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INTERNATIONAL LABOUR ORGANIZATION

Collective bargaining: Negotiating for social justice

Introductory note

High-level Tripartite Meeting on Collective Bargaining
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Introduction

The year 2009 marks the 60th anniversary of the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).[1] The Convention defines collective bargaining as "voluntary negotiations between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by collective agreements". It refers to the process of bargaining and dialogue between the social partners, the desired outcome of which is a collective agreement.

This note serves as an introduction to the High-level Tripartite Meeting on Collective Bargaining that will take place at the ILO in Geneva on 19–20 November 2009. It provides a brief overview of trends in different regions, examines developments in respect of the content of collective bargaining, and highlights some innovative practices, including the ways in which the social partners are responding to the economic crisis. It further identifies some issues that may be discussed during the High-level Tripartite Meeting on Collective Bargaining.

Overview

Collective agreements serve as key means for improving and regulating terms and conditions of work and advancing social justice in many countries.[2] The primary issues for collective bargaining are wages and working time, but a range of other issues are often included, such as annual leave, occupational safety and health, vocational training, equal treatment, productivity, and family responsibility. Collective bargaining is also a means to institutionalize labour relations and settle workplace disputes through dialogue. This helps to build trust and cooperation in the workplace and is thus the bedrock of sound industrial relations. Because it balances the decision-making power, collective bargaining is a vital tool for forging genuine "social partnerships" between employers or employers' organizations and trade unions. The social partners may also use collective bargaining as a process to address and cope with economic and social change, such as the present economic crisis, in a manner that meets the interests of both workers and employers.

Integration into global markets has intensified competition and the pressure for enterprise flexibility. In response, enterprises introduced new forms of work organization and changed their employment practices. This resulted in more flexible working time arrangements and a rise in non-regular employment (e.g., fixed-term, casual and temporary employment). New technologies and more flexible work processes also demand a higher level of skill and the training of workers. This quest for greater competitiveness was accompanied by the growing individualization of employment relations and a rollback in support for collective bargaining in some countries. Economic changes, involving a decline in the share of manufacturing in total employment and increase in the share of services eroded the traditional membership base of trade unions in many countries. These changes present important challenges for collective

[1] This has since been supplemented by the Labour Relations (Public Service) Convention, 1978 (No. 151), and the Collective Bargaining Convention, 1981 (No. 154), which broadened the concept of collective bargaining and extended it to both the public and private sectors (except for the armed forces and the police).

[2] The ILO Declaration on Social Justice for a Fair Globalization notes "that freedom of association and the effective recognition of the right to collective bargaining are particularly important to enable the attainment of the four strategic objectives", para. A. (iv),ILO, 2008

bargaining. Collective bargaining practices and structures need to adapt to remain responsive – and bargaining agendas need to broaden to accommodate new concerns.

While trade union membership declined in many countries, the number of workers covered by collective agreements remained relatively stable in some but fell in others, particularly in countries which deregulated labour markets and removed support for collective bargaining. The ILO conducted a statistical inquiry into trade union density and collective bargaining coverage in 2008–09 (see Annexes 1 and 2).[3] The preliminary results of this inquiry highlight the poor quality of these indicators, and the need to support the efforts of the social partners in the collection of data. The data shows a significant difference in the role that collective bargaining plays in regulating terms and conditions of work in higher and lower income countries. In higher income countries, the proportion of workers covered by collective agreements is either equal to or higher than trade union density. In developing countries, institutions supporting industrial and employment relations are weak, and the proportion of workers engaged in and covered by the terms of collective agreements remains very low, often below that of union density, particularly when those in informal employment are included.

a. Regional and global developments

Turning to trends in different parts of the world, there continues to be great diversity in how collective bargaining is organized in different countries. This section highlights some key developments in specific regions and at the global level. While there is increased collective bargaining activity at the enterprise level in many countries, a shift to industry-level bargaining is also observed in a few. One common feature is the introduction of clauses that allow some flexibility either in respect of different sizes of enterprises or under particular economic circumstances.

Africa

There are significant developments in the legal and institutional frameworks for collective bargaining in many countries in the African region. Some countries strengthened organizational rights, for example by removing restrictive registration measures (e.g. Botswana and Uganda); ending state support for trade union monopolies and permitting trade union pluralism (e.g. Ghana, Tanzania, Ethiopia, Mauritania and Nigeria); and extending organizational rights to the public sector (e.g. Botswana, Namibia, Ghana and Mozambique). Seeking to respond to the demands of the global economy, some governments introduced and/or elaborated on the rules and procedures governing collective bargaining processes. Examples of this include introducing procedures for recognition (e.g. Morocco), introducing a duty to bargain in good faith (e.g. Mozambique, Lesotho, and Namibia), and enacting a right to information (e.g. Kenya and Tanzania).

A number of countries created new industrial relations institutions to encourage collective bargaining and its smooth functioning. Examples include tripartite institutions of social dialogue, such as the Comité National du Dialogue Social (National Social Dialogue Committee) in Senegal; new bargaining mechanisms, such as the Public Sector Coordinating

[3] A questionnaire was sent to the National Statistics Office and the Ministry of Labour of all countries to survey the available statistics and information on trade union density and collective bargaining coverage. The statistical inquiry was executed as a joint project by the Industrial and Employment Relations Department and the Bureau of Statistics of the International Labour Office. The aim of the project is to use the information to improve the collection of data at the country level on trade union density and collective bargaining coverage as an indicator of the strength and quality of social dialogue.

Bargaining Council in South Africa; and new dispute resolution institutions, such as the Commission for Mediation and Arbitration in Tanzania.[4]

Despite developments in the legislative and institutional framework, collective bargaining remains underdeveloped in many countries in this region. There are a number of reasons for this. Many countries experienced a sharp decline in formal sector employment and trade union membership as a result of structural adjustment programmes. Formal wage employment accounts for a relatively small per centage of employment in most countries and the majority of workers work in the informal economy or in unpaid work in the rural sector.[5] In addition, trade unions tend to be fragmented and relatively weak.

Collective bargaining structures across the region are diverse, with bargaining taking place at different levels (i.e., enterprise, sectoral/industry or central/national levels), or at multiple levels at the same time. In Tanzania, collective bargaining of public sector workers is centralized, but largely enterprise-based in the private sector.[6] In Ghana, the National Tripartite Commission establishes minimum conditions which serve as a reference point for bargaining at the enterprise level. There is also a strong tradition of "pattern bargaining" within industries; for example the University Teachers Association takes its lead from settlements by the Ghana Medical Association and the Teaching Hospitals.[7] In Nigeria, employers' associations and one or more trade unions negotiate industry-wide agreements which may then be improved upon or supplemented by issues negotiated at the enterprise-level.[8] In Cameroon, the state is involved in facilitating the negotiation of industry/sectoral accords.[9] In many countries, tripartite institutions of social dialogue play a key role in facilitating sound labour relations and including workers in the informal economy, as in Niger, Senegal, Togo and the Democratic Republic of Congo.

