



European Foundation for the Improvement of Living and Working Conditions

Industrial relations in the EU Member States and candidate countries

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Foreword

European Union enlargement is approaching fast, with up to thirteen countries from central and eastern Europe and the Mediterranean likely to join the EU, starting from 2004. The Foundation has begun to expand the scope of its monitoring tools to embrace the candidate countries. The European Industrial Relations Observatory (EIRO) added four new countries – Hungary, Poland, Slovakia and Slovenia – to its network in 2002 and plan to include more countries in 2003.

This is the first comparative report on industrial relations in the European Union and candidate countries and it is planned in the future to continue

and further develop work in this area. It provides a comparison of some important basic aspects of industrial relations systems in the current EU Member States and 10 candidate countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia).

The report could be of practical help to the social partners and governments in dealing with industrial relations issues.

Raymond-Pierre Bodin
Director

Eric Verborgh
Deputy Director

Introduction

In the light of future EU enlargement, the European Industrial Relations Observatory (EIRO) has started to expand its coverage of industrial relations developments to the candidate countries.

From June 2002, EIRO has begun to report regularly on industrial relations events and issues in the candidate countries on its EIROOnline website, through both monthly articles and inclusion in EIRO comparative work. The process of expansion will be gradual, with four new countries added in 2002 and further countries included from 2003. The four countries selected for coverage during 2002 are Hungary, Poland, Slovakia and Slovenia, and EIRO national centres have been established in these states.

Furthermore, to provide some basic information on key aspects of industrial relations in the candidate countries, as part of a collaboration between the European Foundation for the Improvement of Living and Working Conditions and the area Office for Central and Eastern Europe in Budapest of the International Labour Organisation (ILO), EIRO has published on EIROOnline a background report drawn up by Mária Ladó¹. The report concentrates on two areas: collective bargaining, with a special focus on the sectoral level; and informing and consulting workers and the relevant participatory institutions. Drawing on this report and a variety of other sources (notably the chapter on industrial relations in the

candidate countries in the European Commission's 2002 *Industrial relations in Europe* report, and records submitted by the new EIRO national centres), we now provide a comparison of some important basic aspects of industrial relations systems in the current EU Member States and 10 candidate countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia).

This overview focuses on the social partners (trade unions and employers' organisations at European and national level), collective bargaining and representational employee participation. It also provides some basic comparisons between the current Member States and the candidate countries in terms of labour markets, pay, working time and employment/working conditions, drawing largely on information from Eurostat and the European Foundation for the Improvement of Living and Working Conditions (it should be noted that this information generally covers additional candidate countries to the 10 considered in the rest of the overview). The aim is merely to provide some first comparisons in a limited range of areas, and EIRO will develop its comparative work in this area in the future.

This study was written by Mark Carley of SPIRE Associates, with contributions from Youcef Ghellab of ILO-CEET and the EIRO national centres.

Social partner organisations

Trade unions at European level

Almost all major national trade union confederations and centres in EU Member States are members of the European Trade Union Confederation (ETUC). Outside ETUC, a number of specific national organisations for managerial and professional staff belong to the European Confederation of Executives and Managerial Staff (CEC), while a number of organisations (generally outside the trade union mainstream) are affiliated to the European Confederation of Independent Trade Unions (CESI). Major national organisations without any European-level affiliation are rare. Also affiliated to ETUC are 11 European industry federations, which group most major EU trade unions in their respective sectors.

In the candidate countries, many national confederations are members of ETUC - it has full members in seven of the 10 countries considered here - though the coverage is rather patchier than in western Europe. Among the main trade union confederations in the 10 countries identified by the European Commission (in its 2002 *Industrial relations in Europe* report), only a minority are claimed as members by ETUC. With the exception of Malta (where both national centres are ETUC affiliates) and Hungary (where five national centres are affiliates), the general pattern is for ETUC to have one affiliate per country (though this is often the largest national centre) despite the presence of multiple union confederations, as in the Czech Republic, Poland, Slovakia and Slovenia. Organisations from Estonia, Latvia and Lithuania are currently only observer members of ETUC, though these observers include most of these countries' main confederations. A broadly similar pattern of representation of the candidate countries would appear to apply to ETUC's European industry federations.

CEC has one member organisation in Slovenia, plus observers from Poland and Hungary (none of these are among the countries' main union organisations identified by the Commission report). CESI has one affiliate each in the Czech Republic, Latvia and Lithuania, plus an observer from Hungary (again, none of these are among the main union organisations identified by the Commission report).

Trade unions at national level

At national level, the pattern of trade union organisation is complex in both the existing EU Member States and the candidate countries.

In the current EU, four countries - Austria, Germany, Ireland and the UK - have the relatively simple situation of a single dominant confederation (with only relatively minor alternative organisations, as in Germany, or relatively few non-member individual unions, as in Ireland and the UK). In seven Member States (Belgium, France, Italy, Luxembourg, the Netherlands, Portugal and Spain), there are multiple competitive trade union confederations, divided (at least originally) mainly on political and religious grounds - with the number of main confederations varying from five in France to two in Portugal and Spain. In some of these countries - notably France and Italy - there are significant trade unions outside these 'representative' confederations. In the three Nordic Member States (Denmark, Finland and Sweden), the general picture is of separate confederations for different occupational groups - typically blue-collar, white-collar and professional/academic. Finally, the distinction in Greece is between confederations for the private and public sectors.

Trade union organisation in the 10 candidate countries considered here also varies considerably and in a broadly similar fashion to the existing Member States. The Czech Republic, Estonia, Latvia, Slovakia and Slovenia have essentially a dominant confederation, with smaller rivals of varying size (except in Latvia). In the other countries, there are multiple competitive confederations, divided (at least originally) mainly on broadly political grounds, though sometimes on occupational grounds. The number of main centres varies from two in Malta and Poland to six in Hungary (where the largest centre is dominant in the public sector, and there are four main centres in the private sector, of which two are more important than the others). The divisions between unions in many central and eastern European (CEE) candidate countries arise, in varying ways, from the distinctions between: new unions created after the fall of the old political system in the late 1980s and early 1990s; and former state-dominated unions which have reformed themselves in the new economic and political context (and in some cases split into occupational unions, often divided between private and public sectors - as in Hungary).

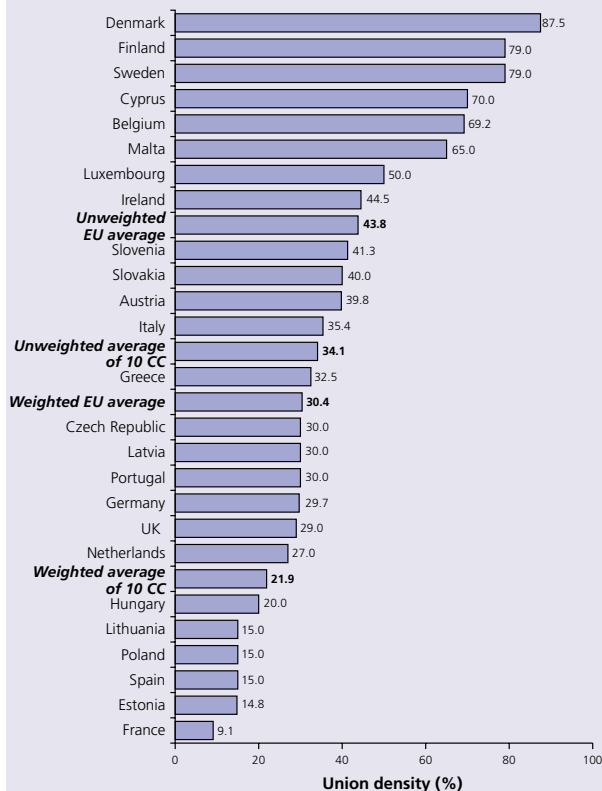
Trade unions in the EU Member States have generally seen their membership fall over recent decades - according to most commentators, this is due largely to a number of common trends, such as a decline in employment in traditionally high-unionisation manufacturing industry and the growth of lower-unionisation services employment, and increasing levels of 'atypical' employment. This seems to be the case relatively uniformly across the EU. However, some EU countries, such as Sweden, have only recently started to experience union membership loss, while membership losses in a number of countries have been slowed (as in Austria or Germany) or even slightly reversed (as in the UK) in the most recent years. Even where union membership losses have been stemmed, increasing employment levels in many countries have meant that union density (the proportion of those in employment who are union members) has fallen - an example is Ireland.

