



Brussels, 23.12.2016  
SWD(2016) 477 final

PART 7/8

**COMMISSION STAFF WORKING DOCUMENT**

**Employment and Social Developments in Europe 2016**

**7/8**

**Chapter 5**

**Capacity building for social dialogue**

# Capacity building for social dialogue

## INTRODUCTION<sup>(1)</sup>

Social dialogue has a key role to play in tackling the challenges related to labour market and social developments and is a core component of a well-functioning social market economy. This chapter looks at recent developments in social dialogue in Europe, in particular how social partners increase their capacity in order to represent an increasingly diverse range of workers effectively.

In recent years social dialogue has not realised its full potential. It has been under particular strain in those countries most affected by the recent economic crisis. Even in countries where social dialogue had been performing comparatively well the crisis has had a negative impact on its functioning.

However, in this period of economic recovery social dialogue can be a strong factor in promoting job creation and job quality by contributing to increased competitiveness, improved working conditions and structural reforms. These three elements are essential for responding to the challenges of globalisation as well as to technological (including new forms of work), demographic, and climate change.

As a consequence, there is a need for further improvement in the functioning of social dialogue. In March 2015, 30 years after the launch of the European Social Dialogue, the European Commission, together with the social partners and the other EU institutions launched a "New Start for Social Dialogue". Since then, the Commission, the Council and the social partners have delivered on this new start through a number of initiatives. In addition, a joint statement was co-signed whereby all actors agreed that the new start for social dialogue should lead to (1) a stronger emphasis on capacity building of national social partners, (2) more substantial involvement of the social partners in the European Semester, (3) strengthened involvement of social partners in EU policy and law-making and (4) a clearer relationship between social partners' agreements and the 'Better Regulation' agenda.

Strengthening the national social partners and their capacity to engage in bipartite and tripartite dialogue can be instrumental in the success of the New Start for Social Dialogue. Of course, there are a number of preconditions for social dialogue to exist and prosper. These include the respect for basic values and

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<sup>(1)</sup> This chapter was written by Sigfried Caspar, Melissa Thomas and Tim Van Rie with contributions from David-Pascal Dion and Raymond Maes. Section 1 is based on a contribution by Christian Welz, Andrea Fromm, Karel Fric, Camilla Galli da Bino, Peter Kerckhofs and Ricardo Rodriguez (Eurofound)

fundamental rights and notably the right to freedom of association and collective bargaining <sup>(2)</sup>. Social dialogue also necessitates a sound industrial relations environment and respect for the role of social partners <sup>(3)</sup> <sup>(4)</sup>.

Some of the conditions necessary for such dialogue obviously fall under the direct responsibility of the social partners, others are addressed more to the public authorities. Crucially, a political willingness and commitment to be involved in the dialogue and to contribute to economic and social development must exist between the relevant actors, primarily the social partners themselves. Public authorities also have a responsibility to provide an enabling environment and establish laws and regulations for the enforcement of the basic rights of freedom of association and of collective bargaining.

The first section of this chapter looks at the internal make-up of social partner organisations and the ways in which they must evolve in order to stay relevant in the fast changing world of work. Specifically it explores the need of social partners to extend their membership base beyond the traditional type of 'worker'.

The second section then deals with the impact social partners have on policy design and implementation. It explores the different institutional frameworks Member States have for involving social partners in policy discussions, focuses on the quality of the participation of the national social partners and looks at how and when social partners have affected national policy.

## 1. MEMBERSHIP AND STRUCTURE OF SOCIAL PARTNERS' ORGANISATIONS<sup>(5)</sup>

### 1.1. Number of social partners' organisations

Cross-industry Social Dialogue in Europe is performed by around 108 trade union organisations and 134 employers' organisations at national levels (Eurofound 2014a) <sup>(6)</sup>. In almost all countries (except for Ireland and Latvia) more than one trade union organisation is involved in cross-industry industrial relations. Such pluralism is due to the following factors: the presence of traditional ideological cleavages between the main trade unions (in Italy and France); the process of trade union renewal in central and eastern European countries after the transition to democracy and a market economy since the 1990s (Slovenia, Hungary, Croatia and Romania); the inclusion in cross-industry negotiations of autonomous trade union confederations (Italy); and the inclusion of occupational unions (Italy) and regional unions (Spain).

Of the 108 trade union organisations considered, 56% are economy-wide, all-encompassing organisations which cover the whole of the private and public sectors. The remaining 44% have a representational domain which is limited to some subsectors (generally the private or the public sectors) or certain occupations (blue- or white-collar unions, technicians, and managers).

For the 134 employers' associations pluralism is the rule, as it is with trade unions. In all countries there are at least two employers' organisations. This pluralism is usually linked to the representation of specific

<sup>(2)</sup> European Charter of Fundamental Rights of 2009 (art. 12 and 27); European Community Charter of the Fundamental Social Rights of Workers of 1989 (art. 11-15); ILO Conventions N°97 of 1948 and N°98 of 1949.

<sup>(3)</sup> "Resolution concerning tripartism and social dialogue", ILC, 2002.

<sup>(4)</sup> "Resolution concerning the recurrent discussion on social dialogue", ILC, 2013.

<sup>(5)</sup> Section 1 was drafted by Eurofound colleagues Christian Welz, Andrea Fromm, Karel Fric, Camilla Galli da Bino, Peter Kerckhofs and Ricardo Rodriguez.

<sup>(6)</sup> A national association was considered as relevant if it met the following criteria:  
 either regularly directly or indirectly (through its member organisations) involved in cross-industry collective bargaining (or employment regulation) or directly involved in bipartite/tripartite consultations on cross-industry labour market and industrial relations issues;  
 and/or affiliated to a relevant European interest association;  
 the association's domain relates to  
 either more than one sector of the economy (at least two sections under the NACE Rev.2 classification system – that is one-digit sectors), thus including associations with a general membership domain;  
 or a group of enterprises or organisations (such as small and medium-sized enterprises (SMEs), cooperatives and public-owned enterprises) across the economy, in the case of employers' organisations, or a category of employees (such as white-collar workers, blue-collar workers or academics) across the economy, in the case of trade union confederations.

Table 5.1: Mergers and demergers of trade unions at various stages

	Organisations	Sector	Status at the end of 2015
Trade Unions: discussed/proposed mergers			
SI	ZSSS, SKE, SMZ	Public/private sector	Trade union confederations in May 2015 participated in a roundtable discussion on the association of trade union confederations; Public sector trade unions (SMZ) are more open to associating with other trade unions than private sector trade unions (ZSSS), who see more benefits in international connections.
DK	FIF and LO	Top-level	Intensified talks about a possible merger in the years to come.
FI	SAK and STTK	Top-level	Initially expected to be up and running by 2017.
Trade Unions: completed mergers			
IT	DirCredito and FBA Gsl to merge into 'FIRST Gsl'	Banking, credit and financial sector	Completed 29 April 2015
HU	MaSZSZ	Top-level	Completed 27 February 2015
HR	SING and EN	Oil/gas/energy	Completed 26 November 2015
SK	OZ SP and OZ Kovo	Glass, metal	Completed 13 October 2015
Trade Unions: demergers			
EE	EOL from EAKL	Healthcare (nursing)	Proposed demerger
HU	SZEF and MaSZSZ	Public sector/top-level	Completed 15 September 2015
PT	SNP/VAC from UGT	Aviation/crew workers of company TAP	Independence of SNP/VAC confirmed by referendum in March 2015

Source: Eurofound network of correspondents, EurWORK quarterly reports

[Click here to download table.](#)

categories of employers in different organisations, with specialised associations for the private and public sectors, for large and smaller enterprises, or for specific types of firms such as crafts or cooperatives. Ideological or traditional cleavages within the same representational domain can further complicate the picture, as in the case of Italy.

Employers' associations, even if they are national-level organisations, tend to be focused on specific interests and this often encourages relatively narrow representational domains. Around 40% of the employers' associations included in the study have encompassing domains (covering the entire private or public sector). The remaining 60% of employers' organisations concentrate on specific sections of the production system.

Almost nine out of ten top-level employers' organisations are involved in multi-sector collective bargaining, which means that the employer association takes part directly or through its affiliates in collective bargaining in at least two sectors or more. Only one third are directly involved in cross-industry collective bargaining. For top-level trade union organisations, the percentages are higher: 97% are involved in multi-sector collective bargaining, while 55% participate directly in cross-industry collective bargaining (Eurofound 2014a).

## 1.2. Mergers and demergers

The landscape evolves over time, and in 2015 mergers of trade unions took place in Croatia, Denmark, Finland, Hungary, Italy, Slovakia and Slovenia (Eurofound 2016) (Table 5.1). At the same time, in Estonia, Hungary and Portugal, trade union confederations split up into smaller organisations. No major developments were observed among employers' organisations.

## 1.3. Membership of trade unions and employers' organisations

### 1.3.1. Membership matters

Membership and its cross-national variation and changes over time remain key to assessing the organisational strength and relevance of the actors. First, membership is a key criterion for actors to be accepted as parties to collective bargaining, for the resulting agreements to be declared generally binding through extension mechanisms, or for securing participation in tripartite bodies. Secondly, membership

contributes to other elements of organisational strength, for example through the link to financial resources – which are at least partly dependent on membership fees – even if efficient internal structures may be just as important for organisational strength. Thirdly, the role and importance of social partner organisations depends on additional factors, such as their capacity to negotiate and represent their members (involving the ability to obtain a negotiating mandate), to mobilise members (and sometimes non-members), to act autonomously and to make lasting commitments.

However, in determining the representativeness of social partner organisations elements other than membership can play a more prominent role (according to the specific characteristics of the national system) (Eurofound, 2016a) (Box 5.1). In some countries, mutual recognition by social partners is much more important (for example: Cyprus, Denmark, Finland, Ireland, Lithuania, Malta, Slovenia, Sweden and the UK) thus reducing the direct relevance of organisational density. Examples of countries where legal requirements regulate representativeness are: Bulgaria, Croatia, Czech Republic, France, Greece, Latvia, Poland, Romania and Slovakia. Finally, in a number of countries the outcome of elections for workplace employee representatives is more important than membership density in assessing the importance of trade unions. France, Belgium, Luxembourg and Spain are examples of this.

### 1.3.2. Trade union membership and density

In most Member States, union membership has been in decline since the 1980s, at least in relative terms (i.e. measured as a proportion of wage and salary earners) (ESDE 2015).

Strong increases in female employment, the proliferation of non-standard work and migration and labour mobility have presented distinct challenges to trade union organisations, which have often struggled to attract and successfully represent the workers concerned.

Union strategies to attract and retain members are often considered with reference to two broad categories: the 'servicing' and 'organising' models.

In the servicing model, trade unions attract members through their core business of collective bargaining, or through (individualised) service provision such as support in handling conflicts at the workplace. Servicing is therefore associated with an institutional context featuring support for workplace representation and (multi-employer) collective bargaining (Gumbrell-McCormick & Hyman, 2013). It requires trade union staff with knowledge of legal proceedings or strong negotiating skills.

In many ways, the so-called *Ghent system* – in which trade unions are either directly involved in the provision of unemployment benefits, or closely linked to unemployment insurance funds providing such benefits - could be seen as a strong manifestation of membership promotion through services. However, while it has been argued that the servicing model tends to favour representation of 'core' workers in relatively stable employment, the Ghent system seems to increase membership specifically among those with less formal education who might be expected to be at a higher risk of unemployment (Høgedahl, 2014).