In South Africa, where formal wage employment is significant, sectoral bargaining, either through Bargaining Councils or non-statutory fora, plays an important role in regulating terms and conditions. Collective bargaining agreements are estimated to cover around one-third of all workers in wage and salaried employment (see Annex 2). Bargaining Council agreements can be extended to non-parties (enterprises that are not members of the employers' association) within the particular scope of the Council. The Bargaining Councils often provide procedures by which enterprises can apply for exemptions from the agreements, based on criteria such as the size of the business or undue financial hardship. Bargaining Councils are themselves responsible for the enforcement and monitoring of their collective agreements. With the social partners in these sectors essentially "self-regulating" through Bargaining Councils, the state then concentrates on establishing basic conditions of employment in other sectors through Employment Conditions Commissions.[10]

Labour disputes have increased in a number of countries, particularly in the public sector where the practice of collective bargaining is not as advanced as in the private sector and where labour relations will take some time to mature (e.g. South Africa and Nigeria). Ghana, on the other hand, witnessed a decline in the number of labour disputes, owing in part

[4] Other examples of new dispute resolution agencies include the Commissao de Mediacao e Arbitragem Laboral (Commission for the Mediation and Arbitration of Labour Issues) in Mozambique, the Committee for Dispute Prevention and Resolution in Namibia, and the National Labour Board in Kenya.

[5] For overview of diverse trends in labour relations, see Wood and Brewster, 2007.

[6] Madihi, 2009.

[7] Gockel, 2009.

[8] Fajana, 2009.

[9] Nanfosso, 2009.

[10] Budlender, 2009.

to the preventative and proactive role played by the new National Labour Commission.[11] Despite the creation of many new institutions for dispute resolution, their effective funding remains a key challenge. The unstable political climate in some countries does not present a promising outlook for the use of collective bargaining as a means to facilitate the development of sound and productive labour relations and improve working conditions, as can be seen in countries such as Zimbabwe.

The Americas and the Caribbean

There have also been a number of legal and institutional developments in the Americas and the Caribbean. After a period of relative hiatus in respect of legal and institutional reforms, there are attempts to strengthen union recognition and bargaining rights in the United States in a new Bill.[12] In Canada, the Supreme Court ruled that Canada's Charter of Rights and Freedoms protects the right of union members to engage in collective bargaining.[13] A number of countries in the Caribbean reformed or enacted new procedures promoting collective bargaining and introduced a duty to bargain in good faith (e.g. Jamaica, Bermuda, and Grenada).

In South America, trade related concerns sometimes created the impetus for legal reforms aimed at bringing legislation into conformity with international standards.[14] One issue remains the promotion of collective bargaining with alternative forms of workers' organizations. The ILO Committee on Freedom of Association considers that direct negotiations between an enterprise and its staff which take no account of existing representative organizations may run counter to international standards.[15] Some countries have strengthened organizational rights, for example by enabling trade union federations to be recognized in Brazil, thus ensuring their financial stability.[16] A few countries reformed or enacted new procedures promoting collective bargaining. Uruguay adopted a number of regulations strengthening collective bargaining rights and passed legislation that expands collective bargaining in the public sector.[17] Argentina has broadened the scope of the duty to bargain "in good faith", strengthened the right to information and restored bargaining at different levels.[18]

In North America, collective bargaining is mostly decentralized to the enterprise-level, and at least in Canada and the United States, privately organized. In the latter, judicial decisions regarding the use of permanent replacement workers during a strike and subsequent employer strategies to individualize employment relations had a dramatic impact on trade union density and collective bargaining coverage.[19] Recent evidence shows that after the majority of workers have voted for a union, only 56 per cent of newly certified bargaining units are successful in achieving a first agreement, and only 38 per cent are able to do so in the

[11] Established by Labour Act No. 651 of 2003.

[12] Employee Free Choice Act (H.R. 1409/S.560)

[13] Health Services and Support – Facilities Subsector Assn v. British Columbia (2007, SCC 27).

[14] Vega, M.L. (ed.), 2005.

[15] *Freedom of Association: Digest of Decisions And Principles of the Freedom of Association Committee of the Governing Body of the ILO*, Fifth (revised) edition, 2006, para. 945

[16] *Consolidação das Leis do Trabalho Ley* 11.468 de 2008.

[17] Adopted 16 July 2009, Collective Bargaining in Labour Relations in the Public Sector, Num. 18.508 (*Negociación Colectiva En El Marco de las Relaciones Laborales en el Sector Público*).

[18] Law on Stable Employment (*Nueva Ley De Empleo Estable*, No. 25.250 de 2000 (amended by Ley No. 25.877 de 2004).

[19] Trade union density declined from 20.1 per cent in 1983 to 12.1 per cent in 2007. There was a slight increase to 12.4 per cent in 2008 (United States Bureau of Labour Statistics).

first year.[20] Interestingly, health insurance and pension benefits are included in nearly half of all collective bargaining agreements.[21] The significance collective bargaining plays in regulating terms and conditions of work has been more stable in Canada, where collective bargaining agreements are estimated to cover 31.5 per cent of wage and salaried workers (see Annex 2). In Mexico, the role that collective bargaining plays in regulating terms and conditions at work is limited and the quality of collective agreements are considered to be poor.[22]

Collective bargaining remains underdeveloped in much of South America. With the exception of Uruguay and Argentina, the proportion of workers covered by collective agreements is low, ranging between 4.1 per cent of wage and salaried workers in El Salvador and 16.2 per cent in Costa Rica (see Annex 2). Collective bargaining coverage also fell in some sectors, particularly those which were privatized and/or where restructuring and the reorganization of production resulted in the outsourcing of particular services. There is a general emphasis on enterprise-level bargaining, particularly in Central America and the Andean region. There are one or two sectoral agreements in some countries, such as the construction sector in Panama.[23] The large informal economy and the predominance of small enterprises are often seen as obstacles to collective bargaining, particularly as in this region the threshold for forming a trade union is anywhere from 20 to 40 workers.[24] In Central America, collective bargaining predominantly takes place in the public sector.

In Brazil, collective bargaining occurs largely at the municipal/territorial level. Collective conventions at the municipal/territorial level generally set minimum standards that may then be improved on by negotiations between an enterprise and the municipal union. There has been an interesting development in Brazil's banking sector, where both the employers' organizations and unions formed national industry-wide associations to coordinate their bargaining strategies and collective agreements that bind bank workers in both the public and private sectors.[25]

Collective bargaining has been reinvigorated in Uruguay, with the reinstatement of sectoral Wage Councils and the creation of new Councils for rural workers and domestic workers in 2005. An estimated 89 per cent of wage and salaried workers are covered by collective agreements (see Annex 2). The sectoral agreements reached by Wage Councils do allow some flexibility. For example, in some sectors the parties included "safety clauses" which shorten the duration of the contract in case of economic difficulty, with the original agreement remaining in effect until another agreement is concluded. There is limited articulation of different issues between different levels, although the practice differs from industry to industry. Only sectoral agreements in the metallurgical and the textile industries include a framework for later negotiations at the enterprise level. Some other agreements establish specific issues to be negotiated at the enterprise-level. For example, the "International

[20] Kochan and Ferguson, 2008.