The CEE candidate countries have also seen falls in membership over the past decade or so of economic and political transition. In its 1997 *World Labour Report*, the ILO pointed out that the shift from the practice of compulsory union membership to the free choice of workers to join (or not join) a union of their preference meant that it was not surprising to see a gradual decline in unionisation rates, which were close to 100% under the communist regime. However, beyond this fact, membership has fallen very steeply in some countries, such as the Baltic States, Poland and Hungary. The European Commission (in its 2002 *Industrial relations in Europe* report) attributes this general decline in membership across the CEE countries to factors such as falling living standards over the 1990s; high levels of unemployment; privatisation; growing numbers of SMEs; and sectoral shifts.

Current union density levels in the EU Member States and 10 candidate countries are set out in Figure 1 (p. 2). It should be noted that accurate density figures for the candidate countries are particularly hard to come by and that in most cases the rates given are estimates². Density is measured generally as union membership as a percentage of all employment, but it should be noted that the various figures given are based on national data and may be based on different definitions in terms of the union members included (e.g. whether or not retired or inactive members are counted) or the measure of employment used.

As Figure 1 indicates, the average trade union density in the EU, unweighted for the different sizes of the 15 countries, is, at 43.8% just over a quarter higher than the unweighted average for the 10 candidate countries (34.1%). Weighting the average for the differing sizes of the countries' labour forces (relating union membership in each country to that country's share of total employment in the relevant group of countries, using 1999 Eurostat *Labour Force Survey* figures for the EU and 2000 ILO figures for the 10 candidate

Figure 1 Trade union density in the EU and candidate countries



Sources/notes: figures for candidate countries - referring to various years from 1999-2001 - are as calculated for the EIRO/ILO report cited in reference 1, except Cyprus, for which the figure is from Trade unions of the world 2001 [John Harper Publishing, London]; the figure for Malta is the mid-point of a range cited in the EIRO/ILO REPORT; figures for current Member States refer mainly to 2000 and, along with the averages, were compiled for EIRO³.

countries) indicates an even wider gap - the EU figure (30.4%) is nearly half as high again as that of the candidate countries (21.9%). This reflects the fact that union density is below average in the largest candidate countries - Poland, the Czech Republic and Hungary.

Within this overall difference between the EU and candidate countries, there are substantial differences in union density inside the two groups of countries. Union density varies considerably among EU Member States, from around 70% or more in Belgium, Denmark, Finland and Sweden to under 20% in France and Spain, where the rates are as low as (or lower than) any of the candidate countries. Similarly, among the 10 candidate countries, rates vary from the 65% and over in the south-eastern countries of Cyprus and Malta - higher than all but the Nordic EU Member States and Belgium - to the 20% or below in Hungary, Estonia, Poland and Lithuania. However, the highest rate in any CEE candidate countries is the density of around 40% in Slovakia and Slovenia. Taking only the eight CEE countries, the unweighted average density is 25.8% and the weighted density 21.2%.

Employers' organisations at European level

The Union of Industrial and Employers' Confederations of Europe (UNICE) represents almost all the main national intersectoral confederations of private sector employers and businesses in the current EU Member States. It acts as both an employers' organisation (in that it engages in dialogue and, in specific circumstances, negotiations with ETUC⁴) and as a trade/industry association (in that it is involved in

promoting its members' interests in a range of areas and in seeking to influence EU decision-making in areas of relevance). UNICE's coverage of organisations representing small and medium-sized enterprises (SMEs) is arguably patchy and a separate European-level body, the European Association of Craft and Small and Medium-sized Enterprises (UEAPME) seeks to represent this category of businesses, with affiliates in all 15 Member States. Since 1998, UEAPME and UNICE have cooperated closely in EU-level social dialogue and negotiations with ETUC. Furthermore, the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) - with members in all Member States - represents enterprises and organisations with public participation or carrying out activities of general economic interest, whatever their legal or ownership status. It is treated as a central social partner organisation alongside UNICE by the European Commission and is involved in dialogue and negotiations with ETUC.

UNICE has full member organisations in six of the 10 candidate countries considered here. These appear to be the main general private sector employers' and business confederations (as listed in the European Commission's abovementioned 2002 report) in Cyprus, Malta, Poland and Slovakia, while a special umbrella organisation for international cooperation, bringing together a number of organisations, is the UNICE affiliate in Hungary (the situation in the Czech Republic is unclear). UNICE also has observer members in Estonia, Lithuania, Poland and Slovenia (all included in the Commission list of the main organisations in these countries), though apparently no affiliate in Latvia. UEAPME has full members only in the EU Member States, but associate members in nine of the 10 candidate countries examined here (the exception being Latvia) - in all cases but Malta, Poland and Slovakia, these are among the main organisations listed by the Commission. CEEP also has full members only in the current Member States and associate members only in Hungary among the 10 candidate countries.

At European sectoral level, there are hundreds of organisations representing business interests. However, very few of these are employers' organisations in the sense that they represent their members with regard to employment issues or have relations with trade union organisations. The main exceptions are the organisations in those sectors where a 'sectoral social dialogue' has developed, either autonomously or at the instigation of the European Commission. There are currently 26 sectoral dialogue committees, bringing together European-level representatives of trade unions and employers for discussions on employment, competitiveness and social issues⁵. These bodies conduct an autonomous social dialogue which is seen as a key part of the European social model. They are used by the European-level social partners to defend joint interests; find solutions to the challenges facing their sectors; and influence European and national policies. Arrangements (opinions, declarations, codes of conduct, etc) on a range of issues (e.g. training, human resource development, employment, fundamental rights or health and safety) have been reached in most of the sectors concerned.

Thus, there are European-level bodies acting in some ways as employers' organisations in sectors such as agriculture, banking, civil aviation, cleaning, commerce, construction, electricity, footwear, hotels and catering, inland navigation, insurance, leather, maritime transport, personal services (hairdressing), postal services, private security, public services, railways, road transport, sea fishing, sugar, telecommunications, textiles and clothing, tobacco and woodworking.

The extent to which the sectoral organisations involved have members in the candidate countries varies considerably. For example, Eurocommerce, representing retail, wholesale and international trade, has full members only in western Europe (though affiliated members in many CEE candidate countries - including six of the 10 considered here). HOTREC,

representing hotels, restaurants and cafés, similarly has only observer members in the candidate countries (including in four of the 10 countries examined here). By contrast, the European Construction Industry Federation (FIEC) has full members in five of the 10 candidate countries, while Eurelectric, representing the electricity industry, has full members in all 10 countries.

Employers' organisations at national level

At national level, the organisation of employers varies substantially between the current Member States. At intersectoral level, in countries such as Belgium, Denmark, France, Ireland, Italy, the Netherlands, Spain, Sweden and the UK, there is essentially a single umbrella organisation (at least for the private sector) representing companies', employers' and business/trade interests - though accompanied by separate SME organisations in some cases (as in France or Spain). In other countries - notably Germany - there is a division between the representation of employers' and of business/trade interests, with separate central organisations for each. The trend, however, appears to be towards the unification of representation of employers' and business/trade interests - as illustrated by the recent merger of the Swedish Employers' Confederation (Svenska Arbetsgivareföreningen, SAF) and the Federation of Swedish Industries (Industriförbundet) to create the Confederation of Swedish Enterprise (Svenskt Näringsliv)⁶. Another difference at intersectoral level is that there may be a single central (private sector) body - as in the countries mentioned above - or there may be separate bodies for industry, services and in some cases agriculture - as in Finland, Greece and Portugal.

The situation in the candidate countries with regard to employers' organisations is complex. While Cyprus and Malta have long-standing central employers' bodies, employers' organisations in the genuine sense have emerged in the CEE candidate countries only since the economic and political transformation of the late 1980s and early 1990s. Initially, these organisations mainly represented state-owned enterprises, but privatisation has since resulted in a proliferation of employer and industry organisations in some countries, especially for SMEs. Many organisations have essentially a business/trade role, focusing on economic issues and lobbying, rather than employer issues and collective bargaining (though many participate in various national-level tripartite forums, which may involve engagement in quasi-bargaining activities and in shaping public policy on employment and wider social and economic issues). A lack of strong and representative employers' organisations at national and sectoral level is a frequently noted feature of many CEE countries.

