatory gave the union in the company an opportunity to raise the issue with the management relatively easily. The articulation between different levels thus represents an indispensable element for ensuring equality outcomes, in this case on equal treatment for agency workers compared with other workers. It is also relevant in terms of trade union strategy to observe that the union was able to unionise the agency workers only after their efforts to stand up for them and their rights.

In Germany, the range of topics covered by collective agreements has also been expanded significantly in recent years, for instance promoting unified pay scales or inter-firm mobility, and also lifelong learning to respond to new requirements by technological change, as well as gender equality and work–life balance. In particular, collective agreements seem to play an activating function for training within the companies, and the presence of works councils seems to boost training, as shown in the chapter on Germany.

A number of agreements have emerged in a number of countries to help to reduce inequality faced by workers in non-standard employment, in terms of securing them regular employment, improving their wages, bonuses and non-wage benefits, scheduling working hours and improving the work environment (ILO, 2016). Agreements have been concluded in, for example, Germany to secure regular employment for temporary agency workers for instance in the metal and electrical industry after a period of 18 months in the absence of any objective reasons to continue the temporary contract. Another 2012 agreement in the metal sector also grants social partners the possibility to set negotiated limits on the proportion of the workforce that can be temporary or subcontracted. In Ireland collective agreements were also concluded recently to ensure a minimum number of working hours to home helpers and workers in the retail sector, as a way to introduce more equality in the scheduling of hours for part-time and on-call workers. In the Netherlands, an agreement led to the conversion of 80 per cent of self-employed deliverers (who were paid abusively below the legal minimum wage) into employment contracts (Drahokoupil, 2015). In Italy, trade unions (CGIL, CISL and UIL) since 1998 have put in place special structures and social dialogue mechanisms for representing non-standard workers, including those in dependent self-employment, which led to some innovative agreements to regulate the relationship between the employer and such workers (a relationship called 'co.co.co' for '*collaborazioni coordinate e continuative*') as in the telecommunications, credit and research sectors, and also nearly 100,000 individual contracts.

There are also innovative agreements at firm level in some countries (see Table 2) for addressing the wages and working conditions of workers of sub-contracted firms (and

to extend the contents of the collective agreement to those firms), who often face worse working conditions (Zimmerman et al., 2010). The rapid increase in subcontracting (not only in some sectors, like construction but in almost all) thus represents a major source of growth of inequality in terms of wages and working conditions that could be addressed and limited through collective bargaining.

Collective bargaining can also help to improve the wages and working conditions of women. In Sweden, it was decided by national agreement in 2007 that women would be allowed an ‘equality allowance’ with the purpose of equalising wages, especially in low pay sectors dominated by women. This led to collective agreements signed in individual sectors, the largest allowance being achieved in the retail and municipal sectors, most dominated by women.

Collective agreements at firm level also aim at promoting employment and growth. In France some innovative agreements took place in 2013 and 2016 in the car industry (Renault, Peugeot) that made it possible to avoid layoffs and boost recruitment in exchange for a number of new flexibility measures (see Table 2 and also chapter on France).

The chapters in this volume also try to identify the issues that negotiations at enterprise level should develop further. The Spanish authors for instance attract attention to the fact that a very low percentage of firms have agreements to improve the wages and working conditions of temporary workers, even though Spain has one of the highest percentage of temporary contracts (25 per cent of total work contracts). While the role of temporary contracts on the ‘flexibility’ side has been clear during the crisis – with a reduction only in 2009 of temporary employment, which affects almost 1.1 million people, while open-ended employment was still growing⁵ – they were not accompanied by sufficient ‘security’ measures through social dialogue and collective agreements.

At the same time, the possible derogation to higher level agreements introduced in a number of countries – such as Spain, Italy and more recently France – has affected the link between higher (national, sectoral or regional) and firm level collective agreements. As indicated in the chapter on Italy, because contracts can derogate from higher level collective agreements, except for the pay structure, ‘representation has been pulverised, and within each firm, there are a variety of contracts’. The case of FIAT, for instance, breaking away from national representation and from the national contract in order to activate a new tailor-made contract seems to have influenced industrial relations in Italy (see chapter on Italy).