[21] Sweeney, 2007.

[22] Cardoso and Gindin, 2009.

[23] An agreement was signed in 2006 between El Sindicato Único de Trabajadores de la Construcción y Similares (Suntracs) and Cámara Panameña de la Construcción (Capac). Serious allegations of violence against trade unions involved in this agreement were recently the subject of observations by the ILO Committee of Experts. See ILCCR. 2009: Examination of individual case concerning Convention No. 87: Freedom of Association and Protection of the Right to Organise, 1948 Panama (ratification: 1958).

[24] Colombia, 25 workers are needed to form a union at the enterprise level, 30 in Ecuador and Honduras, 35 in El Salvador and 40 in Panama (Vega, 2005: 224).

[25] Cardoso and Gindin, 2009.

news agencies" agreement establishes enterprise-level negotiations for the wages of workers earning dollars.[26]

Collective bargaining has also gone through a period of revitalization in Argentina with the strengthening of industry/sectoral level bargaining. In general, industry/sectoral agreements set minimum standards. Enterprise-level agreements may be negotiated to improve upon, but not derogate from, these standards. Industry unions play a key role in coordinating collective bargaining even when it takes place at the enterprise-level. Collective bargaining is underwritten by the fact that agreements remain in force until such time as they are renegotiated.[27]

Asia and Pacific

In the Asia and Pacific region, institutional frameworks for labour relations are at very different stages of development. At one end of the spectrum are countries in which labour relations are relatively well developed, such as Australia, New Zealand, Japan and Singapore. At the other, transition countries are establishing new labour relations frameworks, such as Cambodia, China, Mongolia, Nepal and Viet Nam. Legal reforms in the region reflect these stages of development. The strengthening of organizational rights and the enactment of procedures for recognition are a key focus in countries that have shifted to more democratic governance, such as Indonesia.[28] The transition economies have introduced a series of legislative and institutional initiatives aimed at building new labour relations systems. Legal reforms of a more procedural nature have been introduced in Malaysia and Singapore, where the state plays a key role in shaping the bargaining structure/practices. Workers in the public sector in a number of countries still do not enjoy the right to collective bargaining. After significant deregulation of rules and procedures for collective labour relations in Australia and New Zealand, recent reforms have reaffirmed support for collective bargaining, and in respect of the latter country, expanded the system of collective bargaining in the public sector.

Enterprise-level bargaining remains the predominant bargaining structure in most countries in the region. Exceptions include sectoral agreements in the plantations sector in Sri Lanka, and the cotton and textiles and plantations sectors in India.[29] Labour market reform under way in Nepal also aims to strengthen collective bargaining at the sectoral level. Faced with the proliferation of non-regular forms of employment, some trade unions in Korea initiated a nationwide campaign to reorganize previously enterprise-based trade unions into industry-based organizations. While collective bargaining still takes place predominantly at the enterprise-level in Korea, there has been some shift to sectoral bargaining in the banking, health and metal sectors.[30]

Significant changes in collective bargaining practices are taking place in China, particularly since the early 2000s. According to official statistics, 149 million workers were covered by collective agreements in 2008. The government and social partners have used tripartite mechanisms to promote the expansion of collective bargaining coverage. While questions remain about the quality of these collective agreements and the collective bargaining process, there is some indication that there has been a steady improvement in their quality. There has also been a gradual spread of regional/sectoral bargaining. This development is considered important in helping overcome the widespread problem of unions' dependence on individual employers at the enterprise level. In some localities this led to the negotiation of

[26] Mazzuchi, 2009.

[27] Cardoso and Gindin.

[28] Act concerning Trade Union/Labor Union No. 21 of 2001 and Manpower Act No. 13 of 2003.

[29] Amerasinghe, 2009.

[30] Yoon, Y. 2009.

minimum wages for workers in small- and medium-sized enterprises that are higher than the mandatory local minimum wages.[31]

Given the predominance of enterprise-level bargaining in this region, particular mechanisms can play an important role in coordinating wage settlements across the economy. For example, in Singapore, the tripartite National Wage Council (NWC) plays a key role in issuing national guidelines that are taken up in subsequent enterprise-level negotiations. In Sri Lanka, employers' organizations play a central role in coordinating collective bargaining, and no collective agreements are reached outside of the Employers' Federation of Ceylon.

In Japan, the Shunto (spring wage offensive) has traditionally played an important role in this regard. The Shunto is the mechanism by which sectoral unions lead wage negotiations in a coordinated manner. However, it has weakened in recent years due to worsening economic conditions which have constrained the ability of unions to achieve annual pay scale increases. This also resulted in individual enterprises beginning to shy away from the Shunto wage settlement in order to remain competitive. With this weakening of its traditional role, new roles are being explored for the Shunto and the mechanism is undergoing a period of revitalization. At the national level, the Japanese trade Union Confederation (JTUC-RENGO) has been utilising Shunto as a means to reduce wage disparity between those who work in large firms and those who work in SMEs, and between regular and non-regular workers. At the sectoral level, the Japanese Electrical Electronic & Information Unions used an occupation-based wage demand formula in the 2007 Shunto bargaining round in order to achieve equal pay for work of equal value in each occupation.[32]

One of the most salient constraint on collective bargaining in this region is the weak capacity of the social partners. A multiplicity of trade unions has been one of the elements hampering collective bargaining practices in Cambodia, Indonesia, Pakistan and the Philippines. Furthermore, employers' organizations have only recently emerged in transition economies, such as Cambodia, China, Mongolia and Viet Nam.[33]

Labour relations are highly adversarial in many countries in the region. In India, this manifested itself in two major strikes in the airlines sector in 2009. Collective disputes have been rising in the public sector in Sri Lanka. Labour relations are also highly adversarial in Nepal where institutions for dispute resolution are underdeveloped. China and Viet Nam have also seen a dramatic rise in disputes due to tensions arising from new market-based employment relations with which labour laws and underdeveloped industrial relations institutions are struggling to cope.[34]

Europe and Central Asia

As in other regions, there are significant differences between countries in Europe. In respect of developments in collective bargaining frameworks and institutions, three broad groups can be distinguished. The first group includes countries in the enlarged European Union (EU), where integration and European Union directives shape legal and institutional developments. The second group includes Moldova and countries in the Western Balkans.[35] The third group is made up of the Commonwealth of Independent States (CIS).[36]

[31] Lee, C.H. 2009.

[32] Information provided by Japanese Institute for Labour Policy and Training.

[33] Yoon, Y. 2009.

[34] Lee, C.H. 2009.

[35] Albania, Bosnia and Herzegovinia, Croatia, FYR of Macedonia, Montenegro and Serbia.