The current position (based on the data in the Commission's 2002 report and UNICE and UEAPME's membership lists) is that there appears to be essentially a single main organisation in Cyprus, Estonia, Latvia, Lithuania and Slovakia, though with significant separate organisations representing essentially SMEs in Cyprus, Estonia and Lithuania. Slovenia is unusual in that it has a Chamber of Commerce and Industry (Gospodarska zbornica Slovenije, GZS) of which membership is obligatory for larger employers, along with a Chamber of Crafts (Obrtna zbornica Slovenije, OZS) of which membership is obligatory for independent craftworkers and small enterprises⁷. Alongside these compulsory bodies, there are separate employers' organisations with voluntary membership - the Slovenian Employers' Association (Združenje delodajalcev Slovenije, ZDS) and the Slovenian Employers' Association of Crafts (Združenje delodajalcev obrtnih dejavnosti Slovenije, ZDODS). The Czech Republic, Malta and Poland have two main central employers' organisations (with smaller separate bodies in some cases), while Hungary has

numerous bodies, though most of these come under a single umbrella body for purposes of international cooperation.

A lack of specific employers' organisations for the public sector in the CEE candidate countries - with the exception of Hungary and to some extent Poland (where the Confederation of Polish Employers [Konfederacja Pracodawców Polskich, KPP] groups mainly large state and 'post-state' companies) - is noted by the European Commission in its 2002 *Industrial relations in Europe* report. This may explain CEEP's lack of associate members in these countries.

In the current Member States, in terms of the role of employers' organisations, regular national intersectoral bargaining with trade unions over substantive pay and conditions issues is part of the remit of central employers' bodies in Belgium, Finland, Greece, Ireland and Portugal. Intersectoral bargaining over specific issues or procedural matters is part of the employers' confederations' role in Denmark, France, Italy, Spain and Sweden. While usually falling short of bargaining, employers' confederations have close cooperative relations with trade unions in various fora in Austria, Germany and the Netherlands, which may lead to joint texts or approaches. It is probably in the UK that the main employers' body (the CBI) has the least 'bargaining-like' role in any area.

In the candidate countries, in almost all cases employers' organisations do not engage in bipartite national intersectoral bargaining with trade unions over pay and conditions - the exceptions being Slovenia and Latvia, where the Latvian Employers' Confederation (Latvijas Darba Devēju Konfederācija, LDDK) negotiates national general agreements on minimum wages, which act as recommendations, with the Free Trade Union Confederation of Latvia (Latvijas Brīvo Arodbiedrību Savienība, LBAS). Instead, there is a high degree of tripartism at national level, with employers' bodies involved in negotiation and/or consultation processes with trade unions and governments. This may result in regular tripartite agreements on minimum wages, as in Hungary, or wider issues, as in the Czech Republic and Slovakia. Less regular or issue-specific tripartite national agreements have been concluded in Cyprus, Estonia, Latvia, Lithuania, Malta and Poland. Slovenia has tripartite national pay agreements, as well as bipartite national bargaining⁸.

At industry level, sectoral employers' organisations with a collective bargaining role are key components of the industrial relations systems of most EU Member States - Austria (where sectoral sections of the Chamber of the Economy [Wirtschaftskammer Österreich, WKÖ] play this role), Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, Spain and Sweden. Only in Ireland, Luxembourg and the UK are there few sectoral employers' associations with a bargaining role, since collective bargaining occurs essentially at company level (though overlaid with intersectoral bargaining in Ireland - see *below under 'Collective bargaining'*).

In the candidate countries, sectoral employers' organisations have much less of a bargaining role, with the notable exceptions of Slovenia, Cyprus and, to a lesser extent, Slovakia. This is due to the fact that in most of the candidate countries sectoral employers' organisations are either weak and lack the necessary resources to participate and/or do not have the authority to conclude sectoral agreements on behalf of their members in those cases where they are better established - as in Hungary and Poland.

Reliable information on the membership rate of employers' organisations is hard to come by in most European countries. One of the few sources of comparative data on employers' organisation 'density' in the EU Member States is a 1999 European Commission-sponsored report on the representativeness of European social partner organisations, which includes estimates of the proportion of the total workforce employed by the members of some of the employers'

organisations affiliated to the main European-level bodies⁹. Taking the main private sector employers' confederations affiliated to UNICE, the report gives density figures of:

- 44% for the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA);
- 36% for the Confederation of Finnish Industry and Employers (Teollisuuden ja Työnantajain Keskusliitto, TT) and the Employers' Confederation of Service Industries (Palvelutyönantajat, PT) combined;
- 58% for the Movement of French Enterprises (Mouvement des entreprises de France, MEDEF);
- 80% for the Confederation of German Employers' Associations (Bundesvereinigung Deutscher Arbeitgeberverbände, BDA);
- 16% for the Federation of Greek Industries (SEV);
- 22% for the Irish Business and Employers Confederation (IBEC);
- 23% for Italy's Confindustria; and
- 38% for the Confederation of British Industry (CBI).

Overall density will be higher in most countries due to the existence of other employers' organisations of varying sizes. Figures are even scarcer for the candidate countries, but it seems that density is generally likely to be lower. The European Commission estimates the membership of employers' organisations in the candidate countries at an average of 30%-40% of industrial enterprises and 2%-5% of all enterprises. One of the higher levels of membership is to be found in Slovenia, where ZDS member companies employ around 60% of private sector workers¹⁰. In Slovakia, about 50% of all companies are members of the Federation of Employers' Associations of the Slovak Republic (Asociácia zamestnávateľských zväzov a združení Slovenskej republiky, AZZZ SR)¹¹.

Collective bargaining

Bargaining at European level

At the EU level, 'bargaining' of a kind - primarily over agreements to replace proposed EU legislation in the employment and social field - occurs between ETUC, UNICE and CEEP (plus, more recently, UEAPME and the EUROCADRES/CEC liaison committee). They have reached European agreements on parental leave¹², part-time work¹³, and fixed-term work¹⁴, which have been implemented in law through EU Directives. Most recently, in July 2002, a framework agreement on telework was concluded, which will be implemented by the members of the signatory parties, rather than by means of a Directive¹⁵. These various agreements have, of course, focused primarily on the current EU Member States. However, the Directives implementing the first three agreements form part of the 'acquis communautaire' to be adopted and implemented by the candidate countries, while the signatories to the telework accord invite their members in the countries applying to join the EU to implement the deal.

A similar European-level 'bargaining' process has occurred on some occasions over specific issues in a number of sectors (e.g. working time in civil aviation¹⁶ and maritime transport). As with intersectoral agreements, the primary focus is on the current Member States. However, efforts are being made in the sectoral social dialogue more generally to involve the candidate countries - examples include commerce, textiles, agriculture, banking, road transport, rail transport and civil aviation. For instance, the sectoral social partners in the textiles and clothing sector have recently extended their 1997

code of conduct on basic labour rights to the CEE candidate countries (and Turkey)¹⁷.

However, concrete pay and conditions of employment are not subject to collective agreement at European intersectoral or sectoral level. There are also no known cases of such concrete bargaining at European level within European companies, though a few European Works Councils have reached some form of agreement on specific issues, while cross-border comparisons are increasingly deployed by management and unions in national bargaining, and unions are actively seeking to enhance transnational coordination of bargaining¹⁸.

Bargaining at national level

Collective bargaining unarguably plays a key role in industrial relations in all the EU Member States, though national systems differ very widely in terms of the level, coverage, content and nature of bargaining. In the candidate countries, collective bargaining generally remains a rather weak institution, though with some exceptions. On the whole, in terms of the coverage of bargaining and the number of agreements concluded, collective bargaining in the candidate countries is considerably less developed than in current Member States. Below we look at two key factors - bargaining levels and bargaining coverage.

Bargaining levels

In terms of the level of bargaining, despite national differences and a widely observed trend towards the decentralisation of bargaining, it can be said that most EU countries currently have relatively centralised systems. To take the key issue of pay determination, Table 1 indicates the levels at which wage bargaining is conducted in the EU Member States.