A functional equivalent to the Ghent system is the involvement of trade unions in offering supplementary social benefits (occupational welfare) (Natali, Pavolini, 2014).

## Box 5.1: Criteria for representativeness

Representativeness has various meanings across the 28 Member States. At national level, in some Member States conformity with legal requirements is crucial, while in other countries mutual recognition by the social partners is more important, or the only basis for representativeness. In practice, few national systems would correspond to a 'pure' form of either mutual recognition or legal conformity. Most Member States feature a combination of these principles, applying a mix of both formal and informal criteria. To this main dichotomy were added three elements or drivers that can contribute in different ways to representativeness of social partners: electoral success, organisational or 'social strength' in terms of membership and, the capacity to negotiate. When thresholds exist, these are less common for employers than for the trade unions. Employer thresholds are either a requirement for the extension of collective agreements or a criterion permitting access to tripartite bodies.

All in all, four models of representativeness can be identified, combining in different ways the criteria of organisational (or "social") strength, negotiating capacity and formal criteria relating to membership or electoral success.

1. a system of self-regulation where social partners decide which organisations are representative, through mutual recognition,. This is associated with the negotiating capacity and social strength drivers and with very little state regulation on representativeness;
2. a mixed model combining elements of mutual recognition and of state regulation and legal conformity;
3. a state-regulated system where 'social strength'(membership) is used as a legal measure of representativeness; and
4. a state-structured system in which electoral success primarily determines representativeness.

Representativeness model	Countries
<b>Social partner self-regulation</b>	Cyprus, Denmark, Finland, Ireland, Lithuania, Malta, Norway, Slovenia, Sweden and the UK.
<b>Mixed</b>	Austria, Estonia, Germany, Hungary, Italy, Netherlands, Portugal and Spain (for employers).
<b>State regulation membership strength</b>	Bulgaria, Croatia, Czech Republic, Greece, Latvia, Poland, Romania and Slovakia.
<b>State regulation electoral strength</b>	Belgium, France, Luxembourg and Spain (for trade unions).

Source: Eurofound (2016) The concept of representativeness at national and at European level.

The organising model, for its part, translates into specific efforts to actively recruit members (particularly groups that are relatively underrepresented), either by the unions' rank-and-file approach, or by professional recruiters.

This approach first emerged in the US, with the UK and Ireland among the early adopters. Organising models are said to be particularly popular in a context of single employer bargaining, where trade unions need actively to secure representation in individual companies (Gumbrell-McCormick & Hyman, 2013). While there have been recent attempts to adopt elements of the organising model in France and Germany, the outcomes have varied. For instance in France the limited organisational power of trade union leadership at the national level hampered the implementation of in-depth organisational changes required by the organising model (Thomas, 2016).

In the context of the overall decline in trade union membership during the last decades, specific consideration must be given to those countries which operate the Ghent system. As explained above, in this system trade unions are involved in the provision of unemployment benefits or closely linked to unemployment insurance funds providing such benefits. To the extent that union membership is seen as a condition for obtaining unemployment benefits, this is a highly relevant factor for recruitment and

retention of members and has consequently contributed to the high union density rate in the countries applying this system. In this context, research refers to the use of *selective incentives* (Olson, 1965) by unions to explain the value added for membership. This contrasts with the non-selective benefits of, for example, collective agreements, which in most countries apply to union members and non-members alike.

The Ghent system is a core feature of the Scandinavian industrial relations systems. Overall, union density rates in Denmark, Finland and Sweden have remained significantly higher than in most other Member States, despite some decrease particularly since the beginning of 2000. The Belgian trade union density rate, though lower than that in the Nordic countries is relatively high from an EU-wide perspective and in Belgium, by contrast with many other countries, trade unions have steadily increased their membership rates between 2001 and 2013.

The Ghent system is applied in different ways in these countries. In the Nordic countries, unemployment insurance is voluntary for workers, while in Belgium it is compulsory and the fund is entrusted to a public institution and co-managed by the social partners. Among other elements, sources of funding for unemployment benefits also differ, through social contributions by employers and employees, state funding and mixed methods. The rules for membership, the level of unemployment benefits, the administration and management style vary significantly. In legal terms, membership of unemployment insurance funds is distinct from membership of a trade union. In practice, however, many trade unions have set up these funds covering the (occupational, professional or other) domain in which they organise and engage in collective bargaining (Lindt, 2009). Voluntary unemployment insurance in the Nordic countries is subsidised (in some cases by making membership fees tax deductible), which makes it relatively attractive to join the fund and the associated trade union.

The implementation of the Ghent system has been challenged in several countries (Eurofound, 2015), but, while in most countries, increases in unemployment are associated with drops in union density, Ghent system countries tend to record increases in union density under such conditions (Checchi and Visser, 2005). Furthermore, employees' rational choices to become union members and join their unemployment insurance funds in the Nordic countries depend on their (perceived) risk of becoming unemployed, which is linked to their age, education, skills, employment contract status (temporary or open-ended) and other factors.

### *1.3.3. Membership and density of employer organisations*

Information on the density of employers' organisations (calculated as the proportion of employees in employment) is patchier than the information on trade unions. Still, overall, the membership of employer organisations has remained comparatively stable across Member States over recent years. According to the literature (Eurofound, 2010, Brandl and Lehr, 2016) many organisations have increased their focus on service provision, including training, finance/credit, management and legal matters. Employer organisations adapted their organisational structure and activities to the changing needs of business. Many companies deemed the changing institutional framework, which enabled them to negotiate their own wage agreements with trade unions, preferable to the previous system of multi-employer bargaining. Employer organisations responded by focusing more on non-wage related aspects of collective bargaining and getting more involved in occupational training programmes and active labour market policies. They adapted their organisational structure and activities, in particular by undertaking mergers. All of this helped to stabilise membership levels.

### *1.3.4. Examples of strong social partner organisations*

Countries where social partner organisations can be characterised as 'strong and effective' include Denmark, Germany, Finland, Austria and Sweden. These countries have a solid organisation on the side of both the trade unions and the employer organisations and benefit from a close working relationship between political decision-makers and the social partners. These countries also managed the crisis reasonably well (European Commission, 2015). This of course cannot only be attributed to social dialogue, although the ability to reach a quick agreement on, for example generously extended short-time working arrangements helped to avoid unemployment rising rapidly.

### Box 5.2: Social partners have started representing workers in the sharing economy

In Denmark LO union opened a dialogue with the Uber company and encouraged employers to engage with them, with a view to ensuring that Uber observes Danish labour market regulations.

In France a new union, UNSA SCP-VTC, was set up in October 2015 with the specific aim of covering drivers not affiliated with taxi companies, in particular Uber drivers. On the employers' side, MEDEF has asked the government to promote new forms of digital companies, arguing that *'it would be a mistake to force platforms to enter in an old social model that has to be reformed'*.

The German Metalworkers Union (IG Metall) announced a plan for significant investment, up to 2025, in activities that organise crowd workers in the digital economy

In Poland Uber has joined the employers' organisation Pracodawcy RP, although this has been generally criticised because the company is viewed as illegally competing with taxi services. In June 2015 the Constitutional court ruled in favour of the right of non-standard workers to join a union, previously only possible for those with an employment contract.

One longer-term risk for these countries may be that the contribution social dialogue makes to the overall economic development is not sufficiently recognised, even taken for granted, to the extent of neglecting active investment to ensure that its strength is fully maintained. For instance, in the case of Germany social partnership rests on a basic consensus on the shared interest of employers and employees, in sound economic development and in an export-based economy. Social partners have strong institutional capacity: both employer organisations and trade unions have their own research centres and a sophisticated understanding of economic development.

## 1.4. Specific groups of workers

The context in which social partners work has changed significantly over recent decades, as the pressures and opportunities of globalisation and technological change have grown. Mass-production in industry has given way to predominantly service or knowledge-based economies (on which more information can be found in Chapter 4 which considers the effects of the collaborative economy may have on future of work and business). There has also been a rise of 'individualisation' in society at large – affecting the attitudes of the workforce towards both their work and the collective institutions which seek to represent their interests. The growth of female employment and changing gender roles have brought new emphasis to issues of work-life balance, care arrangements and working-time patterns as topics for social dialogue. The flexibility needs of companies and workers have come on to the agenda of social dialogue. Taken together these factors have contributed to what may be described as at least a partial 'de-standardisation' of employment relations. This has posed a major challenge to the traditional actors in industrial relations.

### 1.4.1. Atypical workers

Atypical work refers to employment relationships which do not conform to the standard or 'typical' model of full-time, regular, open-ended employment with a single employer over a long time span. Chapter 2 also looks at this new emerging class of workers for example the so-called 'precariat' which defines workers with unstable or uncertain employment. In addition, chapter 4 explores the new employment relationships which have developed as a result of technological developments. However, this section looks specifically at how social partners can attract these atypical workers to their membership.

In Italy, all major trade union federations have established specific trade union sections in order better to organise, recruit and support atypical workers, including specific branches in the General Confederation of Italian Workers (Nidil Cgil), in the Union of Italian Workers (Uil-Temp) and in the Italian Confederation of Workers' Trade Unions (FeLSA Cisl). These organisations sign collective agreements with employer organisations representing temporary work agencies and provide atypical workers with specific services, such as fiscal counselling, information on their rights and support in disputes (Pulignano et al, 2015). Similar developments are reported from other countries such as Austria and the Netherlands. Among the previously unorganised groups of workers which the All-Poland Alliance of Trade Unions (OPZZ) has made attempts to organise are those employed on the basis of civil law contracts.



### Box 5.3: Coverage of self-employed workers

On-going Eurofound research focuses on mapping the types of self-employment, the working conditions for this group of workers as well as the potential of self-employment for job creation. As part of this study, options for collective representation and the degree of coverage are collected at national level, covering umbrella organisations specifically for self-employed, including trade unions and professional associations (like those for architects, lawyers or medical practitioners).

The information gathered so far in the context of the study shows a large variety of situations, which correspond to the ample diversity of self-employment forms existing in this group of workers. Self-employed are organised across Europe in employers, trade unions and professional organisations according to specific features in each Member State. Collective representation may cover self-employed and employees on the one hand, employers and self-employed on the other, or just self-employed without employees. Data on representation or coverage are not easily accessible, if they formally exist.

In some cases (Austria), the coverage is very high as the membership to the Federal Economic Chamber (WKO) is mandatory for all self-employed persons holding a business licence, including one-person enterprises. Mandatory membership also applies to the umbrella association of all chambers of liberal professions (Bundeskonzferenz der Freien Berufe Österreich BUKO, Federal Conference of Liberal Professions). In Germany, every registered artisan has to join the local chamber of crafts.

In specific sectors such as agriculture, data can be more easily found. For example, in Germany according to the German Farmers' Association (DBV), around 90% of the 380,000 farmers are DBV members. In Ireland, the Irish Farmers Association (IFA) claims 85,000 members in the country.

In Belgium, the Union of independent entrepreneurs (Unizo), a broad-based, inter-professional organisation declares that it has 80,000 members, mostly in Flanders and Brussels regions; and the Fédération nationale de l'Union des Classes moyennes (UCM) covering artisans, tradespeople, liberal professionals in Walloon and Brussels declares 90,000 members.