[36] Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

In respect of the first group of countries, some in the EU 15,[37] with relatively well developed industrial relations institutions introduced procedural amendments to facilitate the adaptation of collective bargaining structures (to permit more articulated bargaining) and to extend coverage to vulnerable workers. For example, France introduced changes to regulations governing representativity and introduced other reforms that give broader scope to enterprise-level negotiations.[38] In Norway, a new Act seeks to increase the effectiveness of the extension of collective agreements in sectors with a large proportion of migrant workers and to ensure the applicability of collective agreements to workers employed by subcontractors.[39]

The situation is somewhat different in the new EU Member States. Many countries adopted new labour codes extending the scope of collective bargaining and setting out procedures for collective bargaining. For example, the Czech Republic enacted procedures for extending collective bargaining agreements.[40] Bulgaria introduced legal reforms regulating thresholds for recognition and the conduct of collective bargaining at different levels.[41]

In respect of practice, most of the EU15 and some of the new Member States have industrial relations systems that are characterized by strong multi-employer bargaining institutions and the extension of collective agreements. As a result, collective bargaining coverage tends to be higher than trade union density (see Annexes 1 and 2). Collective bargaining takes place largely at the sectoral level in many of these countries.[42] In others, collective bargaining is carried out at a centralized or inter-sectoral level, although subsequent sectoral bargaining plays a significant role in implementing or expanding on national inter-sectoral accords.[43] Inter-sectoral bargaining also plays a role in regulating particular issues in countries with sectoral structures, for example, issue-specific bipartite agreements on occupational accidents and illness in France.[44] There are also a group of countrieswhere most collective bargaining takes place at the enterprise level.[45]

Some decentralization is evident in this group of countries. In Finland, after a long period of central income policy agreements, collective bargaining shifted to the sectoral level in 2007.[46] In Denmark, a new sectoral framework agreement paved the way for the development of an enterprise-level bargaining structure in the insurance sector.[47] There are also opposing developments; for example, fragmented bargaining practices in Spain led to a centralization of collective bargaining. What is clear is that in response to growing pressure for enterprise flexibility, higher-level agreements, whether at the intersectoral or sectoral level, have widened the scope for collective bargaining at the enterprise level, and issues agreed at higher levels are articulated at lower levels. In Germany, for example, the November 2008 collective agreement in the metalworking industry included a clause allowing the

[37] EU15 refers to the 'old' EU Member States: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

[38] Law on Lifelong Vocational Training and Social Dialogue No. 4 of 2004, and Law on Renewing Social Democracy and Working Time of 2008.

[39] Lov om endringer i allmenngjøringsloven m.m. (solidaransvar mv.) Law 2009-06-19-42. Act on changes in the Act m.m. (joint and several liability, etc.).

[40] Collective Bargaining Amendment Act No. 255 of 2005.

[41] Labour Code Amendment Act No. 25 of 2001 (amended by Act No. 40 of 2007).

[42] Austria, Bulgaria, Denmark, Finland, Germany, Italy, Netherlands, Norway, Portugal, Slovakia, Sweden.

[43] Belgium, Ireland, Greece and Spain (framework), Romania.

[44] EIRO, 2008.

[45] Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Malta, Poland and the United Kingdom. There are a few sectoral agreements, for instance in education and the performing arts in Estonia and in metalworks in Cyprus.

[46] EIRO, 2008a.

[47] EIRO, 2009.

implementation of a general pay increase to be negotiated at the enterprise level. Enterprise-level negotiations also play a key role in determining the details of flexible working time arrangements.

This trend towards greater articulation led to a debate on whether this represents the adaptability of collective bargaining structures or the erosion of collective bargaining. In this context, it is important to point out that collective bargaining coverage has remained relatively stable despite these changes in collective bargaining arrangements, which suggests that they are adapting rather than weakening. The relationship between different levels is being regulated in diverse ways. Some countries allow lower-level agreements to derogate from standards set by higher-level agreements, in particular circumstances and according to an agreed procedure (e.g. France). In other countries, a favourability principle applies, meaning that lower-level agreements may improve upon but not derogate from labour standards in higher agreements (e.g. Slovenia).

With the enlargement of the European Union, the transnational dimension of collective bargaining is becoming more important. There are two important developments in this regard. The first is the increased cross-border comparison of labour costs, flexibility and performance by multinational enterprises (MNEs) and the exchange of information and coordination of bargaining agendas by trade unions. The second concerns transnational negotiations between European industry federations, sometimes initiated by an European Works Councils (EWCs), and a multinational enterprise which result in European Framework Agreements (EFAs). These agreements do not address wages and working time – regarded as core collective bargaining issues – but rather address topics such as corporate social responsibility; the elaboration of key principles underpinning company employment policies; business restructuring; and particular aspects of company policy such as health and safety.[48]

In respect of the second group of countries, including Moldova and countries in the Western Balkans, significant efforts were made to establish the legal and institutional foundations for social dialogue, including procedures governing collective bargaining and dispute resolution. In Moldova, Serbia, and the FYR of Macedonia and Montenegro, the main focus of recent reforms has been the regulation of national tripartite bodies for social dialogue (e.g. representativity for participation). As a result, a number of economic and social councils and similar institutions have been established. Collective bargaining in these countries takes place at different levels (national inter-sectoral, sectoral/branch level and enterprise), although weak and fragmented social partners have limited the development of collective bargaining. In addition, the priority given to the establishment of tripartite institutions of social dialogue as part of the preparatory work for accession to the European Union has captured the bulk of the resources and attention of the social partners.

In the third group of countries (CIS), many also adopted labour codes over the last decade that include procedures for collective bargaining and dispute settlement. However, the weak capacity of the social partners limits the development of collective bargaining in practice. Collective bargaining takes place mostly within larger (formerly state-owned) enterprises.

The Middle East

Progress with regard to the effective recognition of the right to collective bargaining remains limited in the Middle East. In addition, governance systems which provide protection to migrant workers are particularly weak.[49] While some countries are making efforts to establish legal frameworks that guarantee freedom of association and collective bargaining

[48] EU, 2008 and EIRO, 2008b.

[49] ILO, 2009a.

rights, the weak capacity of the social partners because of impediments to these rights, limits their exercise in practice. An exception is perhaps the transportation sector, where collective agreements have been reached in the terminals managed by APM Terminals in Jordan and Bahrain. Here, the role of the global union federation has been crucial in coordinating and supporting the efforts of domestic trade unions in these industries. Efforts are also underway to encourage tripartite social dialogue in Jordan, Oman and Bahrain.

