

Industrial Relations in Europe Report

What is the 'Industrial Relations in Europe Report'?

The Industrial Relations in Europe Report provides an overview of relations between management and trade unions at different levels across Europe over the past two years. It combines factual information and both quantitative and qualitative analyses of these relations. This is the fifth such biennial report.

Industrial relations are fundamental to managing employment relations in all Member States through collective bargaining or social dialogue – a broader process that encompasses both collective bargaining and consultation.

They also play a key role in growth, competitiveness and income distribution. The EU and the national legislators have a responsibility in setting the framework for industrial relations through labour law and other legislation.

The report therefore takes a broad approach and describes not only social partners' relations but also developments in employment policy, labour law and working conditions.

How can social dialogue contribute to more and better jobs?

The social partners have a key role in helping to create more and better jobs because they are ideally placed to know the reality of the workplace and to commit their members to action.

They are involved on the one hand in influencing policy decisions, negotiating social pacts and collective agreements, and on the other hand by participating in particular programmes and policies.

Are there any concrete examples?

At European level, the last two years have shown that European social partners can deliver on their commitments and shape employment policy and working conditions in the EU.

For example, the joint analysis of challenges facing the European labour market drawn up by the cross-industry social partners helped to build an EU consensus on the common principles on flexicurity in 2007. Their cooperation also facilitated the revision of the European Works Council Directive in 2008.

In December 2008, an agreement negotiated by the European social partners on labour standards in the maritime transport sector was incorporated into European law. And European social partners have continued to conclude autonomous actions, for example on harassment and violence at work. Once implemented by the national member organisations and/or the Member States by 2010 this agreement will help to prevent and manage problems of psychological and sexual harassment and physical violence at the workplace.

At national level social partners play a key role in helping tackle youth unemployment by taking on responsibility in vocational and educational training in some Member States. This has been the case in Austria for example, where the social partners responded to rising youth unemployment with joint proposals to reform the apprenticeship system which were then taken on board by the government.

Social partners in most EU-15 countries have helped increase working-time flexibility – and thus both work-life balance and the adaptability of enterprises – through annualisation of working hours, possibilities for part-time work and 'time saving accounts' or 'working time banks' in collective agreements. In contrast, the relatively high levels of dissatisfaction with work-life balance in most EU-12 countries can perhaps be partly explained by the fact that provisions are only introduced via legal minimum standards of various EU directives and social partners have had a much smaller role.

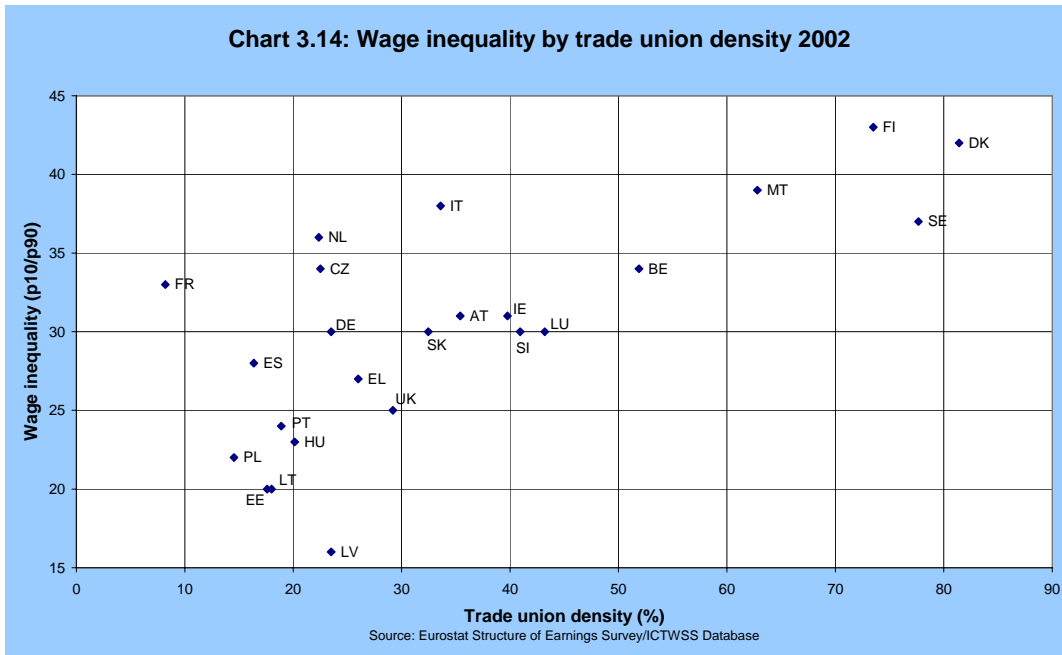
Finally, studies from Belgium, Bulgaria, Finland, Sweden and the UK show that occupational health and safety is better in workplaces where workers are represented by unions or works councils.

What are the benefits of good industrial relations?

