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## COLBAR-EUROPE

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# Collectively bargained wages as a tool against poverty

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# Collective wage bargaining

- Collective bargaining can fix wages or wage floors for employees covered by the CBA
- Impact is larger in case of extension and/or if other measures, like the minimum wage, are linked to bargained wages



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# Pay in collective agreements

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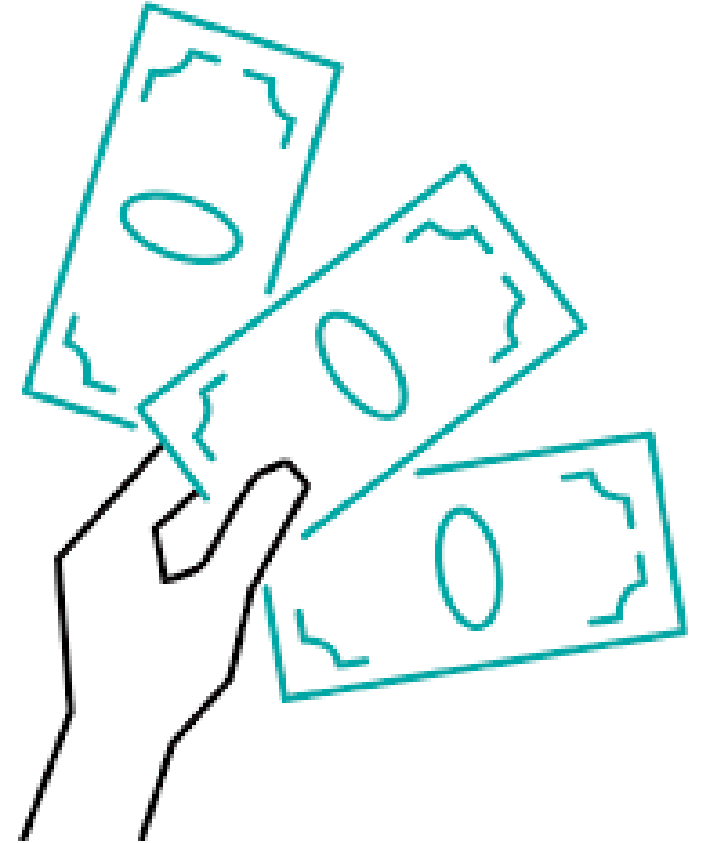
- How do collective agreements fix pay?
  - Do CBAs include wages?
  - Do CBAs contain wage floors or pay scales?
  - How are pay scales structured?
- At what level are collectively bargained wages set?

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# Wages

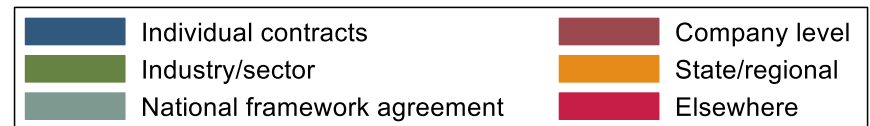
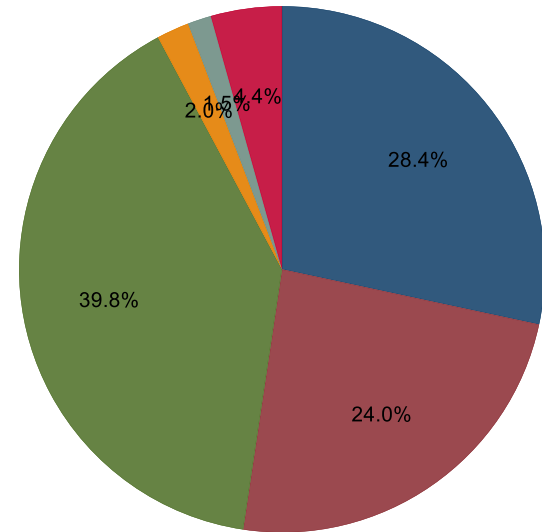
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- COLBAR-EUROPE looked at 602 CBAs in Europe.
- CBAs from construction, manufacturing, commerce and the public sector
- What do CBAs say about wages?
  - 97% of CBAs have a clause about wages
  - 32% fix a wage floor
  - 14% include the statutory minimum wage