Global developments

In respect of global trends in industrial relations, a growing number of International Framework Agreements (IFAs) have been concluded between MNEs and a global union federation (GUF) (possibly co-signed by an EWC). Unlike the EFAs, these are global in scope. These are not collective agreements, but rather establish frameworks of principles, often with a commitment to promote fundamental principles and rights at work including the effective recognition of the right to collective bargaining.[50] In the maritime sector, a unique agreement was reached in an international bargaining forum between the International Transport Workers' Federation (ITF) and the International Maritime Employers' Committee (IMEC). The agreement has many of the characteristics of a collective agreement, including wage increases, working hours, leave entitlement, maternity pay and medical treatment. Negotiations have been affected by the economic crisis and its effect on shipping; however the agreement has provided the basis for a strong partnership between the ITF and IMEC.

b. Scope and content of collective bargaining

Collective bargaining agreements are an important means of guaranteeing decent working conditions and sound labour relations. Two observations can be made in respect of the scope of collective bargaining. The first is that in some developing countries, clauses in collective agreements do little more than replicate basic provisions in legislation on minimum wages and hours of work.[51] This may be an indication of the weak capacity of the social partners to achieve better quality agreements and, in some instances, the immaturity of labour relations. However it also suggests that in countries where labour administration is weak and/or underdeveloped, collective bargaining can play a key role in implementing and monitoring labour regulation. Collective bargaining can also play a role in enhancing knowledge of basic labour standards. For example, in South Africa, enterprises falling under the jurisdiction of sectoral Bargaining Councils tend to have better knowledge of the Labour Relations Act than those in sectors not covered by Bargaining Councils.[52]

A second observation is that the collective bargaining agenda has expanded in many parts of the world. Collective agreements now include a wide range of issues such as training, demographic change and parental rights. This broadening of the collective bargaining agenda, which often includes many of the issues outlined in Box 1, enables the social partners to negotiate agreements that seek to address the needs of enterprises for increased flexibility in order to remain competitive, as well as those of workers for employment security, better working conditions and fair treatment.

[50] Papadakis, 2008.

[51] For example in Vietnam, China and Tanzania (Lee, 2009; Yoon, 2009; and Madihi, 2009).

[52] Budlender, 2009.

Box 1. Expanded collective bargaining agenda

Flexible work practices	Employment security / Employability / Gender and equal treatment / Occupational safety and health
Flexible work practices: • Wage flexibility (e.g. variable pay systems, pay incentives linked to productivity) • Working time (e.g. annualized working hours limiting or abolishing overtime, flexi-time, working-time account) • Work organization, quality control and standards • Job evalution systems/categories	**Employment security:** • Continuity of service • Regularizing employment • Restructuring (e.g. skills upgrading, voluntary retirement, severance pay) • Pensions **Employability:** • Vocational training • Leave and financing **Gender and equal treatment:** • HIV/AIDS and disability • Parental leave and family responsibilities • Sexual harassment • Wage improvements or wage parity for atypical workers • Gender and racial equality **Occupational safety and health**

Wages and working time remain the primary issues for collective bargaining. However, approaches to these primary concerns increasingly include measures to link pay to performance and implement flexible working time arrangements. For example, in Sri Lanka, a growing number of agreements signed by the Employers' Federation of Ceylon (EFC) and different unions include productivity-based bonuses.[53] In Brazil, participation in profits and results ("Participação nos Lucros e Resultados") has been a main issue on the bargaining agenda, especially in the manufacturing sector.[54] The introduction of productivity-linked wages and the question of the metrics is also a key issue on the bargaining agenda in the public sector in many countries.

This link is also clear at a more aggregate level. While the growth in wages has generally lagged behind growth in productivity and the wage share has been declining, real wages in countries with higher collective bargaining coverage are much more strongly connected to economic growth.[55]

Negotiations that secure productivity improvements and link these to wages are often accompanied by efforts to make working hours more flexible. Innovative agreements in this respect seek to balance enterprise needs, to make working time more adaptable to variations in production (and reduce the cost of overtime), while at the same time extending to workers a degree of control over their working hours to enable them to combine family and work life. This is also important for migrant workers who may wish to use accumulated hours to extend home leave. Examples are hours-averaging schemes ("annualized hours"), which permit variations in weekly hours to align these with production needs and reduce or eliminate overtime. Work/family considerations resulted in agreements that include more employee-oriented schemes such as flexi-time schemes and working-time account schemes, that allow

[53] Amerasinghe, 2009.

[54] Initially created by the 1988 Constitution, the regulation of PLR in 2000 led to a dramatic increase in unions' bargaining efforts and is a key reason for many strikes in the manufacturing sector (Cardoso and Gindin).

[55] ILO, 2008b. Wage share refers to employees' compensation as a proportion of total GDP.

workers a degree of control over their working hours. In the context of the present economic crisis, collective bargaining is being used as a tool to introduce short-time working and work sharing schemes (discussed further on). In Europe, strong regulatory frameworks have enabled flexible working time arrangements to be agreed upon through collective bargaining, often permitting the specific details to be worked out at the enterprise level. There are significant challenges when these more innovative regulatory models are transplanted to developing country contexts with weak social partners and underdeveloped collective bargaining institutions.[56]

The introduction of *changes* in work organization, involving new technology and work processes that seek to improve performance, output quality, and working conditions of workers has also been a key subject for collective bargaining. In the United States, for example, Kaiser Permanente and the Kaiser Permanente Unions (CKPU) reached an innovative agreement to improve the quality of health services and the quality of work (see Box 2). There is evidence from United Kingdom and France that where changes in work organization are negotiated with workers and their representatives, enterprise performance improved.[57]

[56] S. Lee and D. McCann, forthcoming.

[57] F. Fakhfakh, V.Pérotin, and A. Robinson, forthcoming.

Box 2. Kaiser Permanente:
Improving the quality of health services and the quality of work

Background

Kaiser Permanente (KP) is a major US healthcare provider, employing over 165,000 people and providing care to 8.6 million people. In 1997 the Coalition of Kaiser Permanente Unions (CKPU) and management agreed to a framework: The National Labour-Management Partnership (NLMP) to guide negotiations aimed at improving working conditions, employee participation and improving efficiency and the quality of services. Its foundational purpose and mandates are to ensure that all parties will be able to meet their organizational goals while facing unprecedented change and challenge from the evolving dynamics in the US health care system.

The 2005 collective agreement

In 2005, management and the CKPU successfully negotiated a national agreement which in addition to wages and benefits, addresses issues such as service quality, workforce development, staffing flexibility and attendance. The agreement includes significant new investment in joint training funds for workforce development and workforce development planning. The agreement establishes unit-based teams in which managers, frontline workers and physicians transform their traditional roles into leaders in order to work together to plan and design work processes, set goals and establish metrics, evaluate performance, budget, staffing and identify and resolve problems. The objectives of the unit-based teams are to improve worker satisfaction and efficiency and productivity. The negotiations, which involved some 400 workers, physicians and managers, were carried out through a highly innovative collective bargaining process. Bargaining task groups used interest-based negotiation practices to create a set of recommendations on key issues. The five-year agreement governs the wages and benefits of nearly 100,000 members of the Union Coalition and directly affects the work of thousands of physicians and managers. The duration of the agreement is five years, with provisions for renegotiation on certain topics in 2008.

What issues arose?

In 2005, during the KP-CKPU negotiations an internal rift at the AFL-CIO created some tension in the bargaining process. Regional differences in wages and benefits, particularly health coverage for retiring workers, also presented the negotiators with some challenges. An examination of absenteeism rates and crafting a mutually agreeable policy to improve attendance also proved difficult. Independent facilitators were used to help the partners to the negotiation focus on their own and the other parties' interests and objectives.

What was the impact?

