

# BARWAGE



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Mind the gap between your CBA and your wages  
Janna Besamusca

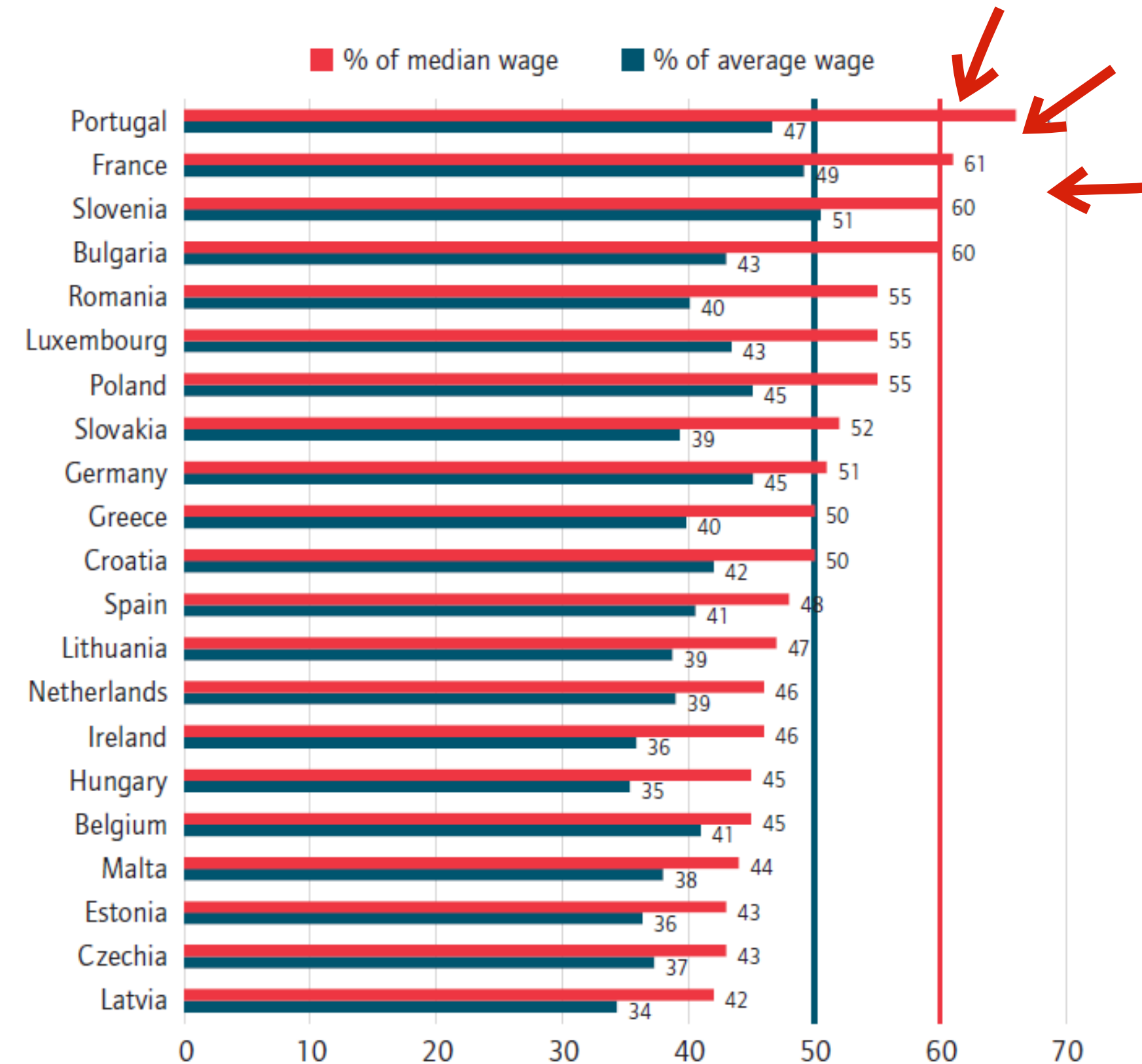


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# Decent wages: minimum wages