Table 1 Wage bargaining levels in the European Union

	Intersectoral level	Sectoral level	Company level
Austria		△	□
Belgium	△	□	□
Denmark	○	○	□
Finland	△	□	□
France		□	△
Germany		△	□
Greece	□	△	□
Ireland	△	□	□
Italy		△	□
Luxembourg		○	○
Netherlands		△	□
Portugal		△	□
Spain		△	□
Sweden		△	□
UK		□	△

□ = existing level of wage bargaining;

○ = important, but not dominant level of wage bargaining;

△ = dominant level of wage bargaining.

Source: *EIRO*¹⁹

As Table 1 shows, in three countries (Belgium, Finland and Ireland) the intersectoral level is currently the dominant wage bargaining level and in eight countries (Austria, Germany, Greece, Italy, the Netherlands, Portugal, Spain and Sweden) the sectoral level remains the most important level of wage bargaining, while in two countries there is no predominant bargaining level (Denmark and Luxembourg). In only France and the UK is the company the key pay bargaining level,

while it is also important in Luxembourg. Issues other than pay, such as working time or employment, are more likely to be determined by company bargaining in many countries, but conversely they are also liable to be dealt with at a higher level in other cases.

Although the picture is not uniform among Member States (the UK, for example, has a highly decentralised bargaining structure), it is clear that collective bargaining is much more centralised in the current EU than is the case in the 10 candidate countries considered. As indicated in Table 2, the company is the dominant pay bargaining level (though, given low bargaining coverage rates in many countries - see below - this does not necessarily mean that it covers a high proportion of all companies and employees) in all 10 countries apart from Slovakia, Slovenia and Cyprus. Intersectoral bargaining is absent from all countries apart from Slovenia and, to a lesser extent, Hungary and Latvia. Sectoral bargaining (in a broad sense) plays the dominant role only in Slovakia and Cyprus (where it determines most terms and conditions of employment), is a very important bargaining level in Slovenia, and a relatively significant bargaining level in Hungary and to a lesser extent the Czech Republic. It exists in Estonia, Latvia and Poland, but is of very limited significance.

Table 2 Wage bargaining levels in 10 candidate countries

	Intersectoral level	Sectoral level	Company level
Cyprus		△	□
Czech Republic		□	△
Estonia		□	△
Hungary	□	○	△
Latvia	□	□	△
Lithuania		□	△
Malta			△
Poland		□	△
Slovakia		△	□
Slovenia	△	○	□

□ = existing level of wage bargaining;

○ = important, but not dominant level of wage bargaining;

△ = dominant level of wage bargaining.

Source: Author's assessment, based largely on EIRO²⁰

The patterns of bargaining levels which the candidate countries will bring into the EU are thus rather dissimilar to those in most current Member States. Something analogous to what might be seen as the 'classic' western continental European pattern of dominant sectoral bargaining (as found in Austria, Germany, Greece, Italy, the Netherlands, Portugal, Spain and Sweden) seems to be found only in Slovakia and Cyprus. The highly centralised Slovenian system has similarities to the situation in Belgium, Finland and Ireland. The dominance of company bargaining in the other countries has an EU equivalent only in the UK and to a lesser extent in France and Luxembourg.

The forthcoming report on a tripartite conference on the promotion of sectoral social dialogue, organised by the ILO in cooperation with the European Commission in late 2001 in Prague, suggests some explanations for the general weakness of sectoral bargaining in the candidate countries. Before proceeding, it should be noted that the term 'sectoral collective bargaining' covers a different reality from one candidate country to another. For example, multi-employer collective agreements and agreements concluded by a national enterprise that dominates a sector are often mixed up with 'typical' sectoral collective agreements which have a much larger scope in terms of the workers and enterprises covered²¹. This fact should be kept in mind when comparing figures related to sectoral bargaining in the candidate countries.

The conference report finds that there seems to be a combination of reasons for the poor development of sectoral bargaining in these countries, due to the specific conditions of transition but also to the actors themselves - i.e. the social partners and the state. The key reasons include the following:

- the very weak institutional capacity and lack of representativeness of the social partners at the sectoral level, which prevent them from engaging effectively in bipartite collective bargaining. Indeed, it is a common feature of the candidate countries, particularly the CEE countries, that trade unions and employers' organisations lack the institutional and technical capacity to engage in bipartite social dialogue, let alone to conduct free and effective bipartite collective bargaining on their own. At the same time, their meagre financial and human resources do not allow them to be present at all levels of social dialogue;
- the ambiguous role of the state. While sectoral bargaining is recognised as being the weakest level within the industrial relations systems of the candidate countries, in most of these countries the state has not taken the necessary measures to ensure that all the legal, administrative and institutional conditions are in place to promote the effective development of sectoral bargaining;
- the lack of a stable institutional framework within which sectoral bargaining can take place, including sound machinery for settling labour disputes arising out of the negotiation process; and
- the rapidly changing economic environment and its associated shifts in sectors and enterprises, which tend to make difficult the emergence of a stable system of industrial relations and thus of sectoral collective bargaining.

It should also be noted that, where more than one bargaining level does exist in candidate countries, there often appears to be a lack of coherence and articulation between them.

Bargaining coverage

The coverage of collective bargaining - i.e. the proportion of workers that have their pay and conditions set, at least to some extent, by collective agreements - varies greatly in the EU, but is generally high (if declining in some countries), as indicated in Table 3 on p. 6 (accurate figures for bargaining coverage are not always available, especially for the candidate countries, and no figures are thus given for some countries, while in a number of cases the rates given are estimates or may be based on varying definitions). At one extreme are Austria and Belgium, where nearly 100% of employees are covered by a system of sectoral agreements. Indeed, high bargaining coverage rates are found in most countries with a system of sectoral collective agreements, such as Denmark, France, Germany, the Netherlands, Spain and Sweden. In some cases - such as Austria, France, Germany and the Netherlands - systems of extending sectoral collective agreements to employers and employees that are not members of signatory organisations contribute to high levels of bargaining coverage. In Finland, Greece and Ireland, high levels of bargaining coverage are achieved by intersectoral agreements. At the lower end of the coverage spectrum is the UK, where bargaining occurs largely at company or lower levels - here only a little over a third of employees have their pay set by collective bargaining.

In general, bargaining coverage is lower in the CEE candidate countries, mirroring the generally decentralised level of bargaining and lower levels of trade union membership. Slovenia is the key exception, with a centralised bargaining system ensuring almost total bargaining coverage. Relatively high coverage rates (though still low in EU terms) are also achieved in Cyprus, Slovakia and Hungary, where sectoral bargaining is more significant than in most CEE countries. In Cyprus, the coverage rate of collective agreements is estimated at around 67-70%. Elsewhere, bargaining seems to cover a minority of the workforce. Although extension

Table 3 Direct collective bargaining coverage, selected EU and candidate countries

Country	Coverage
Belgium	c.100%
Slovenia	c.100%
Austria	98%
Sweden	94%
Finland	90%
France	90%
Denmark	85%
Spain	81%
Netherlands	78%
Cyprus	65%-70%
Germany	67%
Portugal	62%
Luxembourg	60%
Slovakia	48%
Poland	40%
UK	36%
Hungary	34%
Czech Republic	25%-30%
Estonia	29%
Latvia	Under 20%
Lithuania	10%-15%

Sources/notes: figures for candidate countries - referring to various years from 1999-2001 - are as calculated for the EIRO/ILO report cited in reference 1, except those for Estonia and Poland, which are from ETUC, and Hungary and Slovakia, which are from EIRO; figures for Cyprus are from the Ministry of Labour, Industrial Relations Department; figures for current Member States - which are for various years from 2000-2 - are from EIRO and a number of figures are estimates.

procedures exist in a number of countries, these appear to have little impact, with sectoral agreements rare.

Bargaining coverage in Cyprus is around 65%-70% and, while exact figures are not available for Malta, it appears that coverage here too is higher than the norm in the CEE candidate countries.

Employee participation

A key feature of industrial relations in most EU Member States is the existence of a widespread system of indirect or representational employee participation at company or workplace level through elected 'works councils' or similar bodies. Statutory works councils systems based on legislation or widely applicable collective agreements exist in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal and Spain. In these countries, works councils elected by employees (sometimes from trade union lists) have a range of information and consultation rights - and even 'co-determination' rights on some topics in some countries (e.g. Germany) - on a variety of matters relating to the company's financial, economic and employment situation, and/or personnel management and employment conditions issues. In Sweden, legislation provides similar rights to trade unions in companies. Only in Ireland and the UK is there no general, permanent system of works council-type bodies. Here, workplace participation currently rests largely on trade union recognition or in the voluntary establishment of representative structures (by agreement or management initiative), except in specific circumstances dictated by EU Directives (see below).

