

# COLLECTIVE BARGAINING

## WHAT IT IS AND WHY IT'S GOOD FOR ALL OF US

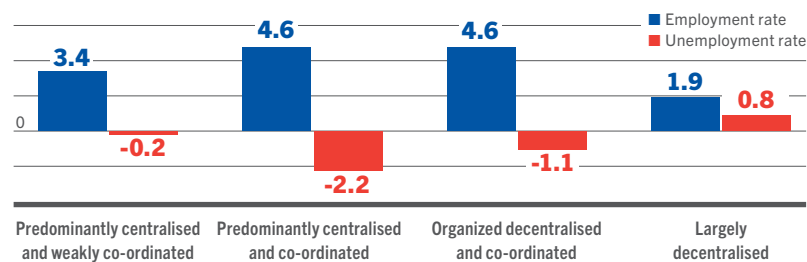
Depending on which country you're from, collective bargaining may be a more or less familiar term. The jargon hides a fairly simple concept: at its heart, **collective bargaining is when workers come together, in a trade union, to negotiate on an equal footing with their employer.** This means they aren't picked off one by one by a boss who can fire, demote or underpay an individual worker who stands up for their rights.



The benefits of collective bargaining are well-documented across Europe, whether they be **better conditions for trade union members** or **better conditions in companies with collective agreements** than in those without, for example, through higher wages or shorter working time. There is a sizeable advantage of being in a **trade union**, as collective bargaining ensures **regular pay rises**.

Collective bargaining promotes equality and especially benefits low-paid workers such as the young and women. They get the highest **wage benefits** from any group by joining a union. Moreover, there is more **decent employment and stability** in workplaces covered by collective agreements.

### Stronger bargaining means higher employment and less joblessness



Source: OECD, Employment Outlook 2018

Collective bargaining has a **positive impact everywhere**. This is of course also the case in countries where all national agreements are made generally applicable, such as Finland, Belgium and France. In these countries, all workers benefit from the efforts of unions to negotiate better working conditions and pay. Thanks to unions, everyone in society benefits.



It's not just about better wages or conditions, either. Data from the OECD shows that in countries with national and sectoral bargaining, there are **higher employment rates and lower unemployment rates** compared with countries with decentralised bargaining.



Statistics from governments, research institutes and trade union centres demonstrate that there are **positive wage differences** in favour of union members and collective agreements. These wage gaps exist in all countries that we have data from, even if there are significant differences with respect to union densities, coverage and bargaining systems.



### Denmark

Trade union members of CO-industri have 25% more benefits which consist of higher wages, shorter hours and other advantages in companies with collective agreements.

### Germany

In companies without collective agreements, wages are 24% lower on average, according to German union IG Metall. For unskilled workers, the difference is even greater than those without a collective agreement, at 32%. Working hours are 14% longer for those not covered by an agreement.

### The UK

UNITE trade union members earn, on average, **10% more than non-members**.

### The Czech Republic

Trade union members of OS KOVO in the metal sector earn 15% more, because of their collective agreement—this means 200 euro extra/month thanks to collective bargaining.

This wage difference would after three years add up to around 6,700 euro which is enough to buy a small car.

The gender pay gap is narrower in companies with collective agreements. In 2018, the wage difference between women and men was 26% in companies with a collective agreement, and 23.1% in companies without an agreement.

Working time is also 55 hours shorter per year, a difference which accounts for seven shifts. Between 2016 and 2018, an employee with a collective agreement worked 154.8 hours less, which is 20.5 shifts, i.e. almost the entire calendar month.