The report confirms that strong wage bargaining systems (strong actors, coordinated processes, and high coverage rates) can have a clear impact on reducing the gender pay gap and reducing in-work poverty, while trade union density can have a very significant effect on wage equality.

Countries with higher bargaining coverage, holding everything else equal, generally tend to have a lower gender pay gap than other EU countries. Meanwhile, an increase in wage bargaining coverage by 10% is associated with a reduction of in-work poverty (the proportion of workers with less than 60% of the median income) of around 0.5%.

Countries with higher trade union densities, holding all other variables constant, have higher wage equality. The research suggests that a 10% increase in the trade union density ratio would reduce the wage inequality measure, on average, by around 2%.



Note: Wage inequality scale expresses the share of the lowest 10% of wages relative to the highest 10% of wages. Higher values indicate lower inequality.

How does the EU support industrial relations?

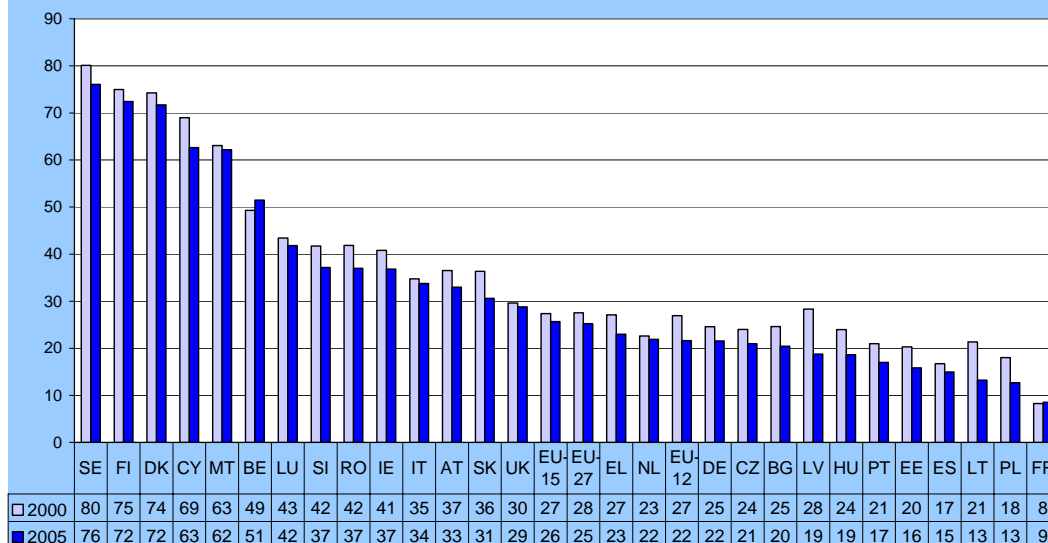
Social dialogue plays a key role in helping implement the EU's Lisbon Strategy for Growth and Jobs and its cohesion policy. The EU provides support to joint social partners' projects through the European Social Fund (ESF), for example in lifelong learning, as well as the creation of networks for labour-market modernisation at national level. For the period 2007-2013, some EUR 1.2 billion have been allocated to such measures.

This also includes direct support to help develop industrial relations institutions in the EU's newer member states through the ESF. In addition, the EU co-finances activities by the European social partners to help their national members in newer Member States participate more effectively in European social dialogue.

In which countries is social dialogue strongest?

Trade union membership is generally highest in the Nordic countries (Sweden, Finland, Denmark) and lowest in France, Poland, Latvia and Spain. Across the EU-27 it has declined slightly from 28% in 2000 to 25% in 2005 and remains generally higher in EU-15 countries (26%) than EU-12 (22%).