The company and union coalition report that the agreement deepened their partnership and facilitated shared commitment to performance and patient care. The agreement improved wage and benefit parity across regional labour markets and established performance sharing payments tied to workers achieving business performance goals jointly agreed to by management and unions. A new non-punitive attendance policy established incentives for workers to bank and cash out unused sick leave. The 2005 agreement is identified as having introduced a number of innovative work practices, such as the development of unit-based teams and the introduction of workforce planning and development. This helped to ensure the organization's ability to meet future needs and encourage employee involvement. As a result of broad satisfaction with the KP-CKPU partnership, the 2008 reopener resulted in an agreement with additional wage increases and improvements in retiree health, as well as the first national benefit enhancement ever negotiated at Kaiser Permanente, namely the establishment of a Health Retirement Account (HRA). This benefit provides that eligible employees will be able to spend unused sick leave on otherwise uncovered medical expenses in retirement. The 2008 Agreement was ratified almost unanimously (96%).

Sources: Kaiser Permanente Labor-Management Partnership: www.lmpartnership.org
McKersie, R. et al., 2006.

A major concern for workers and their organizations is employment insecurity, arising either from the restructuring of enterprises or growth in non-regular employment (fixed-term, part-time, temporary and casual work). This concern is even more acute in the current economic context.

One of the responses by the social partners to technological change and rising employment insecurity is to improve the skills of workers to ensure long-term employability. Thus, the inclusion of training and lifelong learning on the collective bargaining agenda is seen as an innovative development. Support for lifelong learning and training can be beneficial to both enterprises and workers, especially in the context of technological change or economic uncertainty. Training not only increases the employability of workers – enabling them to remain in their present job or to find a new one – but also increases the functional flexibility of firms by enabling them to reassign tasks among current employees. This development has been particularly significant in Europe. Countries that have strong social partners and a strong institutional base for social dialogue and collective bargaining have had the most success in setting up collectively agreed frameworks for continuing vocational training. For example, in Denmark, an agreement between the Central Organisation of Industrial Employees (CO-industri) and the Confederation of Danish Industries (Dansk Industri, DI) created a fund, through employer contributions, which finances training for employees. Those workers who take the programme receive 85 per cent of their wages while being trained. Meanwhile, in countries with weak social partners and a poor institutional base, it has been more difficult to include training and lifelong learning provisions in collective agreements.[58]

Social partners in different countries are also using collective bargaining to improve the terms and conditions of employment of non-regular workers. These agreements include one or a combination of the following approaches: first, collective agreements may include provisions that seek to regularize the employment of non-regular workers. In Europe, some collective agreements covering temporary agency workers place limits on the duration of temporary contracts, after which workers become eligible for an open ended contract.[59] In Chennai in the Tamil Nadu region in India, a growing number of collective agreements include provisions to make contract workers permanent when a vacancy arises. Similar developments are being observed in Mumbai (in the Maharashtra region) where a number of contract and casual workers are now permanent workers (e.g. a collective agreement was concluded at Century Rayons, and between Rashtriya Chemical Fertilizers and the CITU).[60] In Uruguay, recent agreements in the manufacturing sector also include measures aimed at regularizing employment.[61]

Second, collective agreements are being reached that specifically improve the terms and conditions of non-regular workers. For example, in Japan, a collective agreement was reached in 2009 between the Hiroshima Electric Railway Co., Ltd. (which employs 1,200 workers) and the union which will regularize within a year all full-time contract workers (fixed-term employment) and unify the wage system of regular and contract workers, in order to eliminate the disparity that exists based on employment status.[62] In countries such as Argentina and Korea, industry/sectoral agreements have been instrumental in extending the terms and conditions agreed through collective bargaining to those in non-regular work within a particular sector.

The issue of employment security is an overarching concern in the context of the current economic crisis. The ILO Global Jobs Pact sets out a framework which involves the following principles:

> "9.(8.) engaging in social dialogue, such as tripartism and collective bargaining between employers and workers as constructive processes to maximise the impact of the crisis responses to the needs of the real economy;…"

Practical responses aimed at accelerating employment creation, jobs recovery and sustaining enterprises include:

> "11. (4.) limiting or avoiding job losses and supporting enterprises in retaining their workforce through well-designed schemes implemented through social dialogue and collective bargaining.…"

To do so, the Global Jobs Pact calls for the:

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[58] Heyes and Rainbird, forthcoming.

[59] For agreements in Europe, see EIRO, 2000.

[60] Shyam Sundar, 2009a; 2009b.

[61] Mazzuchi, 2009.

[62] Information provided by Japanese Institute for Labour Policy and Training.

"15. …strengthened respect for, and use of, mechanisms of social dialogue, including collective bargaining…".[63]

The question of how to save jobs is on most collective bargaining agendas as enterprises face the immediate challenge of cutting costs. Two broad approaches can be observed. The first are reactive strategies aimed at survival. The social partners attempt to avoid redundancies by agreeing to wage freezes or pay cuts and the uncompensated extension of working time. Where jobs cannot be saved, they negotiate severance packages which may include "leave and return" clauses that guarantee re-employment should the business climate improve.

The second approach involves the use of collective bargaining as a tool to craft a package of short and longer-term measures aimed at maintaining income and employment through, for example, work sharing arrangements, preparing for recovery by using downtime for training, and facilitating the longer-term sustainability of the enterprise through the introduction of process innovations. This approach often draws on public measures such as short-time work unemployment benefits and training subsidies.[64] One such example is the recent collective agreement reached at Daimler AG.

[63] Adopted by the International Labour Conference at its Ninety-eighth Session, Geneva, June 2009.

[64] Lehndorff and Haipeter, 2009.

Box 3. Daimler: Managing change

Background

Daimler AG is the world's twelfth largest motor vehicle producer as well as the world's largest truck manufacturer. At the end of the second quarter in 2009, Daimler AG employed 257, 400 people worldwide, 162,800 of which were employed in Germany.

The manufacturing sites of Daimler AG are covered by the sectoral multi-employer agreement for the metal and engineering sector. Most of the company specific agreements are negotiated with the works councils and have the legal status of a works agreement. In 2004, Daimler AG and the works council negotiated an agreement which included a critical 'no redundancy clause' effective until end of 2011. In the context of falling sales, Daimler AG managed workforce reduction through voluntary retirement and the expiry of fixed-term contracts. The downturn in the global economy exacerbated falling demand and made it necessary to identify additional cost savings.

The collective agreement: 2004–2009

In April 2009, in the midst of a global economic crisis, management at Daimler AG announced that previous cost-cutting measures had been insufficient and that additional reductions in labour costs were needed. In extraordinary works meetings at 9 of the 15 production locations, the company demanded additional concessions from the workforce and began to prepare them for potential redundancies Those hired before the conclusion of the 2004 agreement would not be affected as they were protected by the 'no redundancy clause'. However, 16,000 workers employed subsequently risked redundancy. Through a process of negotiation, management and the works council agreed to a range of cost-cutting measures in exchange for, among other issues, the extension of the 'no redundancy clause' (until June 2010) to workers that had joined Daimler after 2004. Other measures agreed include a reduction in working hours and short-time work provisions, and the postponement of pay increases and bonuses. The multi-employer agreement for the sector contained a clause which provided enterprises and works council with the flexibility to agree to postpone wage increases for a fixed time period, depending on economic circumstances. Management also agreed to forego a portion of monthly salary and no salary increase in 2009.

