

# BARWAGE



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## Wage setting between legislation, bargaining and individual discretion: the case of Central and Eastern Europe

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# Motivation and research questions

- CEE - EU member states with shared characteristics in industrial relations - underdeveloped sectoral bargaining structures, in general a wage gap compared to Western/Southern/Northern Europe
- What is the relationship between wage setting via legislation (including minimum wages) and collective bargaining in such conditions?
- What part of the wage is collectively bargained?
- Are there cross-country and cross-sectoral similarities?



# OVERALL INDUSTRIAL RELATIONS TRENDS IN CEE



## Union decline

Union membership decline in the embedded neoliberal country group (CZ, HU, PL, SK), but also in EE and RO

01



## Union fragmentation

Union landscape diversity: new unions emerging, fragmentation along occupational groups

02



## Bargaining coverage

Mostly company-level bargaining, little capacity to coordinate bargaining at sectoral and national level

03

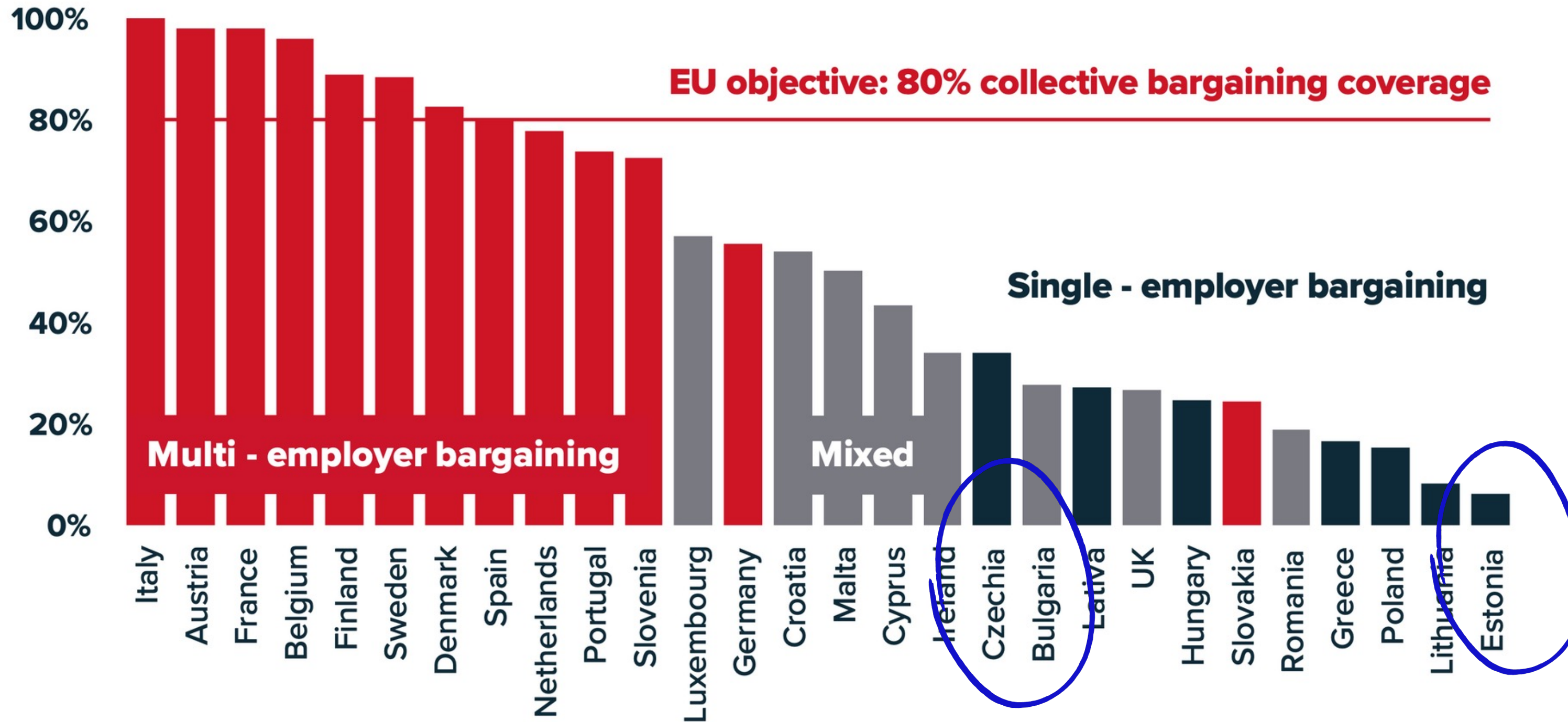


## Employers

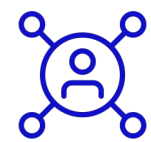
Lack of organizing on the employer side - trade unions lack a bargaining partner

04

# Bargaining coverage - a challenge to be met



# Sectoral focus



## Construction

- High share of self-employment and bogus self-employment
- High share of individual contractors and/or SMEs
- Important for economies in all studied countries



## Waste management

- Increasing importance as part of the ecological transformation, growing employment in Europe
- Often municipal services, decentralised, partly privatised or outsourced



## Hospitality

- Strongly affected by the COVID-19 pandemic
- Important source of employment (e.g., Bulgaria about 10%)
- Larger incidence of seasonal and undeclared work  
Many SMEs - low bargaining coverage



