Better together

What trade unionists think of multi-employer bargaining in Europe

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Stan De Spiegelaere

UNI Europa affiliates largely support the strengthening of multi-employer collective bargaining. They see mainly gains in terms of higher wages, a better position of the workers. In some contexts, multi-employer bargaining is under pressure as it is more difficult to get to agreements, as the agreements are more often only framework agreements and as some actors question the need for a multi-employer agreement. Employers' unwillingness is seen as a large obstacle in the development of multi-employer bargaining and the lack of legal systems. The report as such suggests that work is to be done on strengthening and sustaining systems of multi-employer bargaining, by propagating the benefits of multi-employer bargaining, pushing employers to engage in multi-employer bargaining, creating enabling legal contexts and finding bargained solutions that apply to diverse contexts.

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1 Introduction

Autumn 2022: the European Union agrees on a directive on adequate minimum wages envisaging a target of 80% collective bargaining coverage in Member States. In essence, EU Member States will have to install some kind of multi-employer bargaining if they want to reach that target.

December 2022: New Zealand and Australia pass laws on ‘fair pay agreements’ which introduce government assisted sectoral bargaining.

January 2023: Romania changes its labour law to enable sectoral and national bargaining.

After years of being the scapegoat of many labour market problems, consensus on the benefits of multi-employer and sectoral collective bargaining seems to be shifting.

Collective bargaining, particularly at the sectoral level, is increasingly being put forward as a promising solution for addressing wage stagnation and inequality. This solution places responsibility and agency in the hands of those directly involved, namely the workers through their trade unions and the employers. Around the bargaining table, they can negotiate fair wages and other benefits that better reflect the value of their work, leading to more equitable and stable labour markets.

The trade union side generally supports initiatives to strengthen collective bargaining (CB), and more specifically sectoral or multi-employer bargaining (MEB). The argument goes that, when negotiating for many employers of the same sector, trade unions avoid negative wage competition. Sectoral bargaining creates a wage floor that prevents wage dumping.

At the same time, in only a minority of EU member states, the main bargaining happens on the sectoral or multi-employer level. Moreover, in seven of the Member States there is no form of MEB.

This report focuses on how widespread and active trade union support for MEB in Europe is and, secondly, assesses the perceptions of trade union officials regarding the challenges to MEB.

To address these questions, an internal survey of UNI Europa affiliated organisations was carried out. In total 100 responses were collected from unions from 30 different countries, across 16 different sectors. The survey was thus not limited to the European Union, but the European region more generally. Of the respondents, 70 said they had a system of MEB while 30 said there was no such system. In the annex, a more detailed description of the response is given.

The report does not have the ambition to paint a representative picture of the trade union landscape. However, to our knowledge, this survey is the first of its kind in attempting to get insight on the European trade union vision and its support for multi-employer bargaining.
2 What trade unionists think about multi-employer bargaining

Engaging in multi-employer or sectoral collective bargaining has several advantages for trade unions. Most importantly, by agreeing on minimum standards over different countries, trade unions can avoid negative wage competition. Sectoral bargaining, in other words, takes wages out of competition. According to many, it also strengthens the position of workers as trade unions can negotiate standards also for companies with low unionisation rate where company level agreements might be more difficult to reach.

At the same time, some also point to its disadvantages. By bargaining for many companies together, trade unions might need to accept minimum standards which are acceptable for the weaker companies. With company bargaining they might have been able to achieve a better deal. And last but not least, sectoral bargaining puts a lot of importance to a level where it’s more difficult to intensively connect with the workers and organise them.

For this reason, the survey proposed a number of statements to the respondents about MEB to gauge the support and their opinion. The results can be seen in figure 1 and lead to the following conclusions.

First and foremost, the survey unveils a large support for MEB. 94% of respondents (totally) agreed that multi-employer bargaining in their sector needs to be strengthened. All respondents equally support stronger multi-employer bargaining, whether they have one in place in their sector or not.