Data on trade unions representing self-employed are more difficult to collect. In Belgium, the Syndicat Neutre pour Indépendants (SNI) representing self-employed, liberal and intellectual professionals and SMEs declares 40,000 members. In Italy, unions affiliated to the most representative trade union confederations are actively organising the self-employed in their diverse forms, although mainly addressing freelance and temporary agency work. Thus, Nuove Identità di Lavoro - New Labour Identities (NiDIL) covering workers with atypical contracts (partite IVA or sole traders, freelance, transfer of copyright, and TAW) is associated to the Confederazione Generale Italiana del Lavoro, (CGIL); National Association of Temporary, Autonomous, and Atypical Workers and Partite IVA (UILtemp) is associated with the Unione Italiana del Lavoro (UIL); FeLSA, the Federation of Temporary Agency, Autonomous and Atypical Workers is linked to the Confederazione Italiana Sindacati Lavoratori (CISL). Union coverage is very low in comparison with standard workers. NiDIL boasts 53,000 members, while FeLSA has 50,000 and UILtemp 43,000 members. The three unions together may reach 5.4% of potential workers they could cover.

In the context of the digitally-based 'sharing economy', the responses and initiatives of the social partners around Europe have been mixed. Some examples can be found in the case of Uber drivers (see Box 5.2 )

There are other examples of new policies and strategies that have been put in place to open up the structure and services of unions to new members. In Bulgaria, the Trade Union of Self-employed and Informal Workers was created in 2014 in response to the poor working conditions, high unemployment and social insecurity of approximately 500,000 home-based workers (both self-employed and outsourced workers).

#### 1.4.2. Members facing financial strain

Some trade unions have enlarged their portfolio of services in response to the economic and social crisis. For example, in Cyprus trade unions developed support programmes for those members who have become unemployed or who face severe financial strain by providing them with help and healthcare provision, reduced prices for medication, remedial teaching for students and assistance in acquiring essentials such as food and clothing. In Spain, CCOO approved a "Plan of fees" for 2014–2015 aimed at reaching potential affiliates among disadvantaged social groups, by creating, for example, a reduced monthly "support fee" of €2 for people under the age of 30 who have never worked before and who, due to their particular situation, have no other organisation to support them. Similarly, in Ireland, trade unions have established a way of retaining members experiencing difficult personal financial circumstances. Instead of charging for unpaid dues, they are allowing these members to remain without having to pay arrears.

### 1.4.3. *The gender dimension*

The increasing participation of women in the labour market over the past decades (often in non-standard employment) has meant that social partner organisations have had to intensify their activities in dealing with gender issues too. The gender gap is visible in terms of horizontal and vertical occupational segregation, different pay levels, the unequal distribution of domestic and care responsibilities and women's participation in decision-making. The organisational and bargaining structures of the social partners have faced the challenge of adapting to include and deal with the challenges posed by gender-based inequality.

The extent to which issues related to gender have been given priority in the relevant activities of the social partners differs across the EU Member States. While the internal activities of trade unions and employer organisations tend to concentrate on quota systems, training, and awareness raising campaigns, their external activities mainly concentrate on campaigning and educational activities and the integration of gender equality and work-life balance measures into national policies and collective agreements.

Research mapping of social partners' gender equality strategies and initiatives in seventeen countries indicates that a number of relatively well-developed internal and/or external policies were carried out by social partners <sup>(7)</sup>. In seven countries (the Czech Republic, Hungary, Lithuania, the Netherlands, Romania, Slovakia and Slovenia) the study found support and implementation of gender-equality-related activities by trade unions, while in four countries (Bulgaria, Estonia, Latvia and Poland) the study reported no social partner activities related to gender.

In an effort to improve gender equality the ETUC since 2007 has been collecting gender-disaggregated data on its affiliates' membership and decision-making positions. The overall trend indicates that the number of women who are members of trade unions has increased.

The Confederation of Independent Trade Unions in Bulgaria (CITUB) has a slight majority of women members (51%), as does the Confederation of Unions for Academic Professionals in Finland (AKAVA) (52%). Women are in the majority in the two Slovakian trade union organisations: the Confederation of Trade Unions (KOZ SR) and the Independent Christian Trade Unions of Slovakia (NKOS) (in both Trade Unions 65% of members are women). Women are also in the majority in the Swedish Confederation of Professional Employees (TCO) (61%), while in Slovenia there is an equal number of women and men in both the Association of Free Trade Unions of Slovenia (ZSSS) and the Confederation of Public Sector Trade Unions (KSJS).

However, social partner organisations remain dominated by men. Examples of how social partner organisations have responded to this challenge internally include the resolution adopted by the Austrian ÖGB to ensure that a minimum of one third of all ÖGB positions are filled by women. Similar measures were adopted in Italy, Germany, Spain and the UK.

The lack of strong internal strategies to support gender equality in the social partners' organisations can have an impact on their ability to recruit and retain the best among their member organisations. In trade unions, the full potential for increasing women's membership may not be realised if there is no corresponding increase in the number of women participating in the relevant governing and representative bodies.

Externally the efforts by social partners to intensify their activities in dealing with gender issues are hampered by persistent gender stereotypes and with specifically women-centred policies particularly in relation to work-life balance initiatives. For instance, policies often grant more flexibility in terms of working time to women to enable them to care for family members. There have been only limited initiatives to encourage and facilitate men to take up caring responsibilities. Gender pay gaps tend to persist and women's decisions to dedicate more time to family needs may be reinforced if their earnings are typically lower than those of their male partners.

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<sup>(7)</sup> Eurofound (2014), *Social partners and gender equality in Europe*, Publications Office of the European Union, Luxembourg

### 1.4.4. Migrant workers

Employers' organisations or companies appear to provide a complementary approach to trade union responses to migration. Trade union responses to migrants generally concentrate on recruiting and organising migrant workers <sup>(8)</sup>; Employers' organisations focus on improving access to the skilled labour which migrants can increasingly provide in the context of our ageing labour market. Information is patchy both on migrant members of trade unions and companies founded by migrants which become affiliated to employer organisations because the country of origin of a worker or employer is commonly not recorded by the social partners. Yet social partners continue to face challenges in responding effectively to migration and to recruiting new members with a migrant background. This section focuses on trade unions since they are the more relevant organisations in this context. Most migrants when they arrive in a new country are more likely to start as employees than as entrepreneurs or employers.

A report by the European Federation of Building and Woodworkers (EFBWW, 2012) identified some of the main challenges. The majority of migrants have not been trade union members in their country of origin (perhaps for reasons which reflect weaknesses in these organisations, their different structure or their poor reputation). Migrants may not have been in contact with a union, or may start from a position of distrust. As a consequence trade unions in the host countries need proactively to explain and 'advertise' their activities (especially their information, support and legal services) and to communicate and build trust and confidence in the union movement among the migrant community. Trade union officers who share the same language and cultural background as new migrants can be recruited for this purpose. In some cases bilateral agreements and mutual recognition of membership between trade unions in the originating and host countries have been concluded to help the organisation of migrants across borders.

The strategic reasons for trade unions to focus on recruiting migrants include concerns about the continuing decline of membership, the need to tackle exploitation <sup>(9)</sup> and the need to maintain (minimum) wage rates in the host country (Philipps, 2010).

However, no one strategic approach or associated measure is sufficient to fully represent and include migrant workers in trade union structures. For full and effective representation of migrant workers, trade unions need to start addressing a range of issues of class, race or ethnicity and social rights in a coherent way (Conolly et al., 2014). In practice, efforts tend to focus on only one or two of these issues. Furthermore the importance of internal dynamics in shaping the unions' attitudes towards immigration and immigrants should not be overlooked (Marino et al, 2015). These internal dynamics are based on three variables: the union's identity (i.e. the inherited tradition that determines the union's choices), the unions' structure and its internal communication processes. As to the structure, centralised trade unions which tend to be less present at the firm level are likely to be less capable of reaching out to migrant workers and defending their rights in the workplace. Similarly, centralised and top-down internal communication channels may work against inclusion of migrant and ethnic minority workers.

### 1.5. Observations

This section has shown that social partner organisations continue to adapt and review their structures to remain relevant in an environment characterised by new forms of work. Since membership has remained the main source of revenue, these adaptations have influenced the financial capacity of these organisations. A relatively low membership level may lead to insufficient financial resources, which in turn puts pressure on the human resources at the disposal of the organisation. It limits the capacity of the organisation to provide the required services to their members, develop technical, legal or analytical expertise and engage efficiently in social dialogue.

The multitude of social partners in some Member States reflecting different and sometimes opposite agendas, as well as the absence of coordinated positions, may also impact on the potential for agreement between labour and management and between them and public authorities. This situation applies to both cross-industry and sectoral organisations. More joint positions and agreements could be reached if there

<sup>(8)</sup> In the broad sense of any person who is residing in a country other than his country of citizenship or birth (see Chapter 3).

<sup>(9)</sup> See also Eurofound (2016a), The regulation of labour market intermediaries and the role of social partners in preventing trafficking of labour, Publications Office of the European Union, Luxembourg

were greater coordination between national, regional or sectoral levels; more joint research; and more interaction between representatives of different trade unions or different employer organisations.

The situations experienced in some Member States, notably in Central and Eastern Europe, call for the development of strategies by the social partners to expand their membership, to reinforce their representativeness and to develop their technical capacities to engage with the other side of social dialogue and with public authorities. Some social partners have been developing new services for potential members such as training on collective bargaining negotiations, dispute settlement mechanisms or closer engagement with public authorities on economic and social policy reforms.

Ensuring that social partners can continue to attract and appropriately represent (especially new groups of) workers and employers will be crucial to the future health of Europe's social-market economy.

## 2. INVOLVEMENT OF SOCIAL PARTNERS IN THE DESIGN AND IMPLEMENTATION OF POLICIES AND REFORMS<sup>(10)</sup>

The diversity of national systems has increased substantially with successive enlargements of the European Union. The differences concern not only the institutional frameworks, but also differing levels of operational capacity of social partner organisations in different countries. Over the course of the recent economic crisis, employers and workers in many Member States found it difficult to agree on the correct policy mix to promote a recovery. Without consensus, governments and public authorities more frequently took unilateral decisions without social partner support.

The European Commission in its Communication on steps towards completing the Economic and Monetary Union (2015b) calls for the Member States to pay greater attention to the contribution of national social partners, in particular to strengthening ownership of reform efforts, notably through stronger involvement in the elaboration of National Reform Programmes.

Guideline 7 for the employment policies of the Member States adopted by Council Decision on 5 October 2015 states 'In line with national practices, and in order to improve the functioning and effectiveness of social dialogue at national level, Member States should closely involve national parliaments and social partners in the design and implementation of relevant reforms and policies'.

In June 2016, the Council of the European Union, the Commission and the European social partners signed a statement<sup>(11)</sup> on the New Start for Social Dialogue. The statement underlines the fundamental role of European social dialogue in EU employment and social policy-making. It identifies actions to be undertaken by the signatories to further strengthen social dialogue at EU and national level.

This section aims at providing information on the channels and practices through which national social partners contribute to policy making in the EU Member States. These practices are an expression of the capacity of social partners, and a prerequisite for social dialogue<sup>(12)</sup>.