In addition, in a majority of EU countries, there is a statutory system for some form of employee representation on the board of directors or supervisory boards of some types of company²². Such participation is relatively widespread in Austria, Denmark, Finland, France, Germany, Luxembourg, the Netherlands and Sweden, and restricted to some public sector organisations in Greece and Ireland.

At EU level, legislation has introduced a range of worker involvement requirements in the Member States and created new representative bodies, notably:

- European Works Councils (EWCs) Directive (94/45/EC) has introduced pan-European structures for the information and consultation of employees and their representatives on a range of business and employment issues in multinational companies over a certain size operating in the EU;
- the recent Directive (2002/14/EC) establishing a general framework for informing and consulting employees will require all undertakings with at least 50 employees (or establishments with at least 20 employees) to provide employee representatives with information and/or consultation on a range of business, employment and work organisation issues²³. The implementation of the Directive may result in some form of statutory works councils in EU Member States which currently have none (essentially Ireland and the UK);
- Directive (2001/86/EC), adopted in October 2001, provides for employee involvement (through both information and consultation structures or procedures and board-level participation) in 'European Companies'²⁴ (SEs) - the new optional form of Europe-wide company set up under the European Company Statute; and
- various Directives have guaranteed information and/or consultation on specific issues, notably collective redundancies, business transfers and health and safety.

The current situation in the candidate countries with regard to representational employee participation is diverse, though works council-type structures generally seem less common and, where they exist, they are often only now being introduced. Among the 10 countries considered here, works council-type bodies of any type exist only in the Czech Republic, Hungary, Poland, Slovakia and Slovenia. Only in Hungary and Slovenia are these structures fully comparable with a 'typical' western continental European works council - i.e. widespread elected statutory bodies with an information and consultation role, which generally co-exist with representation and collective bargaining through trade unions.

'Worker councils' in Poland exist only in the country's rapidly disappearing state-owned companies²⁵. The recently introduced works councils in the Czech Republic and Slovakia can be established only in enterprises where no trade unions operate²⁶. Should a trade union emerge in the enterprise, the works council must be dismantled. Furthermore, the only role of these works councils is to be the conduit for workers' rights to information and consultation as set out in the Community acquis in areas such as transfers of undertakings or collective redundancies.

While they have no works council structures, Estonia and Latvia have 'workers' trustees' - employees elected to represent the workforce - alongside trade union representatives, with a number of information and collective bargaining-related rights.

In the other candidate countries, the sole channel for employee representation at workplace/enterprise level is through trade unions, which in CEE candidate countries have information and consultation rights (perhaps somewhat analogous to the Swedish situation). Given the frequently low levels of union membership (see above), this will often mean that many workers have no representation at all. However, there would appear so far to have been considerable opposition in some countries (such as Poland) from both

trade unions and employers to the introduction of works councils.

The requirement to implement the Community acquis which provide for information and consultation rights in the candidate countries has contributed to a major rethink of current worker involvement provisions. For example, it was the transposition of the acquis in this area that recently prompted the Czech Republic and Slovakia to introduce works councils. A debate on the issue has also been occurring in the Baltic candidate countries. The future implementation of the recent EU Directive on general national information and consultation rights for employees is arguably likely to accelerate the process of bringing the candidate countries more into line with the current situation in most of the Member States (a similar process may occur in existing Member States such as Ireland and the UK).

Board-level employee representation does not appear to be a very common practice in the candidate countries, although information on this point is limited. However, it exists in Hungary, Malta, Poland (former state enterprises) and Slovenia.

Finally, representation on EWCs, of which there are currently around 700 in operation, is obligatory at present only for employees in the present 15 EU Member States (plus the three other countries of the European Economic Area). However, a number of EWCs in multinational companies with operations in the candidate countries provide, on a voluntary basis, for the representation of the workforces in these countries, as either full members or observers. This, though, is very much a minority practice. According to European Trade Union Institute (ETUI) figures, under one-fifth of EWCs in multinationals that operate in CEE candidate countries (including Bulgaria and Romania) include workers' representatives from these countries. An examination of EWC agreements by the European Foundation for the Improvement of Living and Working Conditions has found that workforces in the Czech Republic, Hungary and Poland are each represented on under 8% of all EWCs, with the figures considerably lower for countries further east and south.

However, as candidate countries join the EU and come within the scope of the EWCs Directive, workers in these countries will gain entitlement to representation on EWCs and the special negotiating bodies that conclude new EWC agreements. Furthermore, the employees in the candidate countries will be counted towards the Directive's workforce-size thresholds (the Directive affects multinationals with 1,000 employees in total in all the countries covered by it, plus 150 employees in each of at least two of these countries), thus bringing more companies within the Directive's scope. The candidate countries have started to transpose the Directive - for example, Hungary, Poland²⁷, Slovakia²⁸ and Slovenia²⁹ have done so over the past year or so.

Employment and working conditions

In order to place industrial relations systems and their differences in context, we provide below some basic information on labour markets in the current EU Member States and the candidate countries. Furthermore, we compare briefly the situation in the two groups of countries in a few key areas of vital importance to industrial relations - pay, working time and employment/working conditions. The structure and nature of labour markets have an influence on industrial relations, while industrial relations systems play an

important (though varying) part in determining pay and employment conditions.

Table 4 Key labour market indicators, EU Member States and candidate countries, 2001

	EU 15	CC 11
Employment rate (15-64)	63.9	57.8
% of total employment in:		
- agriculture	4.2	20.9
- industry	28.7	31.3
- services	67.1	47.8
Part-time as % of total employment	18.0	9.8
Employees as % of total employment	84.3	72.9
Employees with contract of limited duration	13.4	8.0
Usual weekly hours of full-time workers	40.1	41.3
Usual weekly hours of part-time workers	19.8	23.8
Unemployment rate, aged 15+	7.3	13.0
Unemployment rate, aged 15-24	14.0	28.8
% of unemployed for 12 months and more	44.0	52.4
Highest level of education completed (% of total population aged 25-64):		
- lower secondary	36.2	22.6
- upper secondary	42.2	63.5
- third level	21.6	13.9

Source: Eurostat Labour Force Survey, 2001.

Labour market

The labour market context for industrial relations differs both between the current EU Member States and the candidate countries and within these two groups of countries. Table 4 sets out some basic labour market indicators for 2001 for the 15 EU Member States and 11 candidate countries (the 10 countries covered by the present report, minus Malta, plus Bulgaria and Romania), based on the 2001 Eurostat Labour Force Survey.

As indicated in Table 4, the key differences between the current Member States and the candidate countries include the following:

Employment rate

The employment rate is higher in the EU than in the candidate countries. In the candidate countries, the rate varies between 50.7% in Bulgaria and 67.9% in Cyprus, while in the Member States it varies between 54.5% in Italy and 75.9% in Denmark. The employment rate among women is lower than for the whole population in both groups of countries - 54.8% in the EU and 52.5% in the candidate countries. However, the gap between female and total employment rates is narrower in the candidate countries.

Sectoral distribution

In terms of the sectoral distribution of the workforce, the proportion of people employed in services is considerably higher in the EU than in the candidate countries, while employment in agriculture is much higher in the candidate countries. Employment levels in industry are broadly similar in

the two groups of countries (though slightly higher in the candidate countries). There are considerable variations within the two groups of countries. Among the current Member States, the proportion of employment in industry is highest in Portugal (34%) and lowest in Luxembourg (21.4%), while the proportion of employment in services is highest in Luxembourg (77%) and lowest in Portugal (53%), and the proportion in agriculture is highest in Greece (16%) and lowest in Belgium and the UK (1.4%). Among the candidate countries, the proportion of employment in industry is highest in the Czech Republic (40.5%) and lowest in Cyprus (24%), while the proportion of employment in services is highest in Cyprus (71.1%) and lowest in Romania (29.7%), and the proportion in agriculture is highest in Romania (44.4%) and lowest in Cyprus and the Czech Republic (4.9%). In both groups of countries, women are more likely than average to work in services and less likely to work in industry; however, this tendency is much less pronounced in the candidate countries.