Negotiated solutions in the crisis

Collective bargaining has also made it possible to achieve negotiated responses to the crisis (Vaughan-Whitehead, 2011), even if win-win outcomes may be more difficult to reach in such a context because it may exacerbate the diverging interests of employers and workers.

Several countries, such as France, Austria, Belgium and the Netherlands, expanded their short-time working arrangements (or ‘work-sharing’), and Germany used these schemes intensively – through intensive collective bargaining and a series of agreements at both sectoral and company level, as shown in Table 2 – so that they avoided most layoffs and unemployment in the crisis, a process that the German authors in this volume call the ‘German employment miracle’. These arrangements are good illustrations of win-win agreements because they allowed employees to keep their jobs (of course by accepting

⁵ The authors also explain that the burden will then be placed on open ended contracts, concluding also to the lack of full job security also among open-ended employees.

lower working time and also often wages), while helping the companies to preserve their internal human capital and safeguard their industrial capacities. In Germany agreements between trade unions and employers to continue the recruitment of trainees even within the crisis also turned out to be a successful way of avoiding youth unemployment while maintaining human capital. In fact, Germany is a good example of successful joint management of the financial crisis based on the mobilisation and coordination of all bargaining levels (national, industry, region, company).

In Sweden, wage moderation, and not wage cuts as in some other EU member states, characterised collective bargaining during and after the crisis. At the same time, Sweden, following its tradition, has adjusted to the 2008 global economic crisis through a mix of negotiated numerical flexibility and active support for dismissed workers through active labour market policy measures and/or negotiated agreements helping redundant workers to find new jobs rapidly or to enhance their employability. Since 2015, nine out of ten of dismissed workers have found a new job or became self-employed within seven months following their first contact with the Job Security Foundations (presented as one case study on Sweden). Furthermore, around 70 per cent of the displaced workers obtained an equal or higher salary in their new job.

In other cases, however, the crisis also led in other directions with social dialogue being minimised or even avoided.

In Spain the massive increase in unemployment resulting from the economic recession of 2008–2013 led to a revision of many of the core elements of the system of industrial relations, including collective agreements. The 2012 reform gave priority to firm level collective agreements in most of the items bargained (wage, overtime, working time, work–life balance). While the intention behind this change in regulation was to adjust bargaining – and the resulting collective agreement – to the individual firm and its economic circumstances, these changes also led to the reduction in the number of workers benefiting from collective agreements. Moreover, the wage growth bargained in collective agreements signed after the 2010 reform was found to be lower than that bargained before it. A similar outcome is reported in Greece after deep transformation of national social dialogue, collective bargaining and minimum wage fixing.

Moreover, all the examples of sectoral and enterprise agreements covering both flexibility and security issues presented in Tables 1 and 2 confirm the importance of collective bargaining at those two complementary levels in order to find the right equality balance. This also confirms Marginson and Galetto's (2014) demonstration (from the example of the metal sector in few EU countries) of 'the capacity of collective bargaining to address issues of flexibility and security at sectoral and company level'. At the same time, they conclude that so far 'package agreements addressing forms of flexibility and security are not unknown at sectoral level but they are less widespread at company level', even if we can see from our examples in Table 2 that an increasing number of firm collective agreements – although so far in a limited number of countries – are addressing equal pay for work of equal value and also some new issues, such as non-standard employment and sub-contracting. More examples are provided in the chapters that also develop in-depth illustrative examples on the impact of social dialogue on inequalities (see Table 3).

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries

Extension of sectoral/ firm CA	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social protec- tion/pensions
<i>Austria</i>	2016 agreement in the private health and social care, on pay increase, increase on standby rates, allowances for dirty, arduous or dangerous work	2013 free time option agreement s in electronics and mining & steel (to improve work-life balance to reduce working hours instead of pay increases. 2016 agreement in the ceramic and stone industries on wages and also free time option 2016 agreement in metal ind. on new working time model	2015 agreement for service providers in data processing and data technology (on employment, working conditions and flexi-time accounts)	2016 Sectoral collective agreements on educational leave and/or time off for other further training purposes	2009 agreement for 'in-sourcing' self-employed couriers 2011 agreements on extending the parental leave (16 months in stone and ceramics, 16 months in metal industry)	2015 agreement for emergency and medical workers on guaranteed six weeks' annual leave
<i>Belgium</i>		Agreements on short-time working			Sectoral agreements also applied to agency workers Joint committees for gender neutrality including on career breaks 2016 agreement for hairdressing and beauty care against gender discrimination 2016 charter for diversity in banking sector	

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries (cont.)