### 2.1. Social Dialogue Institutions

Each Member State has at least one institution where social partners meet to discuss policy issues, although the functions and composition of these bodies vary widely and different sources suggest different numbers of such institutions in each Member State.(Table 5.2)

Research in the Member States identified 115 institutions which bring together social partners with the aim of influencing policy making, 105 of them were considered by national experts as formal, 10 informal. Formal institutions are based on law, collective agreement or statutes. Informal institutions are based on

<sup>(10)</sup> Section 2 is based on an overview report by ICF under the European Employment Observatory (EEPO) <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2661&furtherNews=yes>

<sup>(11)</sup> <http://ec.europa.eu/social/main.jsp?catId=521&langId=en&agreementId=5474>

<sup>(12)</sup> This section is based on the report on the role of social partners in the design and implementation of policies and reforms prepared by the EEPO Network Services for the European Commission. <http://ec.europa.eu/social/main.jsp?catId=1086&langId=en>

#### Box 5.4: The different types of involvement for social partners in policy making

As a starting point for this analysis we distinguish three types of social partner involvement in design and implementation of policy-making:

**Autonomous bipartite action:** social partners have an (implicit or explicit) prerogative to jointly regulate (certain aspects of) employment and social affairs, without (direct) involvement of the government or public authorities.

**Tripartite co-decision:** the state routinely engages in direct negotiations with social partners to jointly regulate (certain aspects of) employment and social affairs, based on legislation or custom and practice.

**Consultation and advisory roles:** there is a legal obligation or custom and practice on the part of the public authorities to seek (non-binding) input from social partners when taking policy initiatives in the field of employment and social affairs, however, social partners are not in a position to decide or co-decide.

an established practice (e.g. recurrent meetings in a given format) that is not codified as such. In addition to the 10 informal institutions there may be other informal bodies and ways in which social partners can influence political decision-making and policy implementation. Due to a lower degree of institutionalisation, informal institutions are less likely to be reported by experts.

These institutions may be *bipartite* (where there is only worker and employer representation) or *tripartite* (where governmental authorities are also involved), but it is clear that tripartite institutions are in the majority (83 of 115). In 23 of these 83 cases, the institutions involved not only the social partners but also other stakeholders.

Other stakeholders may include academics or experts (for instance in Ireland, Spain, Hungary, Slovakia, Finland, the UK), NGOs or civil society organisations (Bulgaria, Germany, Hungary, Portugal, Romania, Slovakia, France). In some cases, organisations representing specific groups may take part in the discussions, for example pensioners' organisations (Bulgaria, Austria, Slovenia); women's groups (gender equality associations in Bulgaria and Greece); migrants' representatives (Ireland); associations representing people with disabilities (Greece, Slovenia); religious bodies (Hungary, Slovakia); environmental groups (Bulgaria, Greece, France); consumers' organisations (Bulgaria, Greece) and voluntary organisations (Ireland). In Finland, the National Bank is represented in the Economic Council and in the Tripartite Information Committee on Cost and Income Developments.

Of course, formal involvement in such institutions is only one of the ways in which social partners may exercise their influence. There are other forums such as supervisory or consultative bodies which, whether by right or by invitation, include representatives of the relevant social partner organisations. In that sense, organisations such as the chambers of commerce, which include both business and trade union representation, can in some Member States be seen as a form of social dialogue.

#### 2.1.1. Institutions with a role in negotiating binding agreements

In six countries, social partners were found to be involved in institutions charged with the binding negotiation of legislation and/or policy (e.g. Bulgaria - National Council for Tripartite Cooperation; Denmark - Regional Labour Market Councils; Luxembourg - Tripartite Coordination Committee; Poland - Social Dialogue Council; Portugal - Standing Commission of Social Concertation; Slovakia - Committees for Employment Issues). The social partners do not have the ability to block decision-making by the government, however.

Where social partners have a role in joint policy and programme management, decision-making largely focuses on implementation of policy rather than policy formulation. These are typically tripartite bodies. Croatia has institutions governing the Public Employment Service, Health Insurance Fund, Pensions, and Councils supporting the rehabilitation and employment of persons with disabilities and workers' claims in cases of employer bankruptcy. In Lithuania social partners have a decision-making role in the State Social Insurance Fund and the Guarantee Fund (supporting workers' claims in cases of employer bankruptcy). Other examples of such bodies can be found in Slovenia, Estonia and - somewhat less prominently - Italy, Finland, France, Austria and Belgium.

Table 5.2: Institutions within each policy domain

	Total number of institutions in this domain	MS with institutions focusing on policy domain	Number of MS
General social and economic issues	40	AT, BE, BG, CZ, DK, IE, EL, ES, FI, FR, HR, IT, LV, LT, LU, HU, MT, NL, PL, PT, RO, SK, SI	23
Active labour market policies	21	AT, BG, CY, CZ, DE, DK, EE, EL, ES, FR, HR, HU, LT, LU, SE, SI, SK	17
Labour law, including EPL	18	DK, EL, ES, FR, HR, HU, IE, IT, LT, MT, SE, UK, RO[1]	13
Education and training systems	11	DK, EE, ES, FR, LT, SI, SK	7
Social security systems	10	AT, BE, EL, HR, IT, LT, SE, SI, BG	8
Wage setting institutions and dynamics[2]	10	BE, DE, ES, FI, FR, IE, UK	6
Occupational health and safety	9	BE, CY, DK, HR, IT, LT, LU, SK, UK	9
Work-life balance and gender equality	2	CZ, IT	2

Note: (1) In Romania the consultation of the Economic and Social Committee is mandatory for all labour legislation.

(2) Not including the negotiation of collective agreements.- In Romania and Bulgaria social partners are consulted on minimum wages, however, research did not find an 'institution'.

Source: ICF, based on EEPO country reports

[Click here to download table.](#)

Countries with tripartite bodies which are more engaged in policy-making or implementation in specific policy areas include Spain (the General Council of VET); Germany (the Tripartite Board of Governors of the Federal Employment Agency); and the UK (Advisory Conciliation and Arbitration Service).

In several countries, institutions which involve the social partners play a role in industrial and employment arbitration. In Greece, the Organisation for Mediation and Arbitration (tripartite) is an independent organisation for dispute resolution in contract negotiations. In Ireland, the Labour Court (tripartite) operates as an industrial relations tribunal. Spain (Inter-Confederal Service of Mediation and Arbitration – tripartite) funded by the state and managed autonomously by the social partners and Sweden (Labour Court – bipartite) have similar bodies, and in the UK, the Northern Ireland Labour Relations Agency (bipartite +) and the Central Arbitration Committee (bipartite +) play a key role in employment relations and the resolution of disputes.

### 2.1.2. Institutions with a consultative and/or an advisory role

Many countries have institutions with social partners in a consultative role (Table 5.3). In some cases there is a clear statutory basis for these institutions to contribute formally to policy-making. In Lithuania, the Government has committed itself to adopting resolutions on relevant economic, employment, labour and social issues only after they have been analysed by the Tripartite Council of the Republic of Lithuania (TCRL). This agreement is binding on all governments irrespective of which political party is in power. In Romania, the Economic and Social Council (bipartite+) has a legal mandate to issue opinions on various matters of social and economic interest to the national authorities. Moreover, there is a legal obligation on the legislator to consult them on pieces of legislation in the field. In France, the Economic, Social and Environmental Council (bipartite +) allows social, economic and environment stakeholders to participate in the definition and evaluation of public policies. Portugal (Economic and Social Committee - tripartite +) and Slovenia (Economic and Social Council - tripartite) have similar bodies.

Other countries focus on specific issues, where there is also a clear legal basis for this input. Most commonly, the focus is on employment. Institutions contribute to the development of employment policies in Bulgaria (National Council for Employment Promotion - tripartite), France (National Council for Employment, Training and Career Guidance - tripartite +), and Luxembourg (Conjuncture Committee - tripartite+).

Other areas where institutions play a clear consultative role include collective bargaining (France, Spain, Finland,) and training and education (Slovenia). The Czech Republic has three bodies that each identify policy issues and options, evaluate reforms, formulate strategies, coordinate policies and cooperate with the NGO sector (Council for Equal Opportunities for Women and Men; Council for Safety; Hygiene and Health at Work; The Government Council for Older Persons and Population Ageing). In Denmark, three

Table 5.3: Dominant forms of decision-making in different policy areas and the role of the social partners within them

	Autonomous social partners action	Tripartite co-decision	Consultation and advice
Wage setting institutions and dynamics	17 MS	3 MS	3 MS
Labour law, including EPL	1 MS	5 MS	6 MS
Occupational health and safety	4 MS	3 MS	5 MS
ALMPs	2 MS	3 MS	7 MS
Social Security Systems	1 MS	3 MS	5 MS
Work Life Balance and Gender Equality	3 MS	3 MS	3 MS
Education and Training systems	2 MS	1 MS	7 MS
Labour taxation	0 MS	1 MS	3 MS

Source: ICF, based on EEPO Country reports

[Click here to download table.](#)

different councils advise the government and comment on issues concerning the working environment, vocational training, and adult and further education <sup>(13)</sup>.

In the case of a number of general social and economic councils/forums, which are both bipartite (Belgium, Bulgaria, Greece, France and the Netherlands) and tripartite (Czech Republic, Ireland, Greece, Spain, Croatia, Italy, Malta, Austria, Portugal, Slovakia and Finland), it was not clear whether the institution should be considered consultative or advisory.

A number of institutions are closer to a solely advisory role, whereby the institution provides input on its own initiative. In Austria, the Advisory Council for Economic and Social Affairs acts as a permanent board for policy advice in relation to general social and economic issues. The Bad Ischler Dialogue (tripartite) organises bigger events. The French Joint Cross-Industry Council for Employment and Training (bipartite) defines and coordinates social partners' policies in relation to the specific issue of training and employment.

### 2.1.3. Policy themes for social dialogue institutions

In terms of the policy remit of these institutions, in most countries there seems to be at least one institution which deals with general social and economic issues. In total 40 such institutions have been identified in 23 Member States. Only in Cyprus, Germany, Estonia, Sweden and the UK did research fail to identify an institution which discusses general social and economic issues (although in all these countries there are institutions which deal with more specific policy issues).

Except for Latvia and Poland, all countries which have institutions with a general policy remit also have institutions dealing with more specific policy issues. It should be noted, however, that the Latvian National Tripartite Cooperation Council features 9 sub-councils which each deal with specific policy domains such as employment, education or social matters.

Table 5.2 summarises the countries with institutions relevant to each of the policy remits. As a few institutions cover more than one policy area, the sum of institutions active in the various domains is 120, although only 115 institutions have been identified.

## 2.2. Social partners' roles

This section considers the extent to which social partners can play a role in policy-making and legislation, the ways in which their involvement can be categorised, and whether there has been a significant change in this participation in recent years. Such categorisation has to be applied with caution because roles can change between policy areas, over time and sometimes even over the course of a single policy process. The 'formal' process does not necessarily tell the full story; influence can sometimes be even stronger in more informal settings. Informal processes are partly linked to the traditional/historical relationship

<sup>(13)</sup> See <https://www.uvm.dk/Uddannelses/Erhvervsuddannelses/Ansvar-og-aktoerer/Raad-og-udvalg/REU/Om-REU>

between organisations representing employers or workers and political parties. The policy area where autonomous bipartite action plays the most important role is wage-setting.

Labour law and employment protection legislation are areas where tripartite involvement tends to be strongest, not least because here the legislative competences of the government can be beneficially combined with the experience of the social partners. Labour taxation is a policy area in which social partners generally have an interest but few formal rights. Here the social partners are (at best) consulted while the government takes the decisions. Topics such as occupational health and safety, social security, active labour market policy, vocational education and training, gender equality at work and work-life balance are in general areas where the social partners are involved in the decision-making process, albeit to a varying degree in different Member States.