What issues arose?

Conflict arose during the negotiations when management proposed to reduce the working week from 35 to 30 hours. Short-time work is more costly to the employer, but implies lesser income reductions for employees and thus the works council preferred short-time work. The social partners met the requirements for short-time work and could therefore benefit from the existing provisions of German unemployment insurance, without which it would have been difficult to implement changes without a loss in income for workers.

What was the impact?

The company reported that the 2009 agreement is set to save Daimler AG €2 billion in labour costs. Together with the 2004 agreement, it also saved a substantial number of jobs. The strong relationship that exists between the company and works council is identified as one of the key reasons that Daimler AG and the works council were able to reach an agreement that could help the company navigate through particularly difficult economic circumstances.

Sources : Zagelmeyer, 2009 and http://www.daimler.com/dccom/0-5-7171-1-1203507-1-0-0-0-0-0-9296-7164-0-0-0-0-0-0-0.html

Collective bargaining can also play an important role as part of a broader crisis response, keeping wages stable, maintaining aggregate demand and avoiding potentially deflationary wage developments which may delay recovery. Of course, a number of outstanding questions remain, such as the impact that the economic crisis will have on the industrial relations architecture in different countries. Public policy plays an important role in protecting industrial relations systems from erosion and keeping wages stable. It is worth noting that under the influence of the general economic depression in the 1930s, many governments instituted measures to extend collective agreements and protect collective bargaining from being undermined by intense cost-based competition.[65] The role of public policy also appears to be crucial in expanding the bargaining agenda so that the social partners can craft innovative agreements that save costs, save jobs and maintain incomes (e.g. short time-work, unemployment benefits and subsidies for training). There is some question about

[65] Hamburger, 1989.

the long-term sustainability of enterprises in the absence of accompanying product and process innovations. Furthermore, in developing countries, these measures are often not possible.

One question which employers' organizations, unions and governments face is how these innovations can be spread beyond mere examples or islands of good practice. In some cases, such as the example of productivity linked-pay bargaining in Sri Lanka, employers' organizations are the key conduit for the spread of these practices, through training and information sharing. In other cases, unions play an important role in coordinating the bargaining agenda and advancing innovations, for instance in Japan through the Shunto. Governments can also play a facilitative role, for example by publishing innovative agreements so that these are in the public domain, or facilitating the sharing of information and good practices.

Issues for discussion

Sixty years after the signing of the first international labour Convention on collective bargaining and in the context of new challenges, collective bargaining remains an important mechanism through which to improve incomes and working conditions and advance social justice. The social partners are using collective bargaining to find innovative ways to address contemporary labour market challenges, such as rising employment insecurity. The High-level Tripartite Meeting on collective bargaining offers an opportunity to reflect on these trends and developments and share experiences. A number of issues may be considered for discussion during the meeting.

a. Managing change

- What role can collective bargaining play in managing change as an effective crisis response?
- What assisted the social partners in crafting collective agreements that save jobs and ensure enterprise sustainability in the longer term?
- What threats and opportunities does the economic crisis present for the future development and promotion of collective bargaining?

b. Innovative practices

- How can collective bargaining contribute to innovation, productivity, competitiveness and enterprise sustainability?
- How can collective bargaining contribute to better working conditions for non-regular workers?
- What are some of the determinants of innovative practices in a particular national and economic context, and how are these spread?

c. An enabling environment

- How can the effective recognition of the right to collective bargaining be facilitated and encouraged in national law and practice?
- What are the considerations for countries at different stages of economic development?

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Annex 1. Trade union density

Country	Year	Trade union density		
		Proportion of wage and salaried earners	Proportion of total employment	Reported proportion
Africa				
Cameroon	2005			3.5
Egypt	2007	*26.1	16.1	
Ethiopia	2007	12.9	1.0	
Ghana	2006	70.0		
Kenya	2007	35.5	4.1	31.2
Malawi	2006	*20.6	2.7	2.5
Mauritius	2007	28.2	14.8	
Niger	2008		1.1	
Sierra Leone	2008	46.8	3.6	
South Africa	2008	39.8	24.9	25.0
Tanzania	2009	*18.7	2.2	2.0
Uganda	2005		1.1	
Americas				
Antigua & Barbuda	1998		55.6	
Argentina	2006	37.6		
Bermuda	1995	*24.6		
Bolivia	2006		26.6	
Brazil	2007	20.9	17.8	18.0
Canada	2007	31.4	26.6	31.5
Chile	2007	11.5	13.6	13.6
Colombia	1997	*28.7		
Cuba	2008	81.4	70.6	97.0
El Salvador	2008	11.9	6.7	10.0
Guatemala	2006	*12.9	2.5	2.8
Mexico	2008	17.0	11.2	15.6
Nicaragua	2006	*4.1	2.1	
United States	2007	11.4	10.7	12.0
Uruguay	2006	19.0	13.3	
Asia				
Australia	2008	19.1	17.1	18.9
Hong-Kong, China	1999	*21.5		
India	2005		2.4	
Japan	2007	*18.0	15.5	18.1
Korea	2006	*10.0	6.7	10.0
Malaysia	2007	*10.3	7.6	
New Zealand	2008	*20.8	17.2	17.3
Pakistan	2001	*15.7		
Philippines	2007	*3.2	1.7	
Singapore	2007	31.7	33.3	
Sri-Lanka	2003	*6.0		

Country	Year	Trade union density		
		Proportion of wage and salaried earners	Proportion of total employment	Reported proportion
Taiwan, China	2006	*35.9		
Thailand	2007	2.1	1.4	
Europe				
Armenia	2006	56.2	27.4	
Austria	2008	*35.1	26.6	
Belarus	2007	79.7	90.5	90.5
Belgium	2004	93.2	79.2	49.0
Croatia	2008			40.0
Cyprus	2006	68.4	54.5	58.1
Czech Republic	2006	*20.8	17.3	21.0
Denmark	2008	99.2	71.5	72.6
Estonia	2007	7.6	6.9	7.6
Finland	2006	68.0	63.5	69.5
France	2005	7.9		8.0
Georgia	2007	40.7	14.9	
Germany	2007	*19.9	17.5	19.9
Greece	2007	*30.6	19.6	28.0
Hungary	2004	19.9	14.0	16.9
Iceland	2002	*88.7	74.0	85.0
Ireland	2007	31.5	20.8	31.5
Italy	2007	97.1	24.0	33.3
Latvia	2007	13.0	11.6	14.8
Lithuania	2007	10.0		10.0
Luxembourg	2008	*43.6	39.0	
Malta	1999	*60.8		
Moldova	2007	40.0	26.8	
Netherlands	2007	*20.5	17.7	19.8
Norway	2006	52.9	65.5	53.0
Portugal	2003	*19.5	14.7	18.7
Romania	2007	32.3	21.4	22.8
Serbia	2007	29.1	19.0	
Slovak	2007	12.9	13.6	
Spain	2006	*14.5	11.9	14.6
Sweden	2007	*73.6	65.8	85.1
Switzerland	2007	*23.7	18.6	22.8
Turkey	2007	*25.1	14.6	58.4
United Kingdom	2007			28.0
Middle East				
Israel	2002			35.0
Kuwait	2002		2.3	
Syria	2003		16.9	

*Rate calculated using the number of trade union members as a proportion of wage and salary earners.