Employment status

A greater proportion of all workers are employees (rather than self-employed) in the Member States than in the candidate countries. In the candidate countries, the highest proportion is found in Estonia (92.5%) and the lowest in Romania (53.9%), while in the EU the highest proportion is in Luxembourg (92.7%) and the lowest in Greece (60.2%).

Atypical employment forms

These are more common in the EU than in the candidate countries. Part-time work is nearly twice as frequent in the Member States as in the candidate countries. In the EU part-time work is most common in the Netherlands (42.2%) and least common in Greece (4.1%), while the variation is somewhat narrower in the candidate countries - between 16.8% in Romania and 2.4% in Slovakia. Part-time work is more common among women in both groups of countries, but to a much greater extent in the EU than in the candidate countries. With regard to limited-duration employment, this affects a considerably higher proportion of employees in the Member States than in the candidate countries. The highest rate of limited-duration employment in the candidate countries is found in Slovenia (13.1%) and the lowest in Estonia (2.8%). In the Member States, rates vary between 31.6% in Spain and 3.7% in Ireland. Women are slightly more likely than average to be in limited-duration employment in the EU and slightly less likely in the candidate countries.

Weekly working hours

On average, full-time employees in the EU usually have slightly shorter weekly working hours - by 1.2 hours - than their counterparts in the candidate countries (see *below under 'Working time' for more details*). Among part-timers, the situation is reversed, with those in the candidate countries working average weekly hours four hours longer than those in the EU. Women's full-time hours tend to be a little shorter than average in both groups of countries, but overall there is little gender differentiation in part-time hours.

Rates of unemployment

'Unemployment' is generally much higher in the candidate countries, with an average rate nearly twice that in the EU. The unemployment rate is as high as 19.9% in Bulgaria and as low as 4% in Cyprus. The highest rate in the EU is found in Spain (10.4%) and the lowest in Luxembourg (1.8%). The youth unemployment rate is over twice as high in the candidate countries as in the EU, while long-term unemployment is also more prevalent. The unemployment rate for women is slightly higher than average in both groups of countries.

Education levels

A greater proportion of the population in the candidate countries is educated beyond lower secondary level - 77.4%, compared with 63.8% in the EU. However, a greater proportion of the EU workforce goes on to complete third-level education - 21.6%, compared with 13.9% for the candidate countries. In both groups of countries, women are more likely than average to have only a lower secondary education, but in the EU they are slightly less likely than average to have completed third-level education, a trend reversed in the candidate countries.

Other

A number of other labour market differences are highlighted by recent research from the European Foundation for the Improvement of Living and Working Conditions (EFILWC). In 2001, the Foundation carried out a survey on working conditions in 12 candidate countries (the 10 countries considered in the present report, plus Bulgaria and Romania)³⁰, which was identical to the three working conditions surveys carried out in the EU Member States in 1990, 1995 and 2000, thus enabling comparisons. In the labour market area, the findings include the following:

- the proportion of *women* in the workforce is higher in the candidate countries than in the Member States - 46% compared with 42%. In the EU Member States, the highest rates are found in Sweden (48%) and Finland (47%) and the lowest in Spain (35%) and Italy (36%). The highest candidate country rates are found in the Baltic states (Lithuania 51%, Latvia 49% and Estonia 49%) and the lowest in Malta (30%). The proportion of women employed in managerial occupations is also higher in candidate countries (at 38%) than in the EU (34%). Furthermore, gender segregation, both horizontal (whereby women are over-represented in a limited range of occupations, sectors and employment types) and vertical (whereby women are under-represented in the higher status and higher paid jobs), is not as common in the candidate countries as it is in the Member States;
- in terms of *company size*, a greater proportion of workers in the candidate countries than in the Member States work in companies with fewer than 50 employees (69% compared with 61% for the EU);
- the average *age* of employees in candidate countries is 40 years, compared with 39 years in the EU. Relatively more workers over the age of 40 are found in the candidate countries (51%) than in the Member States (47%); and
- workers in the candidate countries are more likely to have a *second job* (10% as against 6% in the EU) and to work longer hours in this job (an average of 17.8 hours a week, compared with 12.1 hours in the EU).

Pay

Pay is, of course, a central issue in industrial relations in all countries. It is also an area where international comparisons are extremely problematic, even amongst a relatively homogeneous group of countries such as the current 15 EU Member States. Comparisons are all the more difficult between the EU and the candidate countries, which are generally at a very different level of economic development. However, a few points can be made.

Nominal wages in the candidate countries are, not surprisingly, generally very much lower than in the Member States. According to a 2002 report from ETUC³¹, average monthly gross wages in the manufacturing industry in the candidate countries in 2000 (based on Eurostat figures) were:

- around EUR 120-EUR 140 in Bulgaria and Romania;
- EUR 230-EUR 290 in Lithuania, Latvia, Slovakia and Estonia;
- EUR 330-EUR 370 in Hungary and the Czech Republic;

Table 5 Average pay increases, nominal and adjusted for inflation, 2001 (%)

Country	Nominal	Adjusted for inflation
Hungary	16.0	8.4
Estonia	13.0	7.2
Slovenia	12.0	3.5
Bulgaria	9.2	1.9
<i>Average of 9 CCs</i>	9.0	3.5
Czech Republic	8.6	3.9
Slovakia	8.2	0.9
Ireland	7.5	3.5
Poland	6.9	1.4
Latvia	6.2	3.7
Norway	5.0	2.3
Luxembourg	4.5	2.1
Belgium	4.4	-0.7
Netherlands	4.4	2.0
Portugal	3.9	-0.5
<i>Average for EU plus Norway</i>	3.5	0.6
Greece	3.3	-0.4
Finland	3.3	0.6
UK	3.2	2.0
Sweden	2.8	0.1
France	2.6	0.8
Spain	2.5	-1.3
Denmark	2.4	0.1
Austria	2.4	0.1
Italy	2.4	-0.4
Germany	2.1	-0.3
Lithuania	1.0	0.8

Source: *EU Member States - EIRO; candidate countries - ETUC*³¹.

represent 40.5% of GDP in the candidate countries on average, compared with an EU average of 59%; and average unit labour costs in candidate countries (taking PPPs for GDP into account) are 31% of the Austrian level (which is close to the EU average).

From a generally low level, pay in the candidate countries appears to be rising at a higher rate than in the Member States in both nominal terms and taking inflation into account. EIRO examines each year the average collectively agreed pay increases in the EU Member States (plus Norway)³². While identical figures are not available for the candidate countries, the abovementioned ETUC study provides wage increase figures (provided by national trade unions), that can be used for a broad comparison - though the extent to which the candidate country increases arise from bargaining is not known. Table 5 sets out these average pay increase figures for 2001, indicating that average nominal pay increases in the nine candidate countries considered were nearly three times the EU (plus Norway) average, while the real increase, adjusted for inflation, was nearly six times higher. Only Lithuania, of the candidate countries considered, saw nominal pay rises below the EU average, while only Ireland, of the EU Member States, experienced nominal increases at anything near the candidate country average.

With regard to the structure of pay, according to the Foundation working conditions surveys, a lower proportion of employees in the candidate countries than in the EU receive a basic salary - 88% compared with 92%. However, a higher proportion of candidate country workers are paid compensation for poor working conditions, at 7% on average (as high as 11% in Slovenia and Romania) compared with 3% in the Member States. Similarly, more workers in candidate countries receive piece-rate/productivity payments - 18% compared with 7% in the EU. These productivity-related payments are paid to a significant proportion of workers in

- EUR 480 in Poland;
- EUR 930 in Slovenia; and
- EUR 1,390 in Cyprus.