### 2.2.1. Wages and collective bargaining<sup>(14)</sup>

The key questions for collective bargaining concern:

- the main level at which collective bargaining takes place (e.g. national vs regional level, cross-industry vs sectoral or company level);
- the coverage of collective agreements (whether terms and conditions apply solely to members of contracting parties to the agreement, or by extension also to other employers and their workers); and
- coordination or linkages between agreements at different levels, as well as between bargaining units at a given level.

Across industrialised countries, there has been a general trend towards the decentralisation of collective bargaining (European Commission 2015 and 2016) encouraged by the argument that this allows for more flexibility to take into account the situation of sub-sectors or even firms (see also Box 5.6). However, some coordination of collective bargaining is desirable to achieve macro-economic objectives, such as anchoring inflation expectations, reducing unemployment or containing wage dispersion. Moreover, recent evidence suggests that coordinated collective bargaining can be more effective than fragmented bargaining in promoting wages that are in line with productivity<sup>(15)</sup>. Furthermore there is an increasing use of supplementary employee reward systems such as performance-related pay (see Box 5.5).

According to the EurWORK observatory<sup>(16)</sup>, in all EU Member States some form of collective bargaining exists both at the company/establishment level and at sector/industry level, and these mutually influence each other. Overall, collective bargaining is more commonly found in the public than in the private sector, with the important nuance that in several Member States<sup>(17)</sup>, certain professions may not have the right to collective bargaining.

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<sup>(14)</sup> For more details please see *Labour Market and Wage Developments in Europe – Annual Review 2016*  
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2654&furtherNews=yes>

<sup>(15)</sup> Eurofound (2015), *Pay in Europe in different wage-bargaining regimes*, Publications Office of the European Union, Luxembourg.

<sup>(16)</sup> <http://www.eurofound.europa.eu/observatories/eurwork>

<sup>(17)</sup> <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7498>





Overall, the dominant level of collective bargaining is closely linked to the overall coverage rate of agreements: where company or plant-level collective bargaining is dominant, fewer employees have their working conditions regulated in a collective agreement (see Chart 5.1). In addition to the main level of bargaining and the membership of employers' organisations, the practice of extension plays an important role. Extension renders the terms of a collective agreement binding also upon employers who are not members of the employers' organisation which has signed the agreement. Extension is usually associated with high coverage but, when automatic, may also reduce the adjustment of the labour costs to intra-sectoral shocks.

Coordination of collective bargaining is considered a functional equivalent of centralised collective bargaining, a process whereby different actors or bargaining units integrate or synchronise their pay policies (Soskice 1990, Traxler and Brandl, 2012; Visser 2016). The following forms of coordination can be distinguished.

### Box 5.5: Changes in remuneration and reward systems

Variable forms of pay are widespread in many European companies. Companies have been increasingly using supplementary employee reward systems to reward performance and motivate employees. These systems include performance-related pay, salaries in kind, supplementary social security contributions and financial participation schemes such as profit-sharing. A Eurofound report<sup>1</sup> examines the extent of these schemes in the EU Member States and Norway.

**Findings:** The European Company Survey (ECS 2013) shows that 62% of European establishments use some form of variable pay. The most common type is pay linked to individual performance, assessed by management appraisal (43%), followed by payment by results (34%), profit-sharing (30%) and pay linked to group performance (25%). Share-ownership schemes are used by only 5% of establishments. However, there are substantial differences: the financial services sector has the highest proportion of establishments using types of variable payment, whereas the transport sector has the lowest proportion of establishments using any form of variable pay, but high numbers of self-employed workers. Larger companies are more likely to use these systems, with 5 out of 6 large establishments using at least one form of variable pay. The majority of establishments which use variable forms of pay, provide paid time-off for training (62%), they use accumulated overtime for days off (81%), report innovation (78%) and report good financial situation (70%).

Many countries offer incentives to introduce flexible pay systems via tax rebates or social security deductions. During the crisis, however, companies have tried to reduce labour costs and governments have reduced the tax or social security advantages thus also reducing the volume of these reward schemes. Supplementary reward systems are regulated by a combination of employment law, tax provisions and collective agreements. National labour codes or laws tend to set general parameters about pay but not necessarily about supplementary reward systems.

**What are the views of employers and trade unions?** Employers generally consider that performance-based reward schemes increase employees' motivation and identification with the company and encourage entrepreneurial behaviour. They also offer greater flexibility in managing labour costs and can be used to increase equity capital. Tax advantages and social security relief are an added incentive. Trade unions have overall a positive view but they highlight that the supplementary reward systems: i) should not be a substitute to decent base pay; ii) are part of the employee involvement system; iii) should not enlarge inequalities of income in a firm, iv) should be open to all and mindful of gender implications. Unions have also pointed out that certain fringe benefits are not calculated or are calculated at a lower amount for social security contributions, which could affect future entitlement to sickness, unemployment or retirement benefits

**Outlook:** The use and presence of supplementary employee reward systems is likely to increase in the future, especially in a context of economic recovery and particularly in the private sector.

<sup>1</sup> Changes in remuneration and reward systems  
[http://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef1632en.pdf](http://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1632en.pdf)

*Intra-associational bargaining* refers to social partner organisations ('associations') at the highest level providing guidance to their membership for collective bargaining at the decentralised levels (without however reaching an agreement with other top-level associations representing the 'other side of industry'). In the Netherlands, the main trade union confederation has provided such guidance to its membership since 1993, based on past inflation and productivity. The guidance appears to have a strong influence on actual wage rises, which remain consistently below this target (De Beer 2013).

In Ireland, when tripartite national wage agreements ended in 2009, the largest manufacturing trade union, SIPTU, adopted intra-associational bargaining. Their so-called '2% strategy' set a goal of wage rises in line with trends in the German export sector and ECB forecasts. The strategy was declared to union members, but not announced to the media. The campaign is said to have resulted in some 220 collective agreements covering more than 50,000 workers (Hickland and Dundon, 2016; Geary 2016).

*Inter-associational bargaining* refers to negotiations and agreements between trade unions and employers' organisations at the highest level. Spain has a tradition of such bipartite agreements, setting benchmarks for negotiators at lower levels. The 2015 social partners' 'Acuerdo' set a benchmark pay rise of 1% in 2015 and 1.5% in 2016. By setting a common benchmark at central level, while allowing flexibility at the decentralised level, this agreement could be seen as promoting 'organised decentralisation'. Recent data suggest that in Spain negotiated wages have remained below the

benchmark but above previous trends, wages have differentiated according to the companies' performance, and the proportion of workers covered by company level agreements has declined <sup>(18)</sup>.

*Pattern bargaining* implies that one leading sector or company concludes an agreement that acts as a reference for other sectors or its peers across regions. Usually this pace-setting agreement is concluded in a sector that is strongly exposed to international competition (such as metal or electronics) and can therefore be expected to have taken due account of the need to remain competitive in its wage deal (Hassel, 2006). Such coordination has been common in Germany, Austria, Denmark and Sweden.

Where there is *state-sponsored bargaining*, social partners and government negotiate a framework or parameters within which decentralised collective bargaining will take place. Such a framework may be concluded in the 'shadow of the law', i.e. the government signals its intention to intervene unilaterally if social partners do not come to an agreement. A tripartite Competitiveness Pact was signed by the Finnish government and social partners in June 2016. Facing a substantial deterioration of the country's cost competitiveness, the Finnish government had envisaged several measures to reduce unit labour costs, as well as a number of structural reforms, including savings (and reduction in benefits) in the public sector to offset a planned reduction in employer contributions. The government then invited social partners to negotiate a social contract as an alternative to its planned measures, which led to the Competitiveness Pact <sup>(19)</sup>. In 2017, a new bargaining model will be tested, which incorporates elements of 'pattern bargaining'.

The process of collective bargaining built on experience from the early 1990s, when Finland experienced a more pronounced recession than other EU countries. In this situation social pacts, and government cooperation with the social partners in order to achieve wage restraint and solve questions related to the functioning of the labour market, helped to partly restore competitiveness and stability. The process also built on the Finnish tradition of social dialogue, which has produced several national level tripartite agreements on incomes (TUPOs) since 1968.

*State-led coordination* of collective bargaining can be observed in Belgium. The 'law on the promotion of employment and the safeguarding of competitiveness' allows the State to link maximum pay increases to the forecast pay trends in Belgium's immediate neighbours, Germany, France and the Netherlands. National level negotiations take place in the context of a technical report prepared by the Central Economic Council, which set out the forecasts. The Central Economic Council is composed of social partners. The Belgian federal government may intervene if the social partners cannot agree on a rate by a given deadline <sup>(20)</sup>.

### 2.2.2. *Involvement of bipartite social partners' structures in drafting legislation*

The degree to which social partners are involved in law-making varies very much between Member States, and formal involvement does not provide a conclusive indication that social partners have made a substantial contribution. It is therefore only possible to give a number of examples of what happens in practice.

In France, social partner agreements have to be discussed in Parliament prior to passing into law. Many agreements forming the basis of new legislation have been modified by the Government following discussion in Parliament. However, there is an exception to this usual practice: the national cross-industry agreement (Accord National Interprofessionnel, ANI) on modernisation of employment signed on 11 January 2013, which was – following a request from the Government – accepted by Parliament without changes. Some social partner agreements such as the 'Youth ANI' from 2011 aimed at promoting the inclusion of young people in the labour market were implemented by the different public employment actors (Pôle Emploi, Missions locales and APEC) without having to become legislation. They were the

<sup>(18)</sup> Spain country report 2016

<sup>(19)</sup> <http://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions-industrial-relations/finland-latest-working-life-developments-q2-2016>

<sup>(20)</sup> See European Semester Country Report Belgium 2016, [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

### Box 5.6: Company level social dialogue practices that lead to mutual gains

Greater relevance of collective bargaining at the company level has increased interest in how social dialogue functions at company level and how 'beneficial outcomes' to both companies and employees can be produced.<sup>1</sup> The study looked at a sample of 20 companies from 5 countries which faced major challenges and subsequently introduced different measures in the areas of human resource management, innovation and cost management, including major changes to work organisation. The study found that companies with 'trusting' forms of social dialogue were able to introduce even difficult reorganisation or restructuring measures with trade union or employee support, especially where there had been consultation at an early stage to allow compromises to be reached and to build commitment to a common goal. This leads to better performance and better financial results than in cases where conflictual labour relations were predominant.

Engaging in meaningful social dialogue practices, allowing time for discussions, and using the expertise and acquired knowledge of the employees, are among the characteristics that feature positively in the case studies. A great number of 'trusting social dialogue' type firms use regular line manager-employee meetings, ad hoc meetings, and individual and collective inputs.

Overall, **factors contributing to win-win arrangements at company level** are:

- introduction of change through fostering (rather than forcing) strategies;
- integrative social dialogue;
- working relationships built on trust;
- measures introduced through meaningful social dialogue structures;
- trade union leadership engaged in dialogue;
- careful management of tensions

<sup>1</sup> Follow-up to the data analysis presented in the European Company Survey (ECS) 2013 (Eurofound, 2015); The ECS offers a typology that distinguishes companies according types of social dialogue practices: "extensive and trusting", "extensive and conflictual", "moderate and trusting" and "limited and conflictual".  
<http://www.eurofound.europa.eu/publications/report/2016/industrial-relations/win-win-arrangements-innovative-measures-through-social-dialogue-at-company-level>

subject of a pilot approach first; then after a few months the main ideas were implemented via the 'garantie jeunes'.

