

# Industrial relations

## Introduction

Sound industrial relations and effective social dialogue are a means to promote better wages and working conditions as well as peace and social justice. As instruments of good governance they foster cooperation and economic performance, helping to create an enabling environment for the realization of the objective of Decent Work at the national level.

Indicators on industrial relations are an important element in measuring progress of Decent Work, which is why ILOSTAT presents statistics on trade union density and collective bargaining coverage rates resulting from an ILO data compilation effort (including an annual questionnaire and numerous special enquiries), with contributions from J. Visser. ILOSTAT also includes statistics compiled from national sources on the number of strikes and lockouts that took place every year, the number of workers involved in strikes and lockouts, the number of days not worked due to strikes and lockouts and the ratio of days not worked due to strikes and lockouts per 1000 workers, all of them disaggregated by economic activity.

## Concepts and definitions

A trade union is defined as a workers' organization constituted for the purpose of furthering and defending the interests of workers. For the purposes of favouring international comparability of the statistics presented in ILOSTAT, trade union membership refers only to union members who are employees. That is, it excludes union members who are not in paid employment (self-employed, unemployed, retired, etc.), unless otherwise stated in the notes.

Workers covered by collective bargaining are all those workers whose pay and/or conditions of employment are determined by one or more collective agreement(s). Collective bargaining agreements refer to all agreements in writing regarding working conditions and terms of employment concluded between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more representative workers' organisations, on the other. Collective bargaining coverage includes, to the extent possible, workers covered by collective agreements in virtue of their extension, as well as workers covered by collective agreements concluded in previous years but still in force.

A strike is a temporary work stoppage carried out by one or more groups of workers with a view to enforcing or resisting demands or expressing grievances, or supporting other workers in their demands or grievances.

A lockout is a total or partial temporary closure of one or more places of employment, or the hindering of the normal work activities of employees, by one or more employers with a view to enforcing or resisting demands or expressing grievances, or supporting other employers in their demands or grievances.

The concept of days not worked as a result of strikes and lockouts refers to the total number of working days during which work would normally have been carried out by each worker involved had there been no stoppage.

The concept of workers involved in a strike or a lockout covers those directly or indirectly involved at any time during a strike or lockout, whether the involvement was for the full duration of the strike or lockout, or only part of it. Workers who are unable to work as a result of the secondary effects of strikes or lockouts should not be included. Workers directly involved in a strike are those who have participated in the stoppage of the work whereas workers indirectly involved in a strike are those who were unable to work due to a strike. In the case of lockouts, workers directly and indirectly involved refer respectively to the "employees of establishments involved who were directly concerned by the labour dispute and who were prevented from working by the lockout" and "employees of the establishments

involved who were not directly concerned by the labour dispute but who were prevented from working by the lockout”.

Employees refer to wage and salaried workers as defined by the International Classification of Status in Employment (ICSE-93). Employees are all those workers who hold "paid employment jobs". These are jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household).

### **Method of computation**

ILOSTAT presents statistics on three calculated indicators on industrial relations, namely, the trade union density rate, the collective bargaining coverage rate and the days not worked due to strikes and lockouts per 1000 workers, calculated as follows:

$$\text{Trade union density rate} = \frac{\text{Number of employees union members}}{\text{Total number of employees}} \times 100$$

For comparability purposes (and as mentioned above) the scope of trade union density statistics in ILOSTAT is employees only (excluding persons not in paid employment), unless otherwise stated in the notes.

$$\text{Collective bargaining coverage rate} = \frac{\text{Number of employees covered by collective bargaining}}{\text{Number of employees with the right to collective bargaining}} \times 100$$

For comparability purposes the scope of collective bargaining coverage statistics in ILOSTAT is employees only (excluding persons not in paid employment), unless otherwise stated in the notes. Collective bargaining coverage rates are adjusted for the possibility that some workers do not have the right to bargain collectively over wages (e.g. workers in the public services who have their wages determined by state regulation or other methods involving consultation), that is, workers who do not have the right to collective bargaining are excluded from the denominator, unless otherwise stated in the notes.

$$\text{Days not worked due to strikes and lockouts per 1000 workers} = \frac{\text{Days not worked by workers involved in strikes and lockouts}}{\text{Number of workers in the reference group}} \times 1'000$$

### **Recommended sources**

The most common sources for statistics on trade union membership and collective bargaining coverage are administrative records (maintained by unions or government agencies).

Labour force surveys could also serve as a source of statistics on union membership and collective bargaining coverage. They have an advantage in terms of coverage as they include all types of workers and work situations. The data can also be cross-tabulated with other variables of interest, for example, variables related to employment conditions. However, the possible drawback of using labour force surveys to collect this type of data is that workers may not know their coverage status.

Establishment surveys can be used as an alternative and would deliver higher quality data. However, their coverage is often limited to large formal sector establishments only.

The most common data sources for statistics on strikes and lock outs are administrative records (such as records of employers' or workers' organizations and/or labour relations records). Establishment surveys could also serve as a source of statistics on strikes and lockouts, although their coverage would be limited typically to formal sector establishments of a certain size. Household surveys could be used as an alternative source of information, but the reliability of the statistics would be highly dependent on the accuracy of the respondents.

## **Use and limitations**

Every industrial relations indicator casts light on a different aspect of a country's industrial relations system, thus, the analysis of various industrial relations indicators together would provide a more comprehensive picture of workers' conditions. All these indicators being highly dependent on the national socio-economic context and the national legal framework, it is important to interpret them keeping these in mind, and perhaps along with indicators of economic growth and labour productivity.

While the trade union density rate gives some indication as to the extent of the exercise of freedom of association, it needs to be analysed within the national context (e.g. whether or not workers are free to organize strikes, etc.) and thus should be interpreted within the legal framework. Furthermore, the union density rate should not be used as the sole indicator of the bargaining power of unions. Countries with low density rates may have a very high coverage of workers through collective agreements; countries with high density rates may have very poor social dialogue. Similarly, high density rates do not necessarily reflect a situation where the majority of employed persons may exercise freedom of association, such as would allow them to potentially benefit from trade union membership.

Likewise, the collective bargaining coverage rate gives some indication as to the exercise of collective bargaining rights but does not necessarily reflect the direct outcome of negotiations. It does, however, reflect to some extent the particularity of the industrial relations system and type of labour regulation to which a country subscribes. This includes the number of collective agreements reached, the bargaining structure, as well as the interaction between the collective bargaining process, administrative regulations and labour law. Centralized collective bargaining structures tend to be associated with high coverage rates. In countries with extension mechanisms, coverage is increased to include enterprises and workers who may not have participated in actual collective bargaining negotiations.

In terms of the quality of data, when data is derived from administrative records, its reliability depends on whether the registration is obligatory or on whether it is done comprehensively. There is a possibility of double counting of workers covered by agreements that are reached at different levels (in the case of multilevel bargaining structures) or of union members who are members of more than one union, or who have changed unions.

For the purposes of statistics disseminated in ILOSTAT, indicators on trade union density and collective bargaining coverage refer only to employees. However, in countries where self-employment represents a large share of employment, it might be interesting to also study the rates using total employment as the reference group.