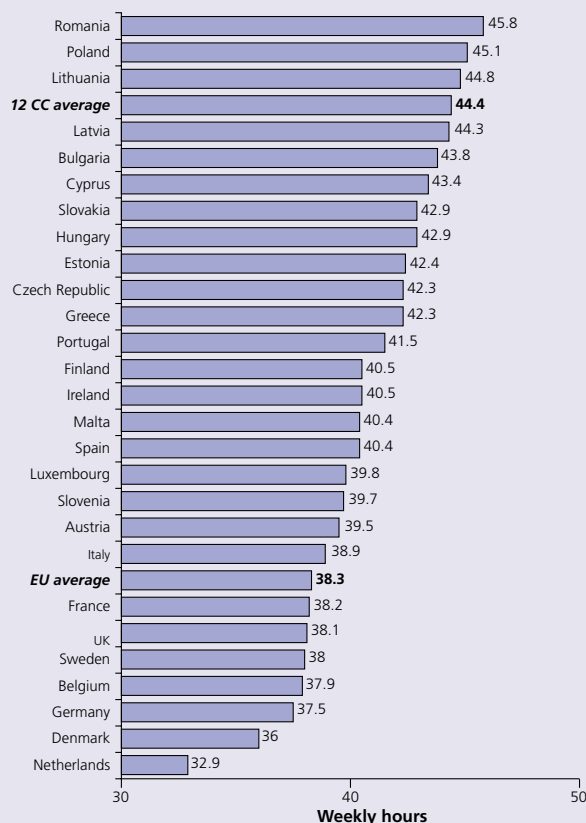
The average for 10 CEE candidate countries was EUR 345. The average for 10 EU countries (Austria, Denmark, Finland, Germany, France, Ireland, the Netherlands, Portugal, Spain and the UK) was around EUR 1,930. This indicates both enormous differences between the candidate countries and a major gap between the candidate countries and the EU (though the highest rates in the candidate countries exceed the lowest EU rates, such as those in Portugal).

Comparing the same wage levels at purchasing power parity (PPP) gives somewhat more realistic figures for the candidate countries (for 1999), narrowing the gaps among themselves and with the EU:

- EUR 350-EUR 400 in Bulgaria and Romania;
- EUR 470-EUR 500 in Lithuania and Latvia;
- EUR 590-EUR 700 in Estonia, Poland, Hungary and Slovakia;
- EUR 820 in the Czech Republic;
- EUR 1,130 in Slovenia; and
- EUR 1,390 in Cyprus.

The average for 10 CEE candidate countries was EUR 634.

However, as ETUC points out, these various figures mean relatively little on their own and need to be related to countries' economic performance to obtain a more meaningful picture. For example, the ETUC study finds that there is no significant difference between the Member States and the candidate countries when gross annual wages are considered as a percentage of GDP per capita; wages

Figure 2 Usual weekly working hours, all workers, EU Member States and candidate countries, 2000-1

Source: *Foundation working conditions surveys, 2000 and 2001.*

some candidate countries, with the highest rates being reported in Slovakia (49%), the Czech Republic (35%) and Slovenia (28%). These same countries also score much higher than other candidate countries when it comes to the proportion of employees being paid for overtime, weekend work and payments based on company performance.

A final point that can be made on pay is that in some candidate countries wages from workers' main employment may be supplemented by other income - e.g. from farm work or additional job - to a greater extent than in most Member States.

Working time

With regard to the duration of working time - often a key issue in collective bargaining - the Foundation surveys provide figures for the usual weekly working hours of all workers (both employees and self-employed, part-time and full-time) in both the EU Member States and 12 candidate countries - see Figure 2. There is a difference of about six hours between the EU and candidate country averages and of nearly 13 hours between the lowest EU Member State (the Netherlands) and the highest candidate country (Romania). Of the candidate countries, only Malta and Slovenia have weekly hours that are within two hours of the EU average, while, of the Member States, only Greece is within two hours of the candidate country average.

Information on usual weekly working hours for employees only, and broken down into full-time and part-time employees, is available for the Member States and 11 candidate countries from the 2001 Eurostat Labour Force Survey (see Figures 3 and 4).

As Figure 3 indicates, excluding part-timers and the self-employed from the figures changes the relative picture on usual weekly working hours. The difference between the EU

and candidate country averages declines from around six hours to just over one and the difference between the lowest EU Member State (France) and the highest candidate country (Latvia) from nearly 13 hours to a little over five. Although current Member States make up most of the bottom half of the table and candidate countries most of the top half, the differences are quite small, and indeed the UK has the joint longest hours, while Lithuania is well below the EU average.

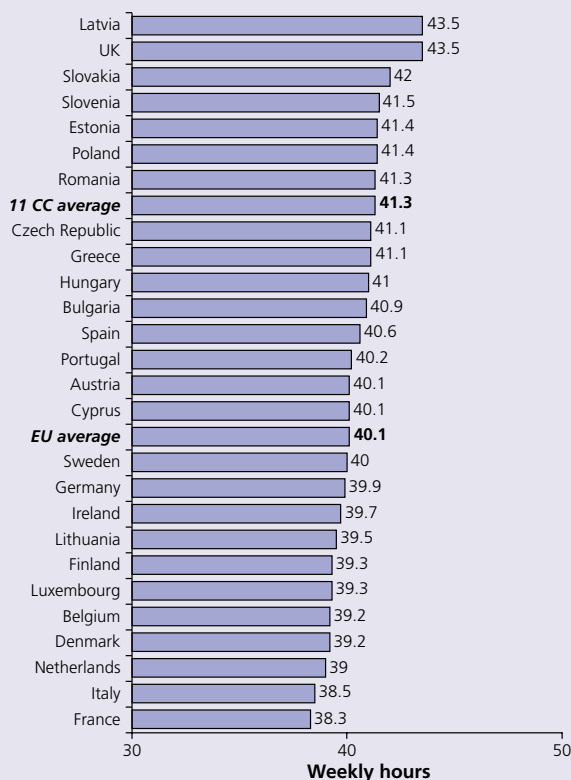
The Eurostat data also allow women's usual weekly working hours to be compared with the overall figures. In the EU, average full-time hours for women, at 38.8, are 1.3 hours shorter than the overall figure (40.1) and women's hours are shorter than men's in every Member State. In the 11 candidate countries, average women's weekly hours are also shorter than the overall figure, but the gap (between 40.4 and 41.3 hours) is narrower, at 0.9 hours. Again, women's hours are shorter than men's in every country.

As indicated in Figure 4, (self-defined) part-time workers in the candidate countries work on average four hours longer a week than their EU counterparts (though the figures may be skewed somewhat by the very high levels of part-time hours in Romania, where average weekly hours are nearly twice those in Germany). However, there is considerable variation between countries in both groups. Part-time hours in Italy, France and Sweden are approaching the candidate country average, while those in Lithuania and Bulgaria are not far above the EU average and Slovenia is below this level.

In the EU, average part-time hours for women, at 19.9, are very slightly higher than the overall figure (19.8), though they are lower in Austria, Belgium, Greece, Italy, Luxembourg, Portugal and Spain. By contrast, in the 11 candidate countries, average women's part-time hours (23.2) are lower than the overall figure (23.8), though they are longer in Cyprus, the Czech Republic and Slovakia.

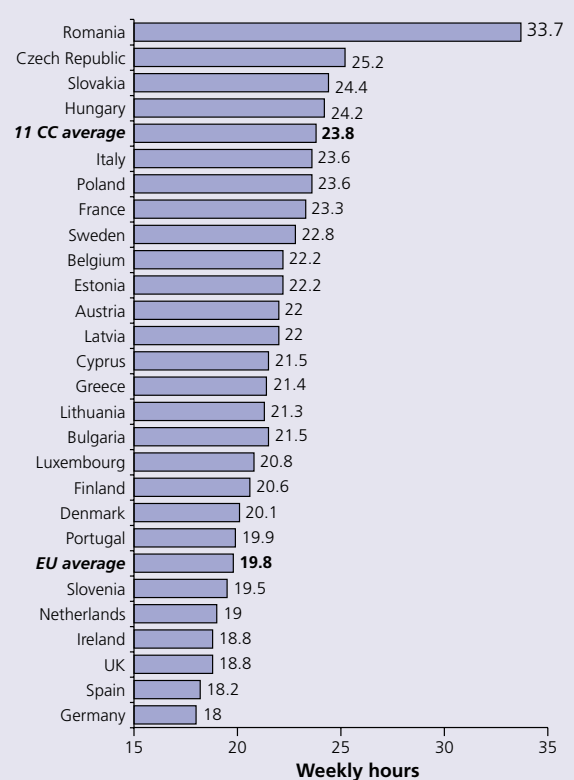
Other working time differences identified by the EFILWC surveys include the following:

Figure 3 Usual weekly working hours, employees working full time, EU Member States and candidate countries, 2001



Source: Eurostat Labour Force Survey, 2001.

Figure 4 Usual weekly working hours, employees working part time, EU Member States and candidate countries, 2001



Source: Eurostat Labour Force, Survey 2001.