- Increasing EU policy attention for decent wages
- EU Minimum Wage Directive: putting stock in two policy instruments
  - Statutory minimum wages (SMWs), or equivalents
  - Collective bargaining

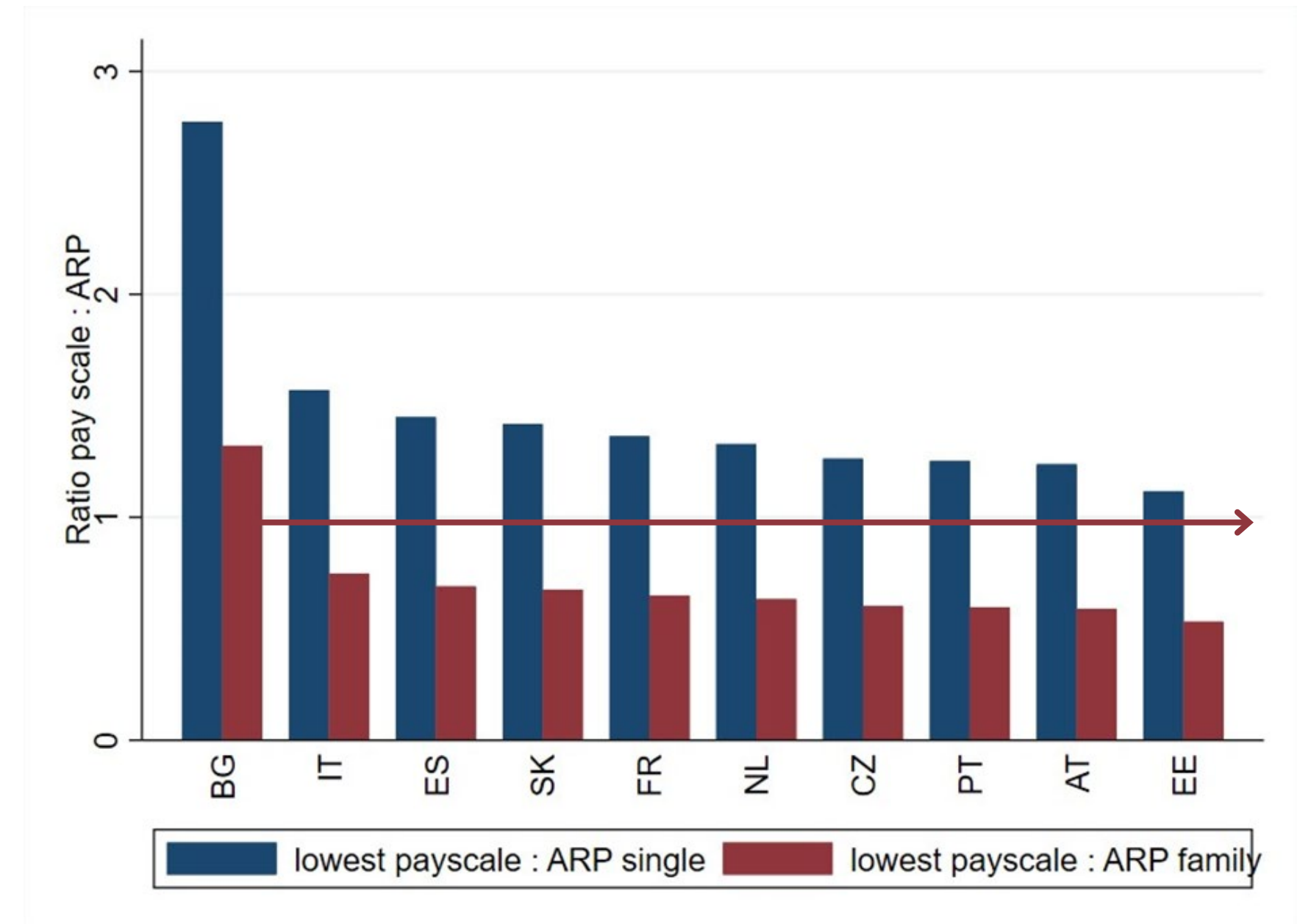