Technical note: Trade union density definitions

The trade union density rate expresses union membership as a proportion of the *eligible* workforce and is used as an indicator of the degree of unionization within a country and the quality of social dialogue. The union density rate only measures the extent of unionization in a country and tells us nothing about the bargaining power of unions. Countries with low density rates may have very high coverage by collective agreements.

For the purpose of this indicator, a trade union is defined as an "independent association of workers, constituted for the purposes of furthering and defending the workers' interests" - (Art. 10, Freedom of Association and the Right to Organise Convention, 1948 (No. 87)).

The rates in Annex 1 are as follows:

1. Proportion of wage and salaried earners

This rate expresses the number of trade union members (data provided by a Statistical Office or Labour Administration) as a proportion of wage and salaried workers (data from the ILO's LABORSTA database). Ideally, only trade union members in waged employment are included in the numerator. For these reasons, it is thus important to know the composition of the union (i.e. whether its membership includes unemployed, retired, or self-employed members) and to exclude these from the numerator. However, it is sometimes difficult to estimate which trade union members are wage earners. In these cases, the numerator includes all trade union members.

2. Proportion of total employment

Since developing economies may have missing data and/or large informal sectors, taking wage and salaried earners as the denominator may not provide a realistic picture of the union density rate. For this reason, we also calculate the number of trade union members as a proportion of all those in employment (whether in the formal or informal economy). This is calculated using data provided by a Statistical Office or Labour Administration; total employment data comes from the ILO's LABORSTA database.

3. Reported proportion

This reflects the rate reported by the National Statistics Office or Labour Administration in the surveyed country. It was sometimes not possible to establish the basis on which this rate was calculated, since the original figures for membership were not included.

Annex 2. Collective bargaining coverage

Country	Year	Collective bargaining coverage		
		Proportion of wage and salaried earners	Proportion of total employment	Reported proportion
Africa				
Ethiopia	2007	22.7	8.3	
Ghana	2006	70.0		
Kenya	2007	*3.7	0.4	*3.2
Malawi	2006	20.8	2.7	2.5
Mauritius	2008	16.5	9.9	
Niger	2008		#0.2	
Sierra Leone	2008	46.8	3.5	
South Africa	2008	27.3	17.1	17.0
Sudan	2008		*0.2	
Americas				
Argentina	2006	60.0		
Brazil	2006	60.0		
Canada	2007	29.3		31.5
Chile	2007	9.6	6.5	11.5
Costa Rica	2008	16.2	11.8	
Cuba	2008	81.4	67.7	98.3
El Salvador	2008	4.1	2.2	
Honduras	2007	5.6	2.6	5.2
Mexico	2007	10.5	6.9	
Nicaragua	2007	3.9	2.0	
United States	2007	12.9	11.8	13.3
Uruguay	2007			*89.0
Asia				
Australia	2008	38.2		39.8
Bangladesh	2006	5.0	1.1	
French Polynesia	2007	52.0	46.4	60.3
Indonesia	2005	14.0	4.0	
Malaysia	2007	*2.4	1.8	
New Zealand	2007	17.8	14.6	21.7
Philippines	2008	2.2	1.1	1.7
Singapore	2007	17.3	14.6	
Thailand	2007		1.4	
Europe				
Armenia	2007	21.0	10.3	
Austria	2006			95.0
Belarus	2007		95.6	95.6
Belgium	2007			*96.0
Bulgaria	2006	38.2		37.8
Croatia	2008			50.0
Cyprus	2006	72.3	66.1	67.0

Country	Year	Collective bargaining coverage		
		Proportion of wage and salaried earners	Proportion of total employment	Reported proportion
Denmark	2006		95.6	92.0
Egypt	2008	3.4	2.1	
Estonia	2007	11.3	11.1	*11.3
Finland	2006			98.0
France	2004			*97.7
Georgia	2008	25.9	9.5	17.0
Germany	2006	35.8	35.1	48.0
Hungary	2007	35.4		40.6
Iceland	2008		100.0	99.0
Italy	2004	*98.2		*96.0
Latvia	2006	34.7		39.9
Lithuania	2007			10.0
Luxembourg	2007	49.8	46.7	*53.9
Norway	2004	75.1		74.0
Poland	2008	*14.4	11.0	
Portugal	2007	38.7	29.2	
Romania	2006	82.5		100.0
Slovak Republic	2007	24.5		24.5
Spain	2006	68.6		70.0
Switzerland	2008	46.9	36.9	32.0
Turkey	2007			26.0
Ukraine	2007	84.1	45.9	
United Kingdom	2007			34.6
Middle East				
Israel	2002			50.0
Syria	2007		24.7	

* Denotes private sector coverage only.

# Denotes public sector coverage only.

Technical note: Collective bargaining coverage definitions

Collective bargaining coverage is measured as the number of workers in employment whose pay, and/or conditions of employment, is determined by one or more collective agreement(s). The collective bargaining coverage rate expresses collective bargaining coverage as a proportion of those who earn wages and salaries in employment and thus takes covered employees as the numerator.

While this social dialogue indicator provides some sense of the degree to which wages and working conditions are governed by collective agreements, it is an imperfect indicator. Collective bargaining coverage rates do not necessarily reflect the direct outcome of negotiations. They are a function of the particularity of the industrial relations system and type of labour regulation to which a country subscribes. This includes the bargaining structure and the interaction between the collective bargaining process and administrative regulations and labour law. For example, centralized collective bargaining structures tend to be associated with high coverage rates. In countries with extension mechanisms, collective agreements are extended to include enterprises and workers who may not have participated in actual negotiations.

For the purpose of this indicator, collective bargaining encompasses “negotiations which take place between an employer, a group of employers or one or more employers’ organizations, […] and one or more workers’ organizations, […] for determining working conditions and terms of employment.” (Article 2, ILO Promotion of Collective Bargaining Convention, 1981 (No. 154)). This should include the determination of remuneration.

The rates in Annex 2 are as follows:

1. Proportion of wage and salaried earners

This rate expresses the number of workers covered by collective agreements (data provided by a Statistical Office or Labour Administration) as a proportion of wage and salaried workers. (data from the ILO’s LABORSTA database).

2. Proportion of total employment

Since developing economies may have missing data and/or large informal sectors, taking wage and salaried earners as the denominator may not provide a realistic picture of the role that collective bargaining plays in labour market governance. For this reason, we also calculate the number of workers covered by collective agreements as a proportion of all those in employment (whether in the formal or informal economy). This is calculated using data provided by a Statistical Office or Labour Administration; total employment data is taken from the ILO’s LABORSTA database.

3. Reported proportion

This reflects the rate reported by the National Statistics Office or Labour Administration in the surveyed country. It was sometimes not possible to establish the basis on which this rate was calculated, since the original figures were not included.