- workers in candidate countries work longer days than EU workers, with 44% working over 10 hours a day compared with around a third in the Member States. Also, a higher proportion have longer working weeks (more than 40 hours) - 79% compared with 48% in the EU;
- working unsocial hours such as night work and shiftwork is more frequent in the candidate countries - 21% of workers work nights (19% in the EU), 23% work shifts (20% in the EU) and 37% work on Sundays (27% in the EU); and
- the extent of irregular working hours (not working the same number of hours every day or days every week) differs little between the two groups of countries. However, there are significant differences between candidate countries - the highest rates of irregular time schedules are found in the Czech Republic, Estonia, Latvia and Slovenia.

Other employment and working conditions

The EFILWC working conditions surveys shed light on some other key features of employment and working conditions of relevance to industrial relations in the Member States (in 2000) and candidate countries (in 2001).

The nature of work

The Foundation surveys examined a number of aspects of the nature of work which have some relevance to industrial relations concerns:

- working with *computers* is less widespread in the candidate countries than in the EU, with 12% of workers reporting that they use a computer all of the time, compared with 19% in the EU. Slovenia, Hungary and the Czech Republic have the highest user rates among the candidate countries, while Romania and Lithuania have the lowest. In the EU, the highest levels are in the Netherlands, the UK and Belgium, and the lowest in Greece;
- *teleworking* from home using a personal computer is commoner in the EU than in the candidate countries, with 1% of workers teleworking all the time, compared with 0.6%. In both groups of countries, about 3% of workers are involved full time in homeworking other than teleworking;
- only 36% of workers in candidate countries have direct *contact with clients* - an interaction which can have a considerable influence on the organisation of work - compared with 43% in the EU; and
- in terms of the factors determining the *pace of work*, customer demands exert a greater influence in the EU. While 69% of workers in the Member States say that their pace of work is client-driven, only 58% do so in the candidate countries. Conversely, the influence exerted by bosses is higher in candidate countries - 37% compared with 32% in the EU.

Work organisation

Compared with the current Member States, according to the Foundation, work organisation in the candidate countries can be described as the more traditional, industrial variety and less service-oriented. As mentioned above, interaction between workers and clients is not as widespread in the candidate countries as in the EU, while the pace of work is also less likely to depend on external demands and more likely to depend on orders from within the hierarchy. The organisation of work is also less decentralised and more hierarchical than in the EU: responsibility among workers for

quality control and work autonomy is not as developed, while hierarchical control is greater. Fewer workers are given responsibility for production planning and staffing. Task rotation, which is a feature of both flexibility and multiskilling, is also less widespread.

Work intensity and job control

The intensification of work has been a feature noted in the EU over the past 10 years. In the candidate countries, while a greater number of workers report working at high speed - 62% compared with 56% in the EU - fewer workers report having to work to tight deadlines - 57% against 60% - and more report having enough time to do their job. Furthermore, workers in the candidate countries report fewer interruptions in their work - 24% are interrupted *often or very often*, compared with 47% in the EU. These features, according to the Foundation, reflect the more traditional organisation of work to be found in the candidate countries.

Workers' control over their jobs is considerably lower in the candidate countries. They are less likely than their EU counterparts to be able to control the order of their tasks or the work methods, influence their working hours or take a break when desired.

Information and consultation

The proportion of workers who report that they are able to discuss their working conditions at work is roughly similar in both candidate countries and the EU, at 70% and 73% respectively. However, the proportion of workers able to discuss the organisation of their work when changes take place is higher in the EU than in the candidate countries - 71%, compared with 62%. Among the candidate countries, the ability to discuss change is highest in Estonia, Slovenia and Cyprus, and lowest in Bulgaria and Poland. In the EU, the highest figures are in the Netherlands, Finland and Denmark, and lowest in Spain and Portugal. Where such exchanges occur, the involvement of staff representatives is much lower in the candidate countries, being reported by 25% of workers, compared to 43% in the EU. Among the candidate countries, staff representatives are most often involved in Latvia, Slovenia and Cyprus, and least often in Hungary, the Czech Republic and Estonia. Outside experts are also less likely to be involved in the candidate countries - 11% compared with 25%. Furthermore, exchanges are less likely to be regular in the candidate countries (34% compared with 51% in the EU) or formal (29% compared with 45% in the EU).

When worker consultation does take place, fewer workers in candidate countries than in the Member States are of the opinion that this leads to practical improvements, either at the individual workplace or in the organisation as a whole.

Training

Employers in the EU appear to offer more training than their candidate country counterparts. In the candidate countries, an average of 24% of workers had received training provided by their employers over the last 12 months, compared with 31% in the Member States. In the candidate countries, the duration of this training was 3.2 days per person, compared with 4.4 in the EU. Among the candidate countries, around 40% or more of the workers had received training in the Czech Republic, Slovakia and Slovenia, with the level falling as low as 11% in Bulgaria. There are also fewer opportunities for learning on the job in the candidate countries: an average of 65% of workers claim to benefit from this compared with 72% in the EU.

Conclusion

When the candidate countries enter the EU, they will bring in very diverse systems of industrial relations and a wide range of situations with regard to their labour markets, pay levels and employment/working conditions. However, the position in the current EU is also very diverse in numerous areas of industrial relations, with the result that in many cases the features of candidate country systems are not unknown in existing Member States. For example, features such as low trade union membership, low collective bargaining coverage, decentralised bargaining and a lack of works councils can be found in some of the Member States. Nevertheless, allowing for national differences within both groups of countries, it can be said overall that, compared with the current Member States, industrial relations in the candidate countries are characterised by:

- trade unions and employers' organisations with a very different background and at a very different stage of development;
- lower levels of trade union density (especially in the CEE candidate countries), which are still falling rapidly in some cases;
- employers' organisations which are weaker - particularly at sectoral level and in the public sector - and more numerous, and which are less likely to have a collective bargaining role;
- collective bargaining systems which are considerably more decentralised, with much less emphasis on the intersectoral and sectoral levels, and more on the company level;
- lower levels of bargaining coverage; and
- a widespread absence of works councils with an information and consultation role, especially as part of a dual system of employee representation alongside trade unions. Unions tend to be the predominant or sole form of workplace representation.

In terms of labour market aspects, there is again great diversity within the two groups of countries and considerable overlap between the two (e.g. unemployment rates are higher in some Member States than in some candidate countries, while part-time employment rates are higher in some candidate countries than in some Member States).

However, it can be said in general that, compared with the EU, in the candidate countries:

- employment rates are lower and unemployment rates higher;
- there is less employment in the services sector and more in agriculture;
- part-time and limited-duration employment is less common;
- more workers work in small organisations;
- workers tend to be older; and
- women make up a larger proportion of the labour force, while their employment rate is not as far below the overall figure as in the EU. Furthermore, women are not so disproportionately affected by part-time work, are more likely to be employed in managerial occupations and horizontal and vertical gender segregation is less common.

With the same caveats (e.g. pay levels in the highest paid candidate countries are above those in the lowest paid Member States), pay and working conditions in the candidate countries differ from those in the EU in that, for example:

- pay rates are considerably lower, though increasing at a faster pace than in the EU;
- working hours are appreciably longer, as well as more unsocial;
- work organisation is more traditional and industrial, and less service-oriented;
- work intensity is lower in some respects, but workers' control over their jobs is less;
- worker information and consultation over organisational change is less common, less likely to involve staff representatives and less likely to result in satisfactory outcomes for workers; and
- workers receive less training from their employers.

The process of implementing the Community acquis and other efforts to reform industrial relations structures and labour market regulation, along with economic development, will doubtless reduce some of the differences highlighted above, but it is clear that, post-enlargement, the overall EU situation with regard to industrial relations and employment will be very different to today and much more diverse.

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Since 1997, the European Industrial Relations Observatory (EIRO) has followed and analysed developments in industrial relations in the 15 EU Member States & Norway and at EU level. Coverage of the candidate countries started in 2002. This overview compares some key aspects of industrial relations systems in the 15 EU Member States and the 10 candidate countries for membership likely to be the first to join from 2004 onwards. It focuses on social partner organisations, collective bargaining and employee participation and also provides some basic comparisons between the current Member States and the candidate countries in terms of labour markets, pay, working time and employment/working conditions.

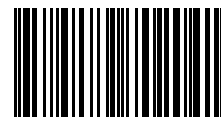
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