# Decent wages: collective bargaining agreements

Average Ratio of the lowest pay scale to the at risk of poverty threshold

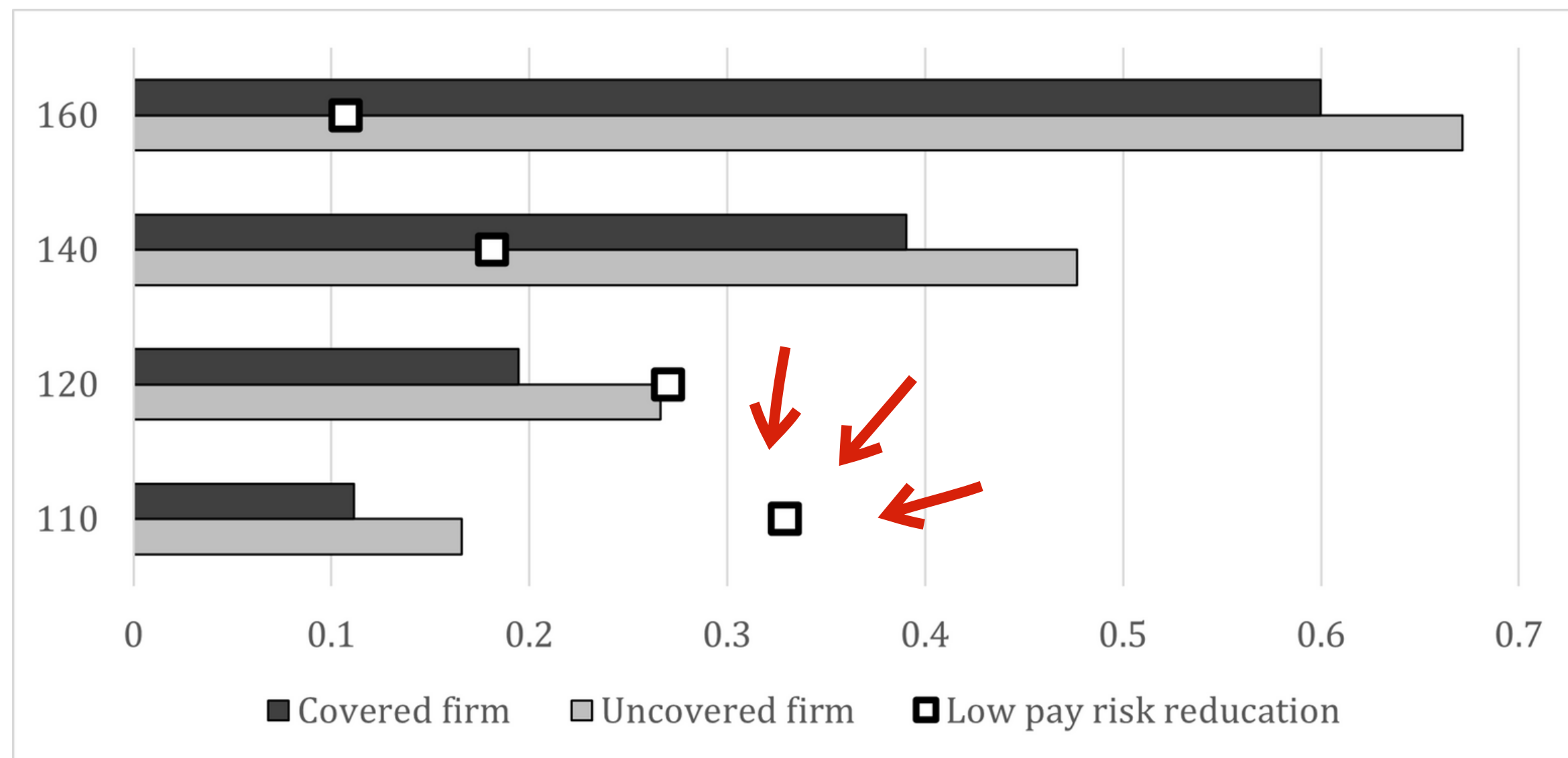
Collectively bargained wage floors (2008 - 2023), on average:

- adequate for one-person households
- but not for a single earner sustaining a family



# The collective bargaining premium

- CBA wage floors close to the minimum wage
- But average wages in firms covered by CBAs exceed the minimum wage more often than those in uncovered firms

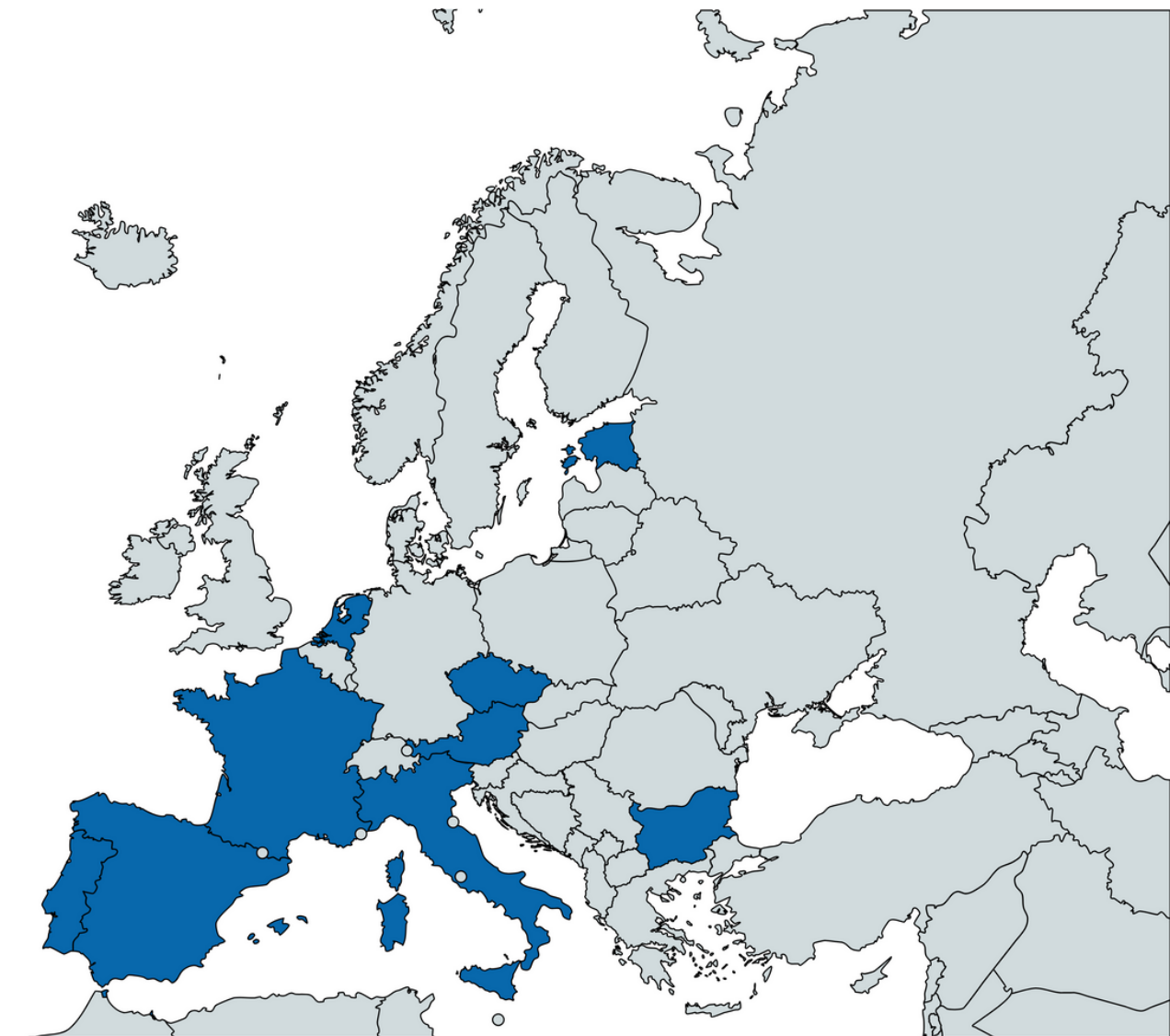


# Does a rising wage floor lift all the boats?

- Increasing statutory or bargaining minimum wages put pressure on wage systems
- How does collective bargaining respond to rising minimum wages?