In some cases, social partners have a right of initiative when it comes to drafting legislation (<sup>21</sup>). In Austria, social partners have the right to submit proposals and draft legislation in the sphere of interest of the social partners (e.g. labour law). Whether or not such proposals are taken on board depends on the government. Similarly, according to Hungarian law, social partners have the right to initiate regulatory changes, and, in the case of initiatives supported by two thirds of the members of National Economic and Social Council (*Nemzeti Gazdasági és Társadalmi Tanács (NGTT)*, a bipartite+ body not involving the government) it is mandatory for them to be discussed.

Examples of areas where social partners have had an initiating role in law-making include: minimum wage, access to lifelong learning, working conditions (violence and mobbing at the workplace) and promoting the inclusion of a specific group (young people) in the labour market.

### 2.2.3. Bipartite management or administration

This section describes examples of social partner involvement in the management or administration of various bipartite funds. The rules for the management of these funds are, however, generally set by law, so the role of the social partners is often more administrative than policy-making.

<sup>(21)</sup> This is distinct from requests for the extension of a collective agreement to non-signatory parties.

## Box 5.7: Involvement of social partners in recent reforms

## Unemployment benefits, Public Employment Services and Active Labour Market Policies

In **Denmark**, the 2015 reform of the unemployment benefit system was largely based on the work of an expert group (Dagpengekommisionen) involving social partners. The 2015 reform aimed to strengthen incentives for the unemployed to take up work, with better recognition and compensation for short-term and part-time work. In 2016, the government set up a working group - once more including social partners- to address outstanding issues linked to self-employed and freelance workers.

In **Finland**, the social partners agreed in 2016 to increase employees' unemployment insurance contributions by a total of 0.85% in 2017-18. Employers' contributions will decrease by the same amount over this period, and then continue to decrease until 2020. The Competitiveness Pact includes redeployment training and continued coverage of occupational health care for employees who are made redundant (under specific conditions of seniority, in companies with at least 30 employees).

In **Belgium**, regional social partners in Flanders and Wallonia each reached agreements. In Flanders this agreement streamlined the different support schemes for those furthest away from the labour market. In Wallonia the reform refocused the employment incentive schemes on activating the young and long-term unemployed and reduced social security contributions for older workers.

In **Estonia**, the social partners (along other civil society actors) were involved in drafting the Work Ability Reform which entered into force in January 2016.

In **Ireland**, social partners contributed to the Action Plan for Jobs.

The **Slovenian** social partners were involved in discussions on the Guidelines for Active Labour Market Policy Measures 2016- 2020.

In **Hungary**, consultation of the social partners on the reform of the public employment service appears to have been mainly procedural.

In **France**, negotiations between social partners on unemployment insurance started in February 2016. In June 2016, however, the employers and trade unions came to the conclusion that they could not reach an agreement, thereby handing the file to the government.

In **Austria** social partners were involved in an economic and labour summit in autumn 2015, where the introduction of a bonus-malus system has been decided. As of 2018, companies will receive a 0.1% reduction of the employer's contribution to the family burdens equalization fund (FLAF) if they employ a higher proportion of workers aged over 55, compared to an average company in the respective sector. Companies that employ fewer older workers than the sector average will have to pay a penalty which amounts to double of the job contract dissolution fee (Auflösungsabgabe).

## Pensions

In **Finland**, the pension reform based on a tripartite agreement between government and social partners concluded in 2014 and will be implemented from 2017. The reform links pension ages to life expectancy, restricts access to early pensions, and provides stronger financial incentives with the aim of raising awareness of the need for longer working lives.

In **Belgium**, social partners agreed in 2016 to lower the interest rate to be guaranteed by employers on the so-called second pillar pensions, given concerns for life insurers' solvency.

In **France**, an agreement among social partners of October 2015 enhanced the sustainability of complementary pension schemes and strengthened incentives to work longer.

In **Bulgaria**, social partners were consulted on the pension reforms introduced in July 2015 (including an increase in pensionable ages and contribution periods, and an increase in social contributions as well as in the accrual rate for each year).

In **Slovenia**, the government published a White Paper on pensions in April 2016, as a basis for negotiations with social partners on key elements such as the retirement age, level of pensions, indexation and optimisation of the second pillar.

In the **Netherlands**, the government announced in July 2016 its intention to reform the second pension pillar substantially with the involvement of social partners in order to create a more transparent and actuarially fairer system.

*(Continued on the next page)*

Box (continued)

### Working Conditions

In **Spain**, once economic recovery could be felt social dialogue was renewed. The bipartite Agreement for Employment and Collective Bargaining for 2015-2017 includes a wage setting deal which foresees a rise of real wages in the years to come.

In **Latvia**, social partners routinely negotiate in the area of employment law. Negotiations on amendments to the Labour Law which came into force in 2015 represent an example of largely successful tripartite cooperation. Out of 37 amendments proposed 35 were agreed on by the government and social partners.

In **Germany**, the statutory minimum wage was introduced in 2015 after much support from trade unions. Three trade union and three employer representatives will make up part of the Statutory Minimum Wage Commission which will decide on the future rise in the minimum wage.

In **Luxembourg**, autonomous bi-partite action by social partners has resulted in binding agreements that are enforced by law. An example of one is the 2011 inter-professional agreement on teleworking.

In **Estonia**, social partners have the right to regulate the national minimum wage, without (direct) involvement of the government or public authorities.

In **Austria**, the evaluation of mental workload, anchored in the context of a reform of the Occupational Safety and Health at Work for Employees law in 2013, was based on an agreement of the social partners.

### Vocational Education and Training and skills

In **Denmark and Ireland**, social partners have been involved in reports on future needs for and supply of apprenticeships.

In **Luxembourg**, social partners were involved in measures to promote basic skill acquisition in a professional context.

In **Estonia**, cooperation is increasing with implementation of a thematic programme on VET.

In **Latvia**, the social partners are involved in a curriculum reform, but there is scope for stronger cooperation with regard to work-based learning and VET school governance.

In **Spain**, under the third framework agreement 2015-2017, the social partners have agreed to cooperate on ways to encourage and monitor continuous vocational training for all workers. Despite promotional activities by Chambers of Commerce, there are enduring obstacles to implementation, such as the capacity of small and medium-sized enterprises to absorb trainees, or the lack of training for tutors.

In **Lithuania**, social partners are only marginally involved in VET, but a draft law on higher education and research provides for cooperation on curriculum development with social partners.

In several Member States (including **Bulgaria and Romania**) cooperation with social partners on VET is deemed insufficient.

### Integration of refugees<sup>1</sup>

In **Belgium**, there was an agreement between the federal government and social partners to reduce the period after which refugees can access the labour market (from 6 to 4 months) once they have been registered.

In **Denmark**, 2016 tripartite negotiations led to specific job integration measures for refugees.

In **Germany**, social partners along with other civil society actors agreed to complement public education measures to facilitate integration of refugees.

In a joint position paper in April 2016, the **Austrian** social partners demanded faster and broader opening of the labour market to asylum seekers, and this was recently welcomed by Austria's federal chancellor in May 2016.

<sup>1</sup> For the joint statement of European social partners on the refugee crisis (adopted 16 March 2016), see <http://ec.europa.eu/social/main.jsp?catId=521&langId=en&agreementId=5464>

In France, there is a joint representation management system for unemployment insurance, social security, pensions and training systems. There is also a joint system for managing training, which is implemented through 50 joint bodies for financing training (*Organismes paritaires collecteurs agréés*, OPCA). There are other joint bodies like the Association for executives' employment and the Association for promoting the inclusion of the disabled.

In Italy, the social partners oversee institutions administering unemployment insurance schemes<sup>(22)</sup> and training funds. In Austria, social partner organisations play an important role in the social security system through representatives on the social insurance institutions, which are organised as self-administrating entities under public law. In Belgium, the social partners are represented in the Management Councils of the different branches of the social security administration.

#### 2.2.4. Tripartite co-decision

Tripartite co-decision is employed in the Member States in different ways (Box 5.7). Core topics for tripartite arrangements are vocational education and training - including the induction of young people into the labour market - and forging broad strategic alliances on issues such as the reform of public employment services.

Tripartite co-decision procedures were severely tested by the economic crisis. In particular the Mediterranean Member States report that previously well-established tripartite decision-making arrangements were perceived as failing during the crisis because decision-making in these structures was considered to be too slow and consensus on reforms seemed impossible to achieve. However, a closer look suggests that even before the crisis decision-making was not built on a sufficiently broad social consensus and a widely-agreed reform strategy<sup>(23)</sup>.

Formal tripartite pacts or agreements are, or have been, used in Spain, the Netherlands, Germany and Portugal. These pacts/agreements can be wide-ranging or focus on a specific policy area. They also vary in their level of impact, which can be influenced by external factors.

In the Netherlands, a Social Pact was signed in April 2013 with the aim of creating common ground and policy guidance on the future of the labour market and social security. The agreement contained a set of socio-economic measures to address growing unemployment and to prevent far-reaching cuts in public finances. In Germany, a pact focusing specifically on vocational training (the Allianz für Ausbildung) was agreed in 2014, replacing the previous training pacts which had included employer organisations and the Chambers but not the trade unions<sup>(24)</sup>.

In Spain, tripartite social pacts are one of the most important instruments of tripartite co-decision. These have often been translated into laws. A good example is the Toledo Pact, signed in 1995, which relates to retirement pensions and is based on a formula that combines tripartite agreements between social partners and the Government with parliamentary consensus. In Portugal, the five tripartite agreements achieved by the Socialist government under Prime Minister José Sócrates and Minister of Labour José Vieira da Silva (2006, 2007 and 2008) are said to represent the most advanced period in the history of tripartite cooperation since 1984. Despite having an absolute majority in Parliament, the government successfully sought social partner support for controversial reforms across multiple policy areas.

Tripartite negotiations which are informal or ad hoc (in the sense that they are not part of an established institutional procedure) can nevertheless lead to legislation or regulations. This has happened not only in countries where consensus building takes an important place in the political system (e.g. Austria, Finland, Czech Republic), but also in countries such as Greece, Spain and Portugal, where the economic crisis challenged the established way of functioning; alliances forged by the tripartite social dialogue had a positive role in helping these countries to weather the crisis.

The Austrian social partners were involved in the negotiations over the 2016 tax reform, with changes in income tax at their core. First, a political reform group was set up; then experts, including representatives from social partner organisations, were nominated for a Tax Reform Commission. The social partners had contrasting interests: trade unions and employers each presented their own proposals.

In Spain, tripartite social dialogue plays an important role, although it results not in legislation but in 'joint declarations' such as the tripartite 'Agreement on Extraordinary Activation of the Employment

<sup>(22)</sup> In Italy there are neither unemployment assistance nor social assistance schemes at the end of 2015.

<sup>(23)</sup> See e.g. the Evaluation: <http://ec.europa.eu/social/BlobServlet?docId=5708&langId=en>

<sup>(24)</sup> <http://www.bmwi.de/DE/Themen/Ausbildung-und-Beruf/allianz-fuer-aus-und-weiterbildung.html>

Programme', which was signed in December 2014, by the government and the most representative social partners at national level (CEOE, CEPYME, UGT and CCOO). The pact agreed on a temporary programme of last resort addressed to the long-term unemployed who were no longer eligible for unemployment benefits, not covered by other support programmes, and who had dependents. Its benefits were made conditional upon the participation of the beneficiaries in active labour market policies.