Extension of sectoral/ firm CA	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social protec- tion/pensions
<i>Denmark</i>	Agreements in manu- facturing and banks on possibility to pay profit-related-pay bonuses Then company agree- ments on such PRP bonuses Agreement in con- struction against social dumping and to ensure similar wages and collective bargaining coverage for foreign workers	2014-2017 agreement in manufacturing to open 'free choice' ac- counts for employees funded by the employ- ers	Series of agreements for the building of the Metro and the Greater Copenhagen Light Rail to ensure foreign workers to have rights equivalent to those of local employees for the same type of work.	2016 agreement in postal sector on breaks, paid leave but also on a skill devel- opment fund to de- velop workers' skills	2014-2017 agreement for commercial and clerical workers on maternity protection for agency workers 2014-2017 agreement for shops that includes continuous training and cooperation fund 2014-2017 agreement in manufacturing to ensure that Temporary Agency Workers are not abused compared to full-time jobs	2014-2017 company agreements such as at Danske Bank group including on pensions and social provisions
<i>Finland</i>	2016 agreement in the IT sector	Nov. 2016 agreement on wages and exten- sion of annual working time in tech industry	2017 agreement in commercial sector on paid leaves		2012-14 agreement at Akava to reduce gender pay gap by allocating 0.5% total wage costs	
<i>France</i>	More than 700 sectoral agreements per year many of them defin- ing occupational and wage grids (including starting wage/legal minimum wage) Firm agreements mainly on wages and working time	Firm agreements on short-time working Also on modalities of 35 hour working week 2013 agreements at Renault & Peugeot avoiding lay-offs in exchange for working time flexibility and wage moderation	2016 agreement un- employment insurance regime for <i>intermit- tents</i> 2016 agreement at Peugeot with 2000 new young recruits with the 'generation contract', with new forms of flexibility	Sept. 2016 first com- pany-level agreement on digital transforma- tion signed at Orange including to prepare employees to future transformations	2012-14 agreement at EDF for equal pay between men and women and also for part-timers 2011-14 agreement at France Telecom to reduce gender pay gap and promote equal pay and profession	Agreements on early retirement

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries (cont.)

Extension of sectoral/ firm CA	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social protec- tion/pensions
<i>Germany</i>	Collective agreement in the steel industry in 2010, providing for equal pay for equal work for all temporary agency workers Similar agreement in metal and electric industry in 2012 granting seniority bonuses to temporary agency workers ThyssenKrupp Steel AG Europe agreement to cover sub-contractors	Sectoral agreements (ex. Chemical industry on a working time corridor of 40-35 hours a week in Chemicals and 35-30 in Metal industry) Company agreements on working time flexibilisation (reduction of working time)	Agreements on recruitment of trainees/apprentices even within the crisis	Training agreement in 2014 in the metal sector on max. 7 years of training account for employees to be used also outside the company Can also be fed by partial retirement scheme	2012 agreement in the metal and electrical industry to secure a shift to regular employment to temporary agency workers after 18 months 2012 agreement in metal industry giving works councils to set limits to the use of temporary agency workers (and also sub-contracted)	Agreement in the metal sector on employer subsidised partial retirement scheme
<i>Hungary</i>					2013 agreement in water sector to stimulate companies to sign equality plans (for women and Roma) 2014 agreement in railways for equal pay	
<i>Ireland</i>	2016-2019 new pay agreement for contract cleaners 2016 local pay agreements bargaining; majority of companies awarded pay increases	2015 agreement for home helpers and workers in retail to ensure a minimum number of working hours				

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries (cont.)