■ BARWAGE countries studied

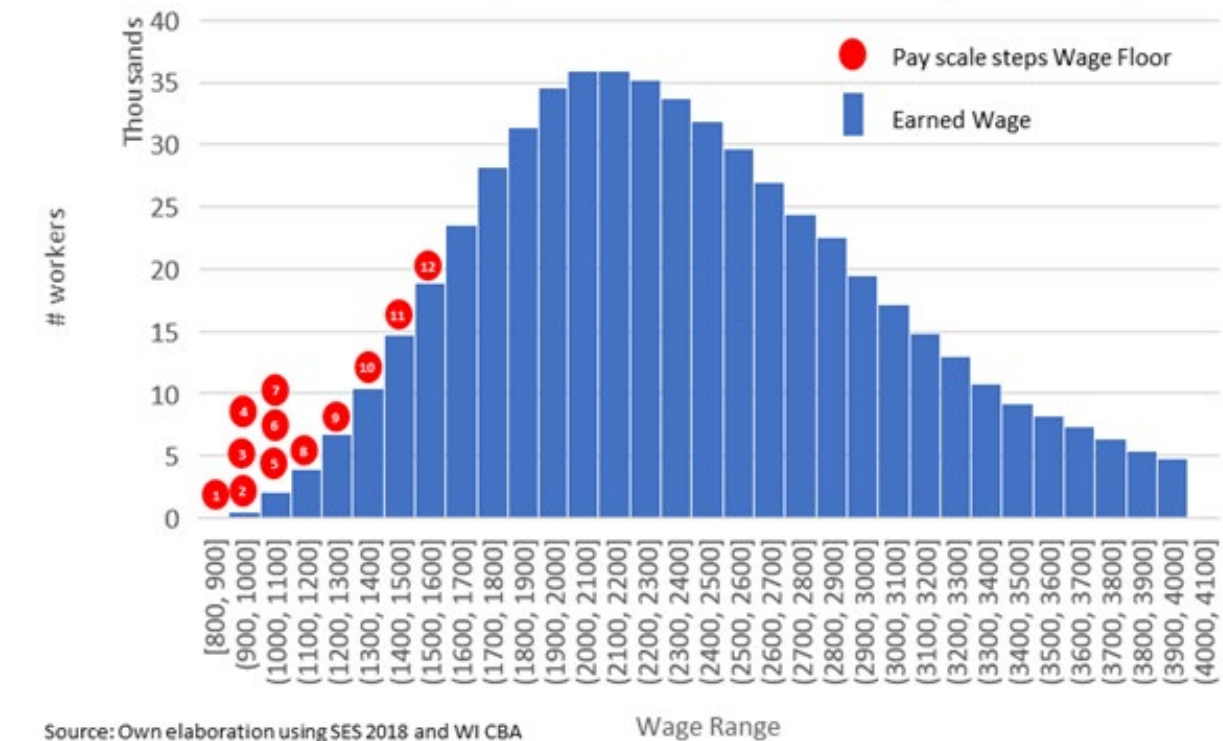


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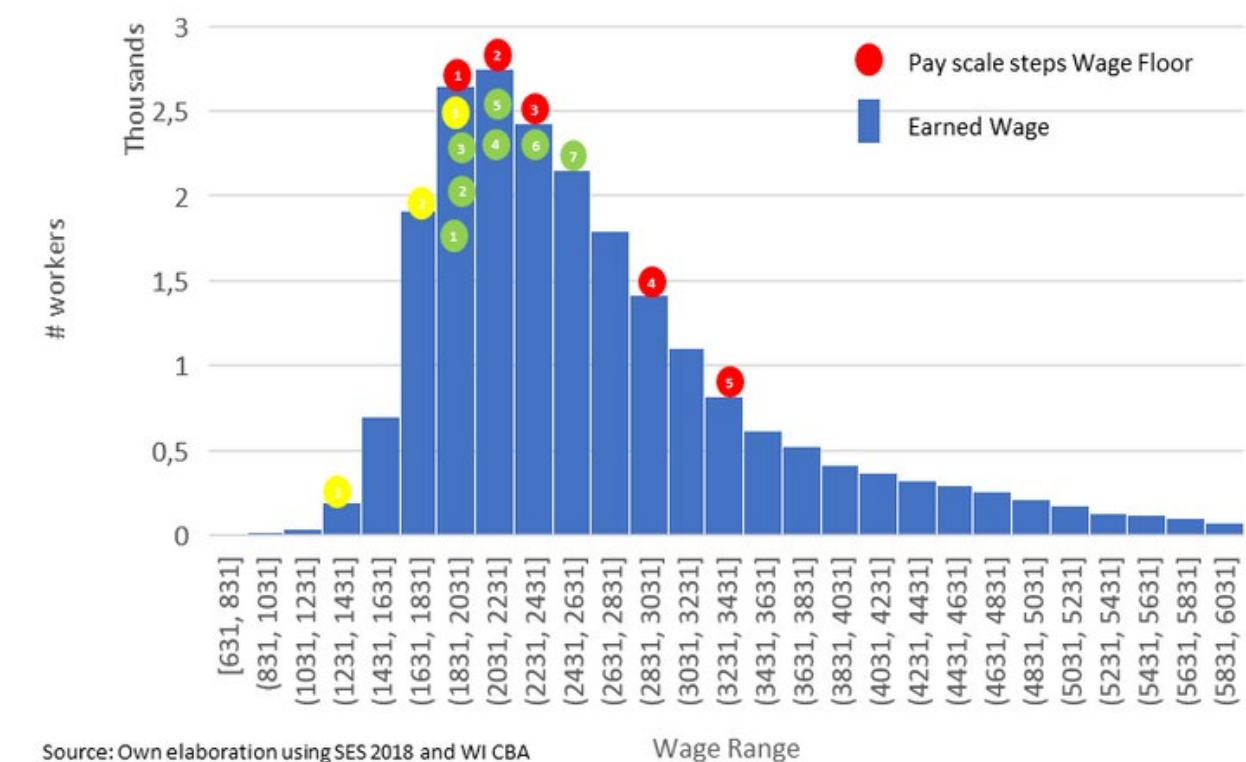
# Rising MW impact: pay scales & the wage distribution

- Collectively bargained pay scales cover different parts of the earnings distribution across countries
  - Direct impact larger on CBAs covering lower pay deciles
- The detail of negotiated pay scales differs across member states
  - More detailed, longer, pay scales more impacted as wage increases carry more costs