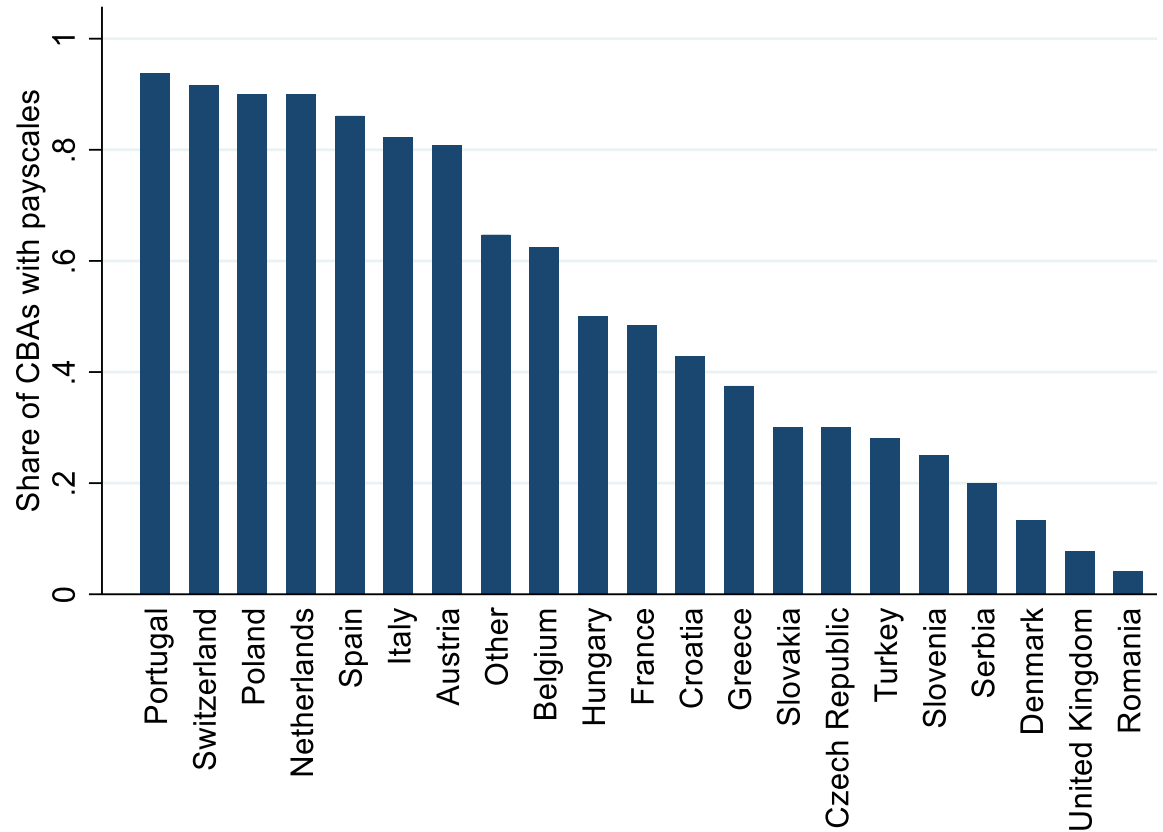
# Where are wages determined?

- How do CBAs set wages?
  - 28% leave wages to individual contracts
  - 24% to the company
  - 40% to the sector
- 65% include pay scales

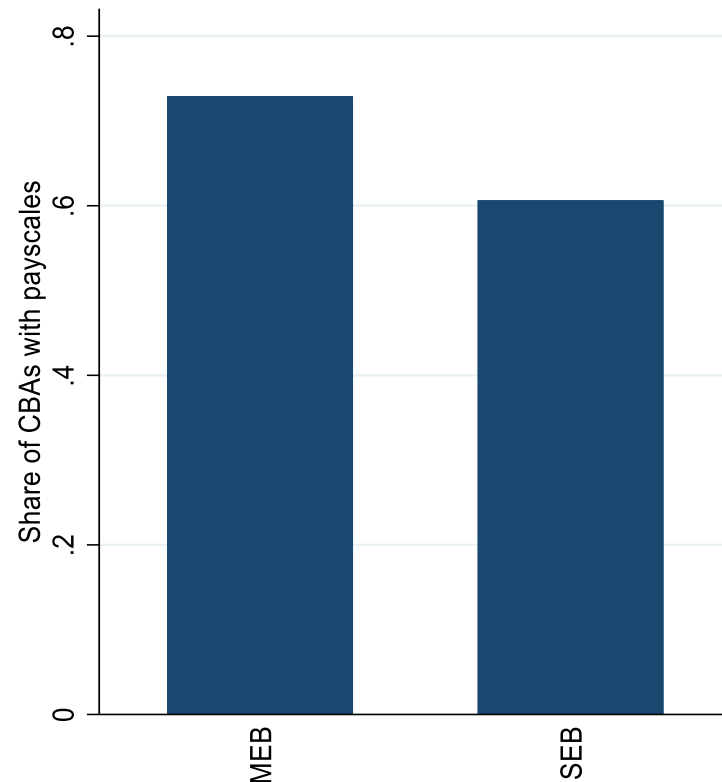