### 2.2.5. Consultation and advisory roles

In 14 Member States there is a (legal) obligation to seek input from the social partners (Austria, Czech Republic, Germany, Greece, France, Croatia, Lithuania, Hungary, Poland, Portugal, Romania, Slovakia, Slovenia and Finland). The main differences between countries concern the timing of this consultation, the level of detail involved, and whether there are obligations for the administration concerning follow-up to the social partners' input. Furthermore, in certain Member States there are general and customary forms of consultation, which enable the social partners to contribute their views before policies and legislation are decided. Depending on the issue at stake and their relative negotiating power, social partners can also have an impact on policy in such a setting.

The importance and effectiveness of consultation and advisory procedures ultimately depend on many more factors than the existence or absence of a formal obligation to consult. Other significant factors include the organisational power of the social partners, the linkage between social dialogue and political decision-makers and the influence of social partners on public opinion.

It can be assumed that in all Member States social partners seek to develop links with the political system, for example through lobbying legislators on specific issues, or by influencing public opinion via the media, or by commissioning and publishing research. Such links with the political system can also take the form of the (traditional) association of certain social partner interests with specific political groupings. Many established political parties (socialists, social democrats, christian democrats, republicans – and depending on the country - also the liberals) have 'wings' which associate themselves with workers' and/or employers' interests, requiring the party to find a balance between these different perspectives. More recent political parties (such as ecological parties, right-wing populist or protest parties) tend to be less linked with social partners.

## 2.3. Observations

Throughout the EU, social partners are involved in various ways in the design and implementation of policies and reforms. Exclusively bipartite forms of negotiation, however important, seem to be under substantial pressure, considered appropriate only for a limited range of topics and not equally well-rooted in all Member States. Tripartite deliberations tend to have gained importance overall, although this did not happen in a consistent way.

Exogenous factors such as the economic and social transformations brought by globalisation, technological, demographic or climate changes or the recent economic and social crisis have affected the organisation and influence of social partners. Membership of the European Union and the emphasis of the European Semester process on reinforced coordination of economic and social policies have also shed new light on the potential involvement of social partners in the design and implementation of policies and reforms (Box 5.8).

Major endogenous factors, such as national, institutional and legal frameworks and the political and ideological landscape, also affect the role of social dialogue. In some Member States (e.g. Austria, Belgium, Germany or France) members of social partners are also members of political parties or other bodies closely tied to political institutions.

Substantial involvement of social partners in decision-making strongly depends on the general attitude of the relevant government towards the social partners and on the links between political decision-makers and representatives of social partner organisations. The amendments to the Labour Law negotiated in 2014 in Latvia illustrate both the degree of agreement/disagreement and the main causes of disagreement. This law is an example of a largely successful tripartite co-operation. In Lithuania the influence of the social partners on final decisions is less linked to political power than with their lobbying



skills, the quality of their arguments, their capacity to agree on common policy orientations and the government's willingness to listen to the arguments.

Attention to the systematic involvement of social partners in the European Semester is one way of encouraging Member States to have a more positive attitude. In 2015 and 2016 the European Commission emphasised the involvement of the social partners in this process. Indeed in October 2016 there was an EMCO thematic review which exclusively focused on the involvement of social partners in the design and implementation of relevant reforms and policies. This is in line with Employment Guideline 7, mentioned earlier and it also asks the question of whether this EU-level request for involvement of social partners has succeeded in helping to strengthen national social dialogue.

National social partners <sup>(25)</sup> are involved in European Semester activities – including <sup>(26)</sup> by providing a contribution to the National Reform Programme (NRP). The degree of their involvement in the Semester often reflects their overall involvement in national decision-making processes.

In some countries the involvement of social partners is formalised but they do not have a central role in the process. In these cases the social partners usually have a limited impact and their role is purely consultative.

In this regard, public authorities have a specific responsibility. Obviously, where there is an inadequate legislative framework this would need to be remedied. Labour administrations also need to be equipped with the necessary means to support tripartite social dialogue via formal and less formal fora to ensure the involvement of social partners in policy and law- making for issues of joint interest.

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<sup>(25)</sup> European social partners provide their views on the Annual Growth Survey, which launches the annual cycle of economic governance, sets out general economic priorities for the EU and provides Member States with policy guidance for the following year. Moreover, they are involved with regard to the country reports and the discussions in the Employment Committee the Social Protection Committee and the informal Employment, Social Policy, Health and Consumer Affairs Council, as well as during the discussion of the employment guidelines and the policy orientations.

<sup>(26)</sup> In addition, national social partners may have direct contacts with Commission staff in Brussels or in the national delegations, or be consulted during the Commission's country missions.

### Box 5.8: Involvement of Social Partners in the European Structural and Investment Funds, in particular the European Social Fund

Social partners have been for many years a key stakeholder in the implementation of the European Union's shared management funds, and particularly the European Social Fund. This active involvement and more generally the important contribution social partners can make to designing and implementing policies and reforms necessitates the empowerment of all partners. Social partners should be able to negotiate and have an impact, interact with government and make substantive comments when consulted, and represent their members' views vis a vis the Commission. Continuous capacity building of social partners is therefore crucial for ensuring that they are able to provide a valuable contribution to the economy and society.

#### Legal framework

The efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors in particular, social partners and non-governmental organisations<sup>1</sup>. Member States should therefore ensure the participation of social partners and non-governmental organisations in the strategic governance of the ESF, from shaping priorities for operational programmes to implementing and evaluating ESF results.

To this end, Member States may use the possibilities offered by the ESF Regulation under the Investment priority on "Capacity building for all stakeholders delivering education, lifelong learning, training and employment, and social policies. This includes sectoral and territorial pacts to mobilise reform at the national, regional and local levels". Croatia, France, Hungary, Italy, Malta, Portugal, Slovenia have selected this investment priority (IP) in their Operational Programmes.

In order to ensure adequate participation of social partners in actions supported by the ESF, the managing authorities of an operational programme in a less developed region<sup>2</sup> or in a Member State eligible for support from the Cohesion Fund must ensure that an appropriate amount of ESF resources (according to the need) is allocated to capacity building activities, in the form of training, networking measures, and strengthening of the social dialogue, and to activities jointly undertaken by the social partners<sup>3</sup>.

Moreover, Member States can use technical assistance of the European Structural and Investment Funds to support capacity building of social partners<sup>4</sup>. Such capacity building measures in relation to the operational implementation of the funds must be based on concrete project proposals. These projects must demonstrate a clear contribution to the objectives of the given Technical Assistance priority axes or focus areas. Technical Assistance cannot provide support for the general running costs of partners.

Since 2014, the European Code of Conduct paves the way for a substantial improvement in the way partners are involved in policy in a meaningful way. The ECCP provides the framework for involving partners in the implementation of the ESIF at national level.

#### Recent activities undertaken in the context of the ESF

A mapping exercise on capacity building of social partners was conducted through the ESF managing authorities. The aim was to collect information on the use of ESF resources for the capacity building of social partners in the previous and current financing periods to enhance their involvement in the implementation of the ESF Operational Programmes (OPs) as well as in the European Semester. This is of particular importance in view of the alignment of the ESF objectives with the Europe 2020 priorities and hence the need for the OPs to support policy-making in line with challenges and recommendations outlined by the Commission.

Based on a first assessment, it appears that the situation as regards the level of involvement of social partners in the implementation of the ESF OPs for the programming period 2014-2020 does not differ significantly from the previous programming period in the majority of the Member States.

1 Regulation No 1304/2013 on the European Social Fund (ESF)

2 defined under Article 90(2)(a) or (b) of Regulation (EU) No 1303/2013 (CFR)

3 Article 6 of the ESF regulation (No 1304/2013)

4 Regulation No 1303/2013 on the ESIF Common Provisions Regulation (CFR) recognises the need to develop administrative capacity of partners that are capable to participate in the ESIF implementation. Article 59 CFR laying down the provisions for Technical Assistance at the initiative of the Member States, allows supporting actions to reinforce the capacity of relevant partners, including social partners, and to support exchange of good practices between such partners.

*(Continued on the next page)*

*Box (continued)*

Social partners are participating in the monitoring committees of the Operational Programmes (OPs) as full members and, consequently, they can take part in all the relevant functions. This includes:

- reviewing the implementation of the OP for which the committee is in charge and the progress made towards achieving its objectives; examining all issues that affect the performance of the OP;
- being consulted and, if appropriate, giving an opinion on any amendment of the OP proposed by the Managing Authority (MA);
- making observations to the MA regarding implementation and evaluation of the OP, including actions for reducing the administrative burden on beneficiaries.

Capacity building of the social partners is foreseen in several OPs, in particular in the Member States that can benefit from the provisions of article 6 ESF (see above) requiring specific budgetary earmarking. However, from the mapping exercise Member states seem to be reluctant overall to use their Technical Assistance budget for supporting such activities.

The most frequent typology of activities planned in this respect are the following:

- Organisation of trainings for project management, including on tools for monitoring and evaluation,
- Information and publicity measures regarding financing opportunities,
- Networking events.

In some Member States the potential for the social partners to implement projects is explicitly provided in OPs.

The mapping exercise has shown that Managing Authorities are of the view that the ESF support will contribute to equipping stakeholders with the necessary technical capacity that would further enhance their participation in the development of policies, by improving directly or indirectly the capacity building of the social partners for example in participating in the European semester.

However, social partners will also have to look at their own organisations and position themselves constructively within the governance system. Issues such as their attractiveness to members, their capacity to avoid fragmentation and their ability to come to joint bilateral positions are important factors for the future.

### 3. CONCLUSIONS

While social partner structures and their organisational strength differ substantially between Member States, it is neither realistic nor recommended that all Member States aim for one specific system. Even strong systems may show signs of weakening, and raise the question of whether more fundamental changes are needed to maintain the democratic values inherent in the involvement of social partners in decision-making.

In many countries the involvement of social partners in decision-making has changed over time, sometimes in reaction to a change of government, sometimes in the context of the economic, financial and debt crisis. Indeed, since the beginning of the crisis social dialogue has been under pressure and there has been an increase in unilateral government action. This mainly occurred because social dialogue was considered not to be able to deliver quickly enough. Trade Unions were also often reluctant to accept proposed solutions because they feared that these could not be explained to their membership.

However, with the recovery from the crisis and with the increased attention to social topics, social dialogue has moved up the agenda in the European Union and elsewhere. It is recognised that, although it might take some time to arrive at a consensus in social dialogue, such agreements have significant advantages in terms of democratic legitimacy and social cohesion. It is much easier for a government to implement solutions which are jointly proposed and adopted by the social partners than measures which are the result of government initiatives alone.

This analysis suggests that to make social dialogue more effective, social partners should: 1) increase their membership; 2) broaden their base by reaching out to sectors and/or categories where representation levels are low; 3) fortify and adjust their organisational structures via internal improvements; 4) review,

where relevant, their internal management; and 5) develop their services provision, notably in terms of technical expertise. These steps are needed to raise their recognition, representativeness, added value and relevance, among their members as well as among the public at large <sup>(27)</sup>.