This support is related to the perceived gains trade unions are achieving through MEB. As such, a large majority thinks it strengthens the position of workers (90%) and leads to higher wages (78%). Again, only a very small minority disagrees with these statements and there’s no clear difference in opinion between those who have and don’t have multi-employer bargaining.

While the support is very broad, most respondents indicated to ‘agree’ with the statement that they want to strengthen MEB, but not ‘totally agree’. This might be related to some potential disadvantages of MEB. As such, while most of those who took the survey (70%) think MEB helps them to recruit union members, about one in five (20%) takes a neutral position and 11% disagrees. Linked to this, about one in two agreed that MEB results in less trade union presence in the workplace.

The above difference of opinion is also reflected in the literature. On the one hand, multi-employer agreements make the link between union membership and collectively agreed benefits less clear and thus increase the odds that employees will ‘free-ride’ on such agreements by not becoming members. On the other hand, when there’s a multi-employer agreement with sectoral standards, there is less incentive for employers to resist trade unionisation in their companies. Having a trade union makes less of a difference if the company is already covered by an agreement. This might facilitate trade union recruitment and organising.
Having established that most respondents are in favour of multi-employer bargaining, the next sections will dig deeper into the challenges to existing MEB systems, and the obstacles unions perceive in establishing MEB where it does not exist.
3 Diverse pressures on multi-employer bargaining in Europe

In 2019, the ETUI published a collective volume on the state of multi-employer bargaining in Europe. Throughout, the chapters observed a weakening of collective bargaining in general, and of sectoral and multi-employer bargaining in particular.

As mentioned above, 70 of the 100 respondents said they had a system of multi-employer bargaining in their sector. Interestingly, of those 30 who said not to have such a system, 7 declared that they did in the past. The reasons for the disappearance of MEB were: disengagement of employers, legal challenges and changes in legislation.

Of the 70 respondents with MEB in their sector, 60% said the situation was stable, 28% under pressure and 12% indicated that the sectoral level was growing in importance.

This corroborates largely the findings of the ETUI study which report a steady decline of collective bargaining. The book equally tried to identify what caused the decentralisation and erosion of higher level collective bargaining. As such, they distinguished between decollectivisation and decentralisation. Where decollectivisation signals the general weakening of (mostly) multi-employer bargaining by replacing it with company level bargaining (or no bargaining at all), decentralisation refers to the transfer of a part of the regulatory capacity from the sectoral to the company level. In terms of organised decentralisation, the sector level bargaining is not abandoned, but the importance for standard setting weakens.

According to the authors, this is pursued in various ways such as the conclusion of minimum, figureless or corridor agreements and the inclusion of derogation, opt-out and hardship clauses.

Figure 2 shows the main challenges to sectoral bargaining. The figure leads to the following conclusions. First of all, only one statement was identified by a majority of respondents as being relevant (that it is more difficult to find an agreement that suits all companies). This indicates that not all sectors face the same challenges. Far from it.

It also indicates that amongst trade unionists the general perception is that, in comparison with the past the current diversity between companies makes it more difficult for sectoral bargaining to exist. Interestingly, this challenge of increased ‘need for flexibility’ is not new. In the 90s, it was already voiced that multi-employer bargaining did not fit the post-fordist economy. But even in the 30s, in the heydays of fordist production, the complexity of modern industry precluded, according to some, multi-employer bargaining.

Looking at the techniques identified by the ETUI book as methods of decentralisation of collective bargaining, the study highlights the negotiation of minimum agreements as indeed a common practice. 42% of the respondents with MEB see this as a challenge. The other techniques (derogation clauses, figureless agreements, corridor agreements or opt-out options) are indicated as a challenge by far less respondents. Next, the perception of the value of multi-employer bargaining from the trade union and employers’ side is indicated as a challenge by a large group of respondents.
Departing from the previous observation that most respondents want to strengthen MEB, this section suggests the following actions:

- Identifying methods and techniques to bargain for companies which are in appearance very diverse and different.
- Buy-in: conceiving and spreading information about the advantages of multi-employer bargaining, both focused on trade unions and employers.
4 Obstacles to the development of multi-employer bargaining

The next section focuses on those 30 respondents that do not have any MEB in their sectors. Creating multi-employer bargaining from scratch is a difficult endevour. Roughly 6 respondents indicated that they managed to create a form of multi-employer bargaining in the past years. The literature on collective bargaining generally identifies some necessary conditions for multi-employer bargaining: strength of unions, the presence of an employer organization and institutional facilities such as extension mechanisms to support sectoral bargaining or systems to support trade unionisation. Another conducive factor highlighted is the willingness of the actors (unions and employers) to bargain.

In answer to what do they see as main obstacle to the development of MEB, 43% of participants indicated that the lack of willingness of the employers as the main obstacle. 30% pointed at the legal system that insufficiently promotes multi-employer bargaining and also the strength to the trade union was mentioned. Reasons such as the willingness of trade unions to bargain only on the company level, the lack of an employer counterpart and the presence of too many unions where not indicated as being the main obstacle.

Next to this, a number of respondents gave different reasons such as the power of tradition of bargaining on the company level, and the lack of advantage they see compared to company agreements.

Figure 3 – Main obstacles to the development of multi-employer bargaining

Again, from a positive approach to multi-employer bargaining, these results indicate that much remains to be done in convincing and pressuring employers to engage in multi-employer bargaining. This can, and should, be done by establishing enabling institutions and legal frameworks that protect and promote sectoral bargaining.
5 Conclusion: where to go from here

"We want to make labor costs resemble electricity. We want employers to compete on how they use capital, innovation, technology and management creativity - not on how they screw their workers." (Andy Stern, SEIU president, 2006)

The quote of Andy Stern illustrates clearly the reason why unions might favour multi-employer bargaining, and not company by company.

Through multi-employer bargaining, wages are taken out of competition.

This report has shown that such approach is firmly supported by labour movement: virtually all respondents favour stronger multi-employer bargaining in their sector.

At the same time, existing systems of bargaining are facing challenges as actors question the need for the multi-employer bargaining. Additionally, the perceived diversity between companies is making it harder to make multi-employer agreements, and when these are made, they tend to be more and more minimum framework agreements that guarantee minimum standards rather than upgrading existing ones.

For those sectors lacking any kind of multi-employer bargaining system, the main perceived obstacles are employer resistance and the lack of any legal system to provide for multi-employer bargaining.

The report has also put forward potential ways of action.

Firstly supporters of multi-employer bargaining agree that there is important advocacy work to do to show the benefits of multi-employer bargaining and convince employers, workers, trade unions and society at large of its necessity.

Secondly, trade unions need to design bargaining solutions that can go beyond the company diversity and still enable standards setting and standard lifting through multi-employer agreements.

Lastly, institutions do matter. One of the main obstacles to engaging in multi-employer bargaining is the lack of a institutional framework enabling or facilitating multi-employer agreements. And where there is a tradition of multi-employer bargaining, often this is supported through policy measures that support trade union density or extend collective agreements to non-signatory companies.
6 Annex - response

In total, 100 responses were collected via the internal UNI Europa survey. This reflects responses from 30 countries and 16 different sectors. Figure 4 shows that there were relatively a lot of responses from countries like Spain (11), Belgium (8), Italy (7) and Finland and Sweden (6). In terms of sectors (Figure 5), the distribution is highly skewed towards the finance sector from which 36 responses stem from. At the other end, very few responses were collected from sectors such as: care, cleaning and hair & beauty.

Figure 4 - Response by country
Figure 5 - Response by sector

Sector Distribution

- Finance
- ICT
- Post & logistics
- Commerce
- Media, Entertainment, Art
- Graphical & Packaging
- Other
- Security
- Cleaning
- Care
- Hair & Beauty

Frequency
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For any comments, questions and remarks, please contact the author: Stan De Spiegelaere – stan.despiegelaere@uniglobalunion.org

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