Extension of sectoral/ firm C.A	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social pro- tection/pensions
<i>Italy</i>	Nov. 2016 agreement for wage increase in the public sector Agreement on the distribution of bonuses related to companies' results at SKF			July 2014 agreement in the Commercial sector on vocational training that will be provided by sectoral parity institutions; also provided broader protection to working mothers and along contract termination	Sectoral and company agreements to represent non-standard workers and those in-between dependent and autonomous employees (parasubordinati) Ex. of Dec. 2015 agreements in telecomm. and also in the research sector	'Inter-generational' pact at company Luxottica to stimulate workers close to pension to take a 50% part-time to allow young workers to be hired on a permanent basis.
<i>Latvia</i>			As part of a 2016 cooperation memorandum in Construction aimed at halving the shadow economy by 2019, new electronic identification cards systems managed by social partners to ensure the selection of qualified workers and to record worked time			
<i>Luxembourg</i>				2016 new collective agreement in the financial sector also aimed at adapting the collective agreement to the generation Y		

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries (cont.)

Extension of sectoral/ firm CA	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social pro- tection/pensions
<i>Netherlands</i>	2013 agreement in postal and parcel delivery sector to improve working conditions of self-employed deliverers by converting them into employment contracts					
<i>Slovenia</i>		2016 agreement in hospitality and tourism industry for temporary rearrangement of working time 2016 agreement in trade on weekly schedules to the workers			Collective agreements at sector level promoting equal pay (and also extra pay) for women and training for this 2014-2015 agreements in electrical and metal industry for regularization of fixed-term work	
<i>Spain</i>		2013 agreement in the region of Catalonia to foster competitiveness and reduce unemployment and non-standard employment 2013 agreement in mass catering notably to increase minimal hours of part-time monitors	Agreement on conversion of temporary into permanent contracts (10%) or limiting % of temp. work 2011 agreement of offices, Salamanca, setting minimum of 60% of employees with open ended contracts. Similar limit (65%) in 2015 sectoral agreement for security firms		2016 agreement in the cleaning sector on non-discrimination and equal treatment for all workers (with specific initiatives in favour of equal pay, training, promotion of women)	

Table 2 Examples of innovative agreements at sectoral and enterprise level, selected EU countries (cont.)

Extension of sectoral/ firm CA	Wages and working conditions	Working time	Employment	Training	Gender equality / NSFE equality	Private social pro- tection/pensions
Sweden		400 companies in engineering industry short-time working agreements on reduction in working hours and in wages.	Framework agreement on temporary layoffs, wage adjustments and training in metal industry in March 2009 Temporary redundancy pay agreement on 2 March 2009 in chemical, steel and metal, mine and welding engineering industries, enabling local partners at the firm level to conclude agreements on temporary layoffs.	2010 new Job security agreements between Municipal and County council employees with professional training path aimed at enhancing their employability and promoting their occupational mobility	Sectoral agreements deciding an 'Equality allowance' in sector dominated by women and with low pay (largest increases in retail and municipal sectors)	

Table 3 Case studies in selected European counties (presented in individual chapters)

Country	First case study	Second case study
Baltic states (Chapter 2)	Inequality issues in a few enterprise collective agreements in Estonia	Collective agreements and inequality in micro-enterprises in Latvia
Belgium (Chapter 3)	Social dialogue to reduce the gender pay gap	Collective bargaining effects on inequality through a better work–life balance
France (Chapter 4)	Inequality in private social protection at workplace	Innovative collective agreement in the cultural sector
Germany (Chapter 5)	Boosting minimum wages and collective bargaining	Enterprise agreement (ThyssenKruppSteel AG Europe) to manage steel sub-contractors
Greece (chapter 6)	Public–private sector divide and inequalities	Security and flexibility measures to improve youth employment and wages
Ireland (Chapter 7)	Inequality, social dialogue and public sector pay	Managing macroeconomic shocks through social dialogue: what effects on inequality?
Italy (Chapter 8)	Flexibility and security in public employment services: comparing Lombardy and Marche	Outcomes of two different labour relations models: Ferrari and Lamborghini
Netherlands (Chapter 9)	Inequalities, collective bargaining and youth minimum wage	Negotiations to address pay inequality in the banking sector
Slovenia (Chapter 10)	Flexibility/security and inequality in collective agreements in trade and metal sectors	Social dialogue and collective bargaining effects on inequality in a large metal company
Spain (Chapter 11)	Tackling low hours through collective agreement in mass catering	Innovative way to reduce accidents at work in construction
Sweden (Chapter 12)	Role of industrial relations and flexicurity for promoting technological change and skills upgrading	Job Security Councils and transitional agreements to illustrate the Swedish flexicurity regime
United Kingdom (Chapter 13)	Initiative for improving working conditions among the sub-contracted social care workforce	Use of agency work and inequalities