## Urban transport

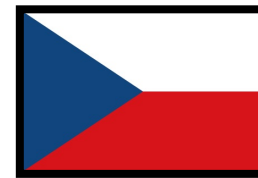
- Reasonably high employment in all studied countries
- Part of urban transport is publicly provided - different bargaining dynamics
- privatization process
- high bargaining power because of an essential sector, unified workforce, ability to create disruption in the economy

# Waste management



## Estonia

- 0.6% of active workforce in Estonia
- No trade unions, no employer organisation, no collective bargaining
- last bargaining in 2002-2003 in a private company Ragn-Sells
- Wage levels not the lowest (higher than hospitality and construction), regional differences



## Czechia

- Regional wage differences
- No sectoral bargaining, but due to overlapping activities (eg road maintenance) some workers covered
- E.g. Prague Services wage tariff tables from the CBA - closely mirror the statutory minimum wage, but surcharges for waste management



## Bulgaria

- Bargaining decentralised to the municipal level: 27 municipal CBAs for waste disposal/recovery, 4 CBAs for mediation and other waste management services, 71 agreements for water collection, 2 CBAs for sewage
- Municipal CBAs likely to set minimum occupational wages above the statutory minimum wage



# Construction



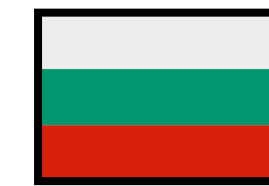
## Estonia

- No sectoral CBA, wages follow the statutory minimum wage
- Why no bargaining - confidentiality of company info, common envelope payments on top of the formally earned minimum wage, low job security



## Czechia

- Uninterrupted bargaining since 1991, sectoral agreement typically for 5 years, wage supplements bargaining annually
- only the first sectoral wage floor mirrors the statutory minimum wage
- sectoral bargaining also for pay supplements (eg night/weekend work, on-call,...)



## Bulgaria

- 50-60% of workers' wage determined by statutory minimum wage
- 1 sectoral CBA valid until 2022 with supplementary wage stipulations for seniority and nightshifts
- Minimum wage multiplier for the construction sector
- 7 company-level CBAs, little coverage, most wages set outside of the scope of CB

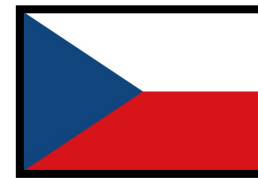


# Urban transportation



## Estonia

- Most active bargaining sector in Estonia
- Both single and multi-employer bargaining
- High sectoral bargaining coverage compared to the overall coverage of 6% in Estonia, yet experts assess salaries are still not sufficient
- Company bargaining eg Tallin city transport - slightly above the minimum wage



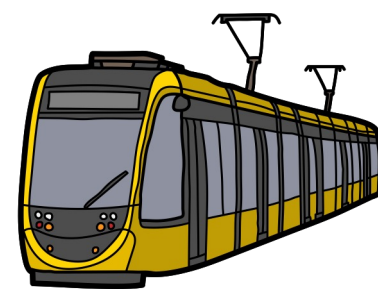
## Czechia

- The statutory minimum wage has marginal influence on wages in the sector
- On avg, 8% higher earnings in the sector than avg. of the Czech economy
- 4 separate higher-level CBAs - stipulate wage supplements/allowances, high coverage by company-level CBAs, difficult to bargain in the public transport companies



## Bulgaria

- Predominance of municipal employers - differences across municipalities
- Bargaining at the municipal level yields 10-30% wage increases
- Sectoral CBA expired in 2022, currently renegotiated



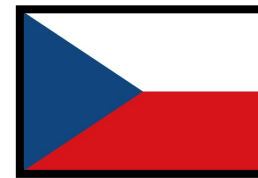


# Hospitality



## Estonia

- Important for employment, yet hard to organize workers
- Only two company CBAs (no sectoral one), sectoral associations do not participate in bargaining
- 2017 - assumed bargaining coverage 3,6%
- 25% of wages based on commission - decline of tourism after the UA war affected wages



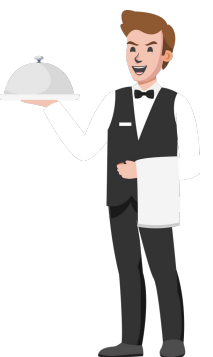
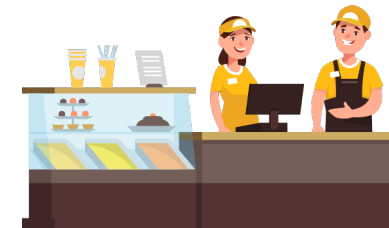
## Czechia

- High number of agency workers
- Enterprise-level wage setting
- 40% of CBAs in the sector contain a 10-tier wage tariff system, pegged to increases of the statutory minimum wage
- 70% of CBAs covers incentive components to wages (eg performance bonuses)



## Bulgaria

- Low wages, high share of envelope wages and seasonality
- Only 1 multi-employer CBA - covers 3 employers
- General challenge: no extension mechanism
- The sectoral CBA does not set a minimum wage, encourages individual employers to set wages directly



# Comparative conclusions



- **Sectoral variation** in whether collective bargaining exists at all, and in bargaining coverage
- Statutory minimum wage as an important benchmark in all 3 countries, but not for all sectors (e.g. for public transport)
- Company-level bargaining most widespread, most wages set outside of the scope of collective bargaining
- Huge challenge to meet the target of 80% bargaining coverage - e.g. Estonia (very low coverage), Bulgaria (no legal extension mechanism to extend the coverage of CBAs), Czechia - limited sectoral wage bargaining



**Thank you  
for your attention!**

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