CZ Manuf, Earned Wage Distribution vs CBA Pay Scale Steps

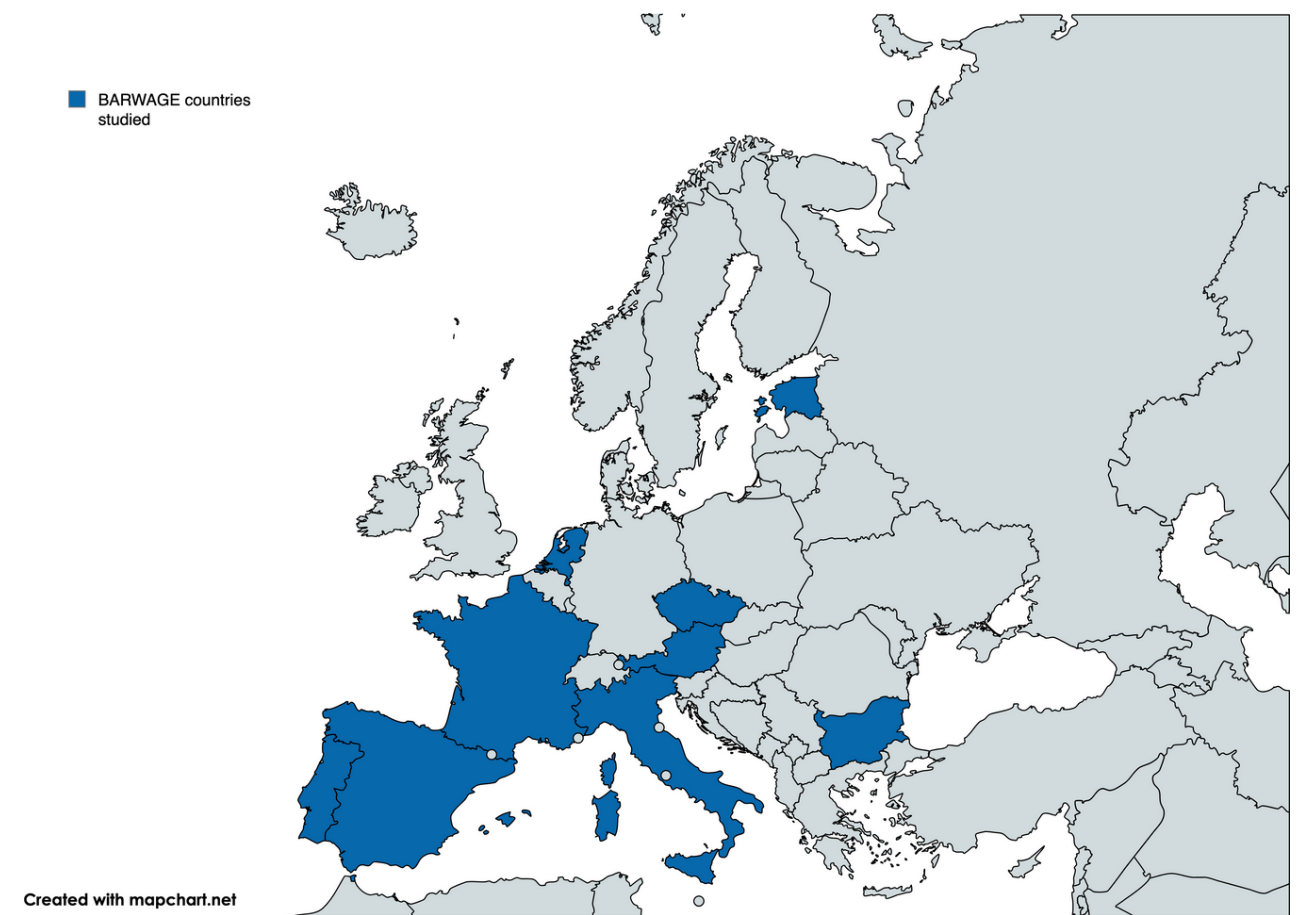


IT Manuf, Earned Wage Distribution vs CBA Pay Scale Steps



# Rising minimum wage: bargaining

- Decentralisation in wage setting affects all studied countries
  - legislation more important for wage setting than CB  
(Estonia, Czechia, somewhat Portugal)
- Growing discretion of individual employers over wage setting
  - except Austria where the wage bargaining is not only coordinated, but follows an established formula to set the bargained wage increases





Janna Besamusca  
J.W.Besamusca@uu.nl



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