3.3 The Important Role of the State

In the above framework, and from the evidence provided in this volume, the role of the state has generally remained very important. First to set the rules and also promote collective bargaining and social dialogue (for instance to sign or renew tripartite pacts or agreements), and second because the state often decides to develop mechanisms in order to extend some agreements, also to cover workers not initially included in the bargaining agreement. This was the case in countries with inter-sectoral (Belgium and Ireland) and sectoral wage bargaining (Austria, France, Germany, Spain and parts of Belgium), a process that made it possible to maintain high collective bargaining coverage in a number of countries. In other cases the government also played a major role in developing some mechanisms, such as wage indexation (in Italy in the 1980s, in Greece in the early 1980s

and in Belgium until now). The state also remains the initiator of most labour market reforms, but also social protection, pensions and training reforms. In France, even if social dialogue has accompanied flexibility at least to a certain extent, the initiative for reforms came almost entirely from the state. A good example of coordination with the social partners is given by Sweden, where following the agreements during the crisis and follow-up tripartite talks initiated by the government in 2011, a new law was decided on short-time working in December 2013 that subsidises the short-time working system in case of a severe economic recession while further encouraging collective bargaining.

Social dialogue at national level also cannot be maintained without strong support from the state, to keep it alive, to foster it, and also to use it when major reforms must be decided and implemented. The examples of Ireland and Greece here confirm that, however strong tripartite bodies might be, they will lose influence if the state is not directly supporting them. The nature and format of institutions certainly counts but they may be influenced by the evolving power and willingness of the actors, and by the wider political, economic and social context. Just as public policies can support the role that collective bargaining institutions play in wage policy, discontinuous changes in public policies can erode collective wage setting (Hayter and Weinberg, 2011).

As shown in the chapter on Greece, the decision to remove extension mechanisms, the suspension of the ‘favourability clause’ (given the prevalence of higher level agreements), the greater difficulties introduced for the renewal of collective agreements, combined with the unilateral decision to cut the minimum wage (traditionally established bilaterally by the social partners) clearly resulted in a rapid reduction in the number and coverage of collective agreements. The number of sectoral or occupational agreements fell from 101 in 2009 to 23 in 2015, while collective bargaining coverage was reduced from 83 per cent in 2008 to 40 per cent in 2013 (a mere 10 per cent in the private sector). This had negative effects on middle income earners in 2008–2010, while the minimum wage reforms also hurt those at the bottom, with increased wage inequality from 2012. The state can also influence inequalities through its policy in the public sector. A number of chapters in this volume also show that the employment and wage cuts, but also the shift towards more fixed-term, less secure contracts in the public sector have led to a radical transformation, making public sector employees in general more vulnerable.

The role of the state is also crucial in ensuring that the mechanisms continue to work, as in Sweden where the state is a major player in promoting training mechanisms that support strong external flexibility, combined with rapid re-employability of workers who have been dismissed. Similarly, it can intervene to set a framework on emerging issues. As an example, in Spain a bill was recently proposed (September 2016) aimed at guaranteeing equal working conditions for employees working in subcontracted firms in respect of the employees of the subcontracting firm. This is likely to encourage collective bargaining to discuss further the modalities of this, in the sectoral or enterprise context.

The important role of the state explains why we decided in this volume to extend the impact on inequalities beyond just collective bargaining and social dialogue to cover industrial relations more generally, also involving the state and not only workers’ and employers’ representatives.

4. POLICY CONSIDERATIONS

After having summarised some of the results presented in this volume on the relationship between collective bargaining and a number of inequality elements – such as wage

disparity, inequality in the distribution of working time and in the probability of having a non-standard work contract – we also plunged into some of the national stories and contents of collective agreements on inequality. This leads us to a number of policy considerations.

First, the various chapters in this volume confirm a decentralisation that is taking place towards more collective bargaining at enterprise level, but also the disappearance of collective agreements in some companies and also some sectors, such as hotels, catering, cleaning and retail. Countries with a low level of social dialogue institutions are also witnessing a further decline of collective agreement coverage.