Social dialogue also gains in effectiveness if social partners ensure that they benefit from a clear mandate to engage in negotiations with a view to collective agreements at all relevant levels and possible coordination between them, in order to ensure a level playing field and promote economy-wide upward convergence. They need to have the means to ensure proper implementation of their collective agreements once concluded, and the resources and technical knowledge to interact with the other side and with public authorities.

A good, effective social dialogue requires strong social partner organisations and a good relationship between them and their public authorities. The social dialogue gathers strength as the social partners gain experience in contributing jointly to the improved functioning of the country and its economy, and as compromises between the social partners and with the government are seen to yield beneficial results in the medium to longer term.

The extent to which governments acknowledge the value and importance of social dialogue and its role is another crucial element for its effectiveness. The success of social partners also depends on their ability to find compromises and jointly press the government to accept them. Disagreements between the social partners can lead to longer-term disruption of consensus-finding and to disunity in national policy negotiations.

While the capacity for social dialogue remains primarily a responsibility for the social partners, it is the public authorities' role to update – where relevant – the legal framework to enhance the organisation and collective rights of specific categories of workers, notably those in atypical forms of work and labour relations. In some countries the public authorities may also need to reinforce those institutions which aim at supporting and facilitating social dialogue (e.g. those dealing with conflict prevention, dispute settlement or resolution mechanisms such as labour courts, labour inspectorates and other specialized judicial bodies).

Labour administrations also have a particular responsibility to provide direct support to bipartite and tripartite social dialogue, including facilitating the adoption of collective agreements at higher levels in some countries. Public authorities would need to aim to ensure greater involvement of social partners in economic and social policies. This entails providing the social partners with the necessary information (including statistics and analyses) in a regular and timely manner, to allow them to engage in an effective discussion. Some tripartite bodies may need to be made more operational to fulfil that purpose by establishing permanent secretariats and stable structures to ensure continuity, as well as fostering a level of mutual trust between the partners via regular meetings.

There is neither a universal model of social dialogue within the EU in terms of institutions, processes or outcomes nor, as a consequence, a one-size-fits-all approach to capacity-building for social dialogue. Nevertheless, the EU Member States share a number of common features, such as pluralistic democracies, social market economies and respect for fundamental rights, which are all preconditions for effective social dialogue. Likewise, all Member States have bipartite or tripartite bodies to allow for interactions between social partners, and in some cases public authorities.

There is a basic legal framework in Europe which allows for the establishment and development of independent organisations able to engage voluntarily in social dialogue and collective bargaining as well as the settlement of collective labour disputes in all Member States. This common legal framework also allows for informing and consulting workers and enabling their participation at company level.

However, beyond these basic features and minimum standards, there are different and more specific features of national forms of social dialogue. The main parameters remain membership rates, mandates of

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<sup>(27)</sup> "Resolution concerning tripartism and social dialogue", ILC, 2002, "Resolution concerning the recurrent discussion on social dialogue", ILC, 2013; "National tripartite social dialogue: an ILO guide for improved governance", ILO, 2013.

social partners, modalities of cooperation with public authorities and the ability of social partners to enter into advanced and complex policy debates.

The present chapter has shown that social dialogue adapts itself to diverse situations and practices. However, to measure the effectiveness of certain models of social dialogue, a broad analysis of their respective impact on economic and social outcomes would be required. This would entail the development of social dialogue indicators to establish linkages between social dialogue features and socio-economic parameters. In particular, up-to-date research on the socio-economic outcomes of different collective bargaining systems and the identification of the factors that contribute to the effectiveness of these systems is needed <sup>(28)</sup>.

More analytical work is also needed to identify the gaps and weaknesses in the capacities of national social partners' organisations across the EU (cross-industry as well as sectoral) and to better understand the longer-term development trajectories of the industrial relations systems in the European Member States. Further analysis of the type of technical assistance and evidence-based policy advice required to build and/or reinforce institutions and other bodies for social dialogue is needed. This analysis should pay particular attention to the existence and functioning of collective bargaining systems and to the degree of involvement of social partners in the design and implementation of economic and social policies.

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<sup>(28)</sup> See [Industrial Relations in Europe 2006 Chapter 8](#) for an overview:

<http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=IRIE&mode=advancedSubmit&langId=en&policyArea=&type=0&country=0&year=2006>

## ANNEX: ADDITIONAL INFORMATION ON ASPECTS OF SOCIAL DIALOGUE

Table A1.1: List of organisation acronyms for table with mergers/demergers

Country	Acronym	Full name	English translation
Croatia	SING	Sindikát naftnog gospodarstva	Union of Oil Industry
	EKN	Samostalni sindikat energetike, kemije i nemetala Hrvatske	Autonomous Trade Union of Energy, Chemistry and Non-Metal Industry of Croatia
Denmark	FTF	FTF	The Confederation of Professionals in Denmark
	LO	Landsorganisationen i Danmark	The Danish Confederation of Trade Unions
Estonia	EÕL	Eesti Õdele Liit	Estonian Nurses Union
	EAKL	Eesti Ametiühingute Keskiit	Estonian Trade Union Confederation
Finland	SAK	Suomen Ammattiliittojen Keskusjärjestö	Central Organisation of Finnish Trade Unions
	STTK	Toimihenkilökeskusjärjestö	Finnish Confederation of Professionals
France	UNSA	Union nationale des syndicats autonomes	National Union of Independent trade unions
	SCP-VTC	Trade union of private taxi drivers	Union of private taxi drivers
Hungary	MaSZSZ	Magyar Szakszervezeti Szövetség	Hungarian Trade Union Confederation
	SZEF	Szakszervezetek Együttműködési Fóruma	Forum for the Co-operation of Trade Unions
Italy	DirCredito	Associazione Sindacale del Settore Credito	Credit sector trade association
	FIBA	Federazione Italiana Bancari e Assicurativi	Italian bank and insurance federation
Norway	NHO Mat og Drikke	NHO Mat og Drikke	FoodDrinkNorway
Portugal	SNP/VAC	Sindicato Nacional do Pessoal de Voo da Aviação Civil	The National Union of Civil Aviation personnel
	UGT	União Geral dos Trabalhadores	General Union of Workers
Slovakia	OZ SP	Not available	Slovak Trade Union Association of the Glass Industry
	OZ Kovo	Odborový Zväz Kovo	Metal Trade Union Association
Slovenia	ZSSS	Zveza svobodnih sindikatov Slovenije	The Association of free trade unions of Slovenia
	SKB	Sindikát Kovinske in elektro industrije Slovenije	Trade Union of Metal and Electro Industry
	SMZ	Sindikát vzgoje, izobraževanja, znanosti in kulture Slovenije	Education, Science and Culture Trade Union of Slovenia

Source:

[Click here to download table.](#)

Box A1: Developments in trade union membership and density

Box (continued)

Denmark (FTF) saw a decline of 0.3%. The unions for academics and membership

Declining trade union membership and density

In Spain, it was reported that the four biggest trade unions (who represent 80% of all trade union members) lost 585000 members between 2009 and 2015 (due to a strong decline in employment, trade union density remained stable). In the Netherlands, trade unions reported the lowest membership since 1991, with an ongoing decline in the fifth consecutive year: by the end of March 2015 there were 1.7 million members, 28,000 less than in 2014. Decline in trade union membership and density (along with uncertainty about its actual magnitude) was also reported in Romania, where according to the National Statistics Institute, the five national confederations currently account for less than 1.5 million members, out of a total number of approximately 4.5 million employees, pointing to a trade union density of approximately 30% in 2015. In Ireland, survey data from the Central Statistical Office (CSO) also suggest a continuous decline in trade union membership, with 428,000 members in 2015 (down from 542,000 in 2014 and over), down from 542,000 (34% of employees) in 2005. Statistics from Malta show an ongoing decline, from 115,700 members in 2006 down to 94,200 in 2014. In Malta, a recent survey by the Centre for Labour Studies at the University of Malta highlighted discrepancies in membership data: according to the survey, 34% of Maltese workers are trade union members. This figure does not tally with the official statistics of trade union membership, the last such official report, which covered the year 2012–2013, indicated that union density in Malta is 58.8%. Even if pensioners, who are included in the data provided by the trade unions, were subtracted, the density would still be above 50%.

Relatively stable membership

New data from the Work Life Survey in 2015 by Statistic Estonia show that the prevalence and density of trade unions remain very low in Estonia: trade unions are present in 6% of all enterprises and 7% of employees belong to a trade union. The study involved 850 enterprises and 4780 employees. Stable membership for 2015 was reported from the UK (6.4 million in total, unchanged). In the UK private sector, union membership increased for the fourth consecutive year to 2.7 million (+38000). Austria reported a small overall decline in trade union membership for 2015. According to the Austrian trade union confederation, ÖGB, there was a slight decrease in membership, amounting to a decrease of 0.13% on the previous year. Three out of the seven unions saw small increases, the biggest of which was recorded in the Union of Public Sector Employees. The largest decrease took place in the Union of Post and Telecommunications (GPF), the Union of Salaried Employees, Graphical Workers and Journalists (GRA-dip) and the services union, Vida. In Germany, the trade union confederations reported an overall positive membership trend in 2015: the German Trade Union Confederation (DGB) saw a decline of only 0.15% and in December 2015 reached 10 million members. Losses were reported in some manufacturing sectors and teachers' unions and the police union saw significant gains in membership.

Upward trends or more favourable developments in the EU

In Poland, the first trade union survey conducted in 25 years by the Central Statistical Office (GUS) showed a more positive situation than results of annual public opinion polls performed by the Central Public Opinion Research Centre (CBOS) had suggested. GUS established that 1.6 million people belonged to trade unions. Trade union density amounted to 17% of those who are employed on the basis of employment contracts and 19% of all people in employment belonged to trade unions. There are 12,900 active trade union organisations (of 19,500 registered), of which 66% operate in the public sector. In Sweden, blue collar trade union membership is reported to be at its lowest level in decades, while white collar unions have seen an increase. Between 2007 and 2014, the density rate for blue-collar workers decreased by two percentage points, falling to 64%, while it went up to 74% for white-collar workers (National Mediation Office (Medlingsinsitutet)). The fall in density in Latvia's social 2007 representation in governing and advisory bodies raised the fees for unemployment insurance funds (UIF). These fee policy-making while 2014 impact is difficult to assess, the former Swedish data for 2015 now suggest that in that year, the Swedish Trade Groups on the labour process gained more since the introduction of membership increase for two decades (an increase of 1,500 members) and both of the two other trade union confederations, Saco and TCO, are also continuing to grow. (Source: ICF, based on ILO Country reports)

A similar development was reported from Finland where a surge in public sector trade union members followed fiscal consolidation measures announced by the new government. The Service Union United (PAM) gained over 500 new members in one day while, during the same timeframe, a much smaller number than usual quit their membership. The Trade Union for the Public and Welfare Sectors (JHL) attracted 600 new members in one week – triple the usual number – while the number of drop-outs remained stable. Membership rates in unions for employees with a higher education level, by contrast, have remained largely stable, although in some cases both inward and outward flows have been higher than usual.

The latest statistics from Statistics Denmark show an overall increase in the number of union members from 31 December 2013 to 31 December 2014 (DST.dk). The overall increase is mainly due to growth in so-called 'yellow unions', such as KRIFA, Det faglige hus and other ideological alternatives to the traditional 'red' trade unions. These unions had an increase of 7.9% while most of the traditional unions are still seeing a decrease in members. In 2014, the Danish Confederation of Trade Unions (LO) decreased by 2.7% and the Confederations of Professionals in

(Continued on the next page)

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