3.1 Trade union density 2000/05 (%)

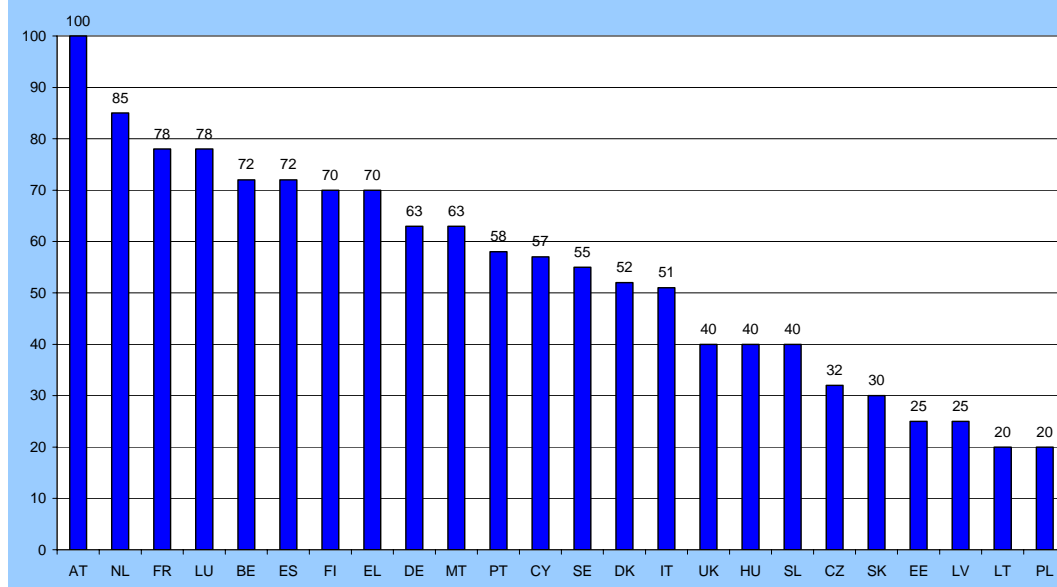


Source: ICTWSS Database 2007.

Note: The indicator measuring trade union density refers to the ratio of actual to potential membership and is the result of the total figure of gainfully employed members divided by the number of wage earners in the country.

Meanwhile, membership of employers' organisations is highest in Austria (100% coverage), the Netherlands and France and lowest in the Baltic countries and Poland.

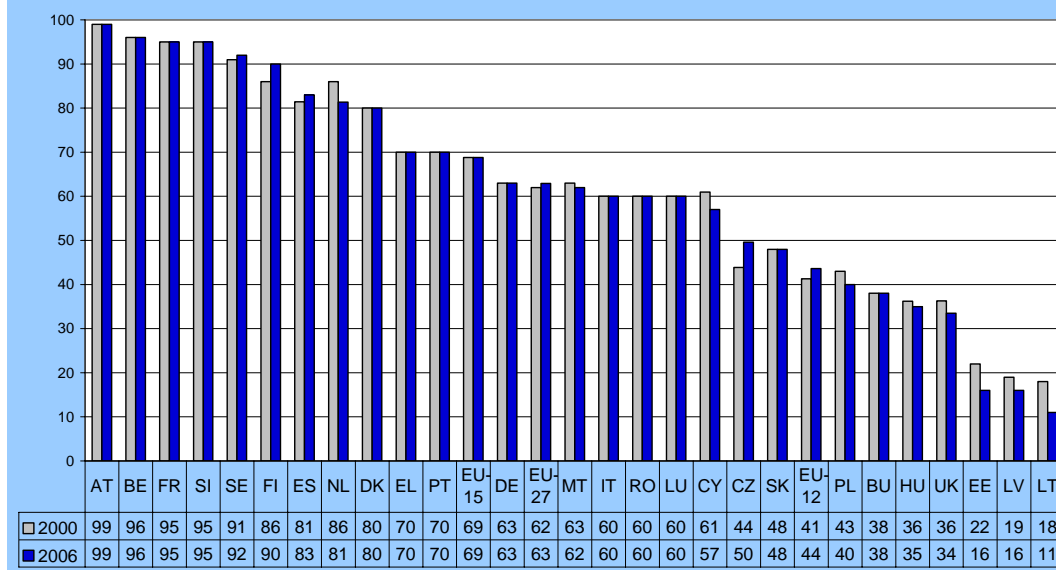
Chart 3.2: Employers' organisation density 2006 (%)



Source: ICTWSS database. No data are available for Bulgaria, Ireland and Romania.

Collective bargaining coverage generally reflects the relative strength of social partner organisations in each country, and notably of employers' organisations, with the highest rates in Austria, France and Belgium, and the lowest in the Baltic countries, where this tradition is a relatively new phenomenon.

Chart 3.5: Collective bargaining coverage 2000/06 (%)



Source: ICTWSS Database. No data are available for Ireland. Data on Estonia, Latvia, Lithuania, Malta, Slovenia and Romania refer to 2005 instead of 2006.

Social pacts, i.e. agreements between the social partners with government, still continue to have an important function. They are a widespread phenomenon that excludes only a few countries (Czech Republic, Malta and the UK). From 2000 to 2007, 67 such tripartite texts were concluded. They are not just an expression of an established social partnership but also attempts to renegotiate once established social policies and patterns of decision-making. Social pacts are an important resource for the management of crisis situation and for major policy reforms, for example to set a country on a pathway to flexicurity.

What about relations between employers and employees within companies?

A separate report on “Employee representatives in an enlarged Europe” covers the way employees are represented and involved in companies in each of the 27 EU countries. It includes basic information on implementing EU directives in the field of information, consultation and participation of workers, particularly in relation to European Works Councils and is aimed at European and national social partners, human resource managers and employee representatives in transnational companies.

Link to this report (Vol I and Vol II)

http://ec.europa.eu/employment_social/publications/booklets/industrial_relations/pdf/ke3008001_en.pdf

http://ec.europa.eu/employment_social/publications/booklets/industrial_relations/pdf/ke3008002_en.pdf