While some decentralisation is also observed in countries with strong social dialogue institutions – notably with a decrease in national consultation and negotiations – the sectoral level remains strong. This level of bargaining is also fairly rich in terms of issues discussed and also outcomes negotiated on flexibility and security, as shown by the series of agreements we presented at that level. We can also find innovative agreements concluded at firm level on emerging issues, such as equal pay for work of equal value to reduce inequalities faced by women, but also on measures to better cover non-standard forms of employment and how they combine with more flexibility in the labour market. New agreements also are appearing on the emerging issue of sub-contracting or outsourcing to avoid differentiated wages and working conditions and thus increased inequalities. No doubt, in the current transformations in the world of work, with increased automation, changing tasks and increased mobility, there will be a need to negotiate similar agreements to ensure balanced outcomes in terms of employment, training, wages and working conditions.

This direct impact of collective bargaining on the world of work certainly explains the correlation that is also found in several chapters of this volume between collective agreements and inequalities, not only pay inequality but also inequality in terms of working time distribution and in the probability of having certain forms of work contract. First, collective agreements – especially at the higher level – are found to play a role in curbing pay inequalities. Countries with a high level of social dialogue institutions, such as Belgium and Sweden, have managed to keep wage inequalities at relatively low levels. Second, strong social dialogue institutions were also found to reduce the gender pay gap. We saw that an increasing number of collective agreements at different levels promote equal pay for work of equal value, something that contributes to lower gender inequalities. Third, the proportion of enterprises in which all workers have a permanent contract is much higher in countries with strong social dialogue. Fourth, strong social dialogue institutions can also help part-timers to obtain better working conditions, including sufficient working hours. We provided examples of this type of collective agreement in this chapter. We also saw – notably through multiple examples of collective agreements – that collective agreements can improve the working conditions of workers under non-standard forms of employment.

The assessment provided in this volume of a continuous decline of collective bargaining, despite its positive effects in limiting inequalities and generating innovative outcomes in terms of flexibility and security, requires a strong policy agenda. Because inequalities are increasingly found to have an adverse effect on economic growth and also on social cohesion (IMF, 2015; OECD, 2015; ILO, 2016b), collective bargaining to curb such inequalities represents an important lever that must be maintained and even strengthened. This policy agenda requires the commitment of all actors.

Trade unions have to find new strategies and this volume presents some innovative initiatives to tackle emerging trends in the world of work, such as the growth of non-standard forms of employment or the increasing recourse to sub-contracting. Some interesting de-

velopments can be observed, with trade unions overcoming some deterioration of the balance between flexibility and security by influencing the bargaining process. For instance in Germany, trade unions were confronted with the introduction of derogation clauses in their collective agreements, but managed nevertheless to increase their influence in sectors with high density rates by involving members in company-level bargaining.

Similarly in Italy, trade unions started to organise in order to be able to provide a necessary framework for a number of non-standard forms of contract. Trade unions are also meeting other challenges, such as extending the coverage of collective bargaining to non-standard forms of employment, or taking part in training programmes or training accounts that would help employees to develop lifelong learning, which is particularly important considering that with automation many jobs will disappear and new ones will be created.

Employers could also benefit from an increased use of collective bargaining to influence flexibility-security outcomes in the enterprise and thus to carry out the necessary reforms and introduce the necessary flexibilities without compromising, but rather increasing workers' security. Employers might also discuss the possible consequences of a move to a world with no collective agreements and examine the value added that multi-level bargaining with a combination of higher agreements (at national and sectoral level) and enterprise agreements could offer them in terms of employment, human capital, social climate and economic growth.

Finally, the role of the state remains central. National social dialogue and collective bargaining institutions could be strengthened where it decided to play a supportive role, and to use social dialogue effectively as a policy tool. By contrast, the recent weakening of social dialogue institutions – often with the motive of lowering labour costs and boosting competitiveness – have not necessarily led to the expected effects on economic growth, while they have seriously aggravated inequalities, along with a rapid decline in collective bargaining coverage. The influence of collective bargaining and social dialogue on key aspects of reforms (such as pensions, social security, working time, wages and subcontracting) and on inequalities – which we identify in this volume – should thus give additional motivation to policymakers and social partners to sustain and strengthen rather than weaken social dialogue and collective bargaining, and to put them among their policy priorities. Forthcoming transformations in the world of work will require more and more negotiated outcomes and policy solutions so that they better match the changing aspirations and needs of social and economic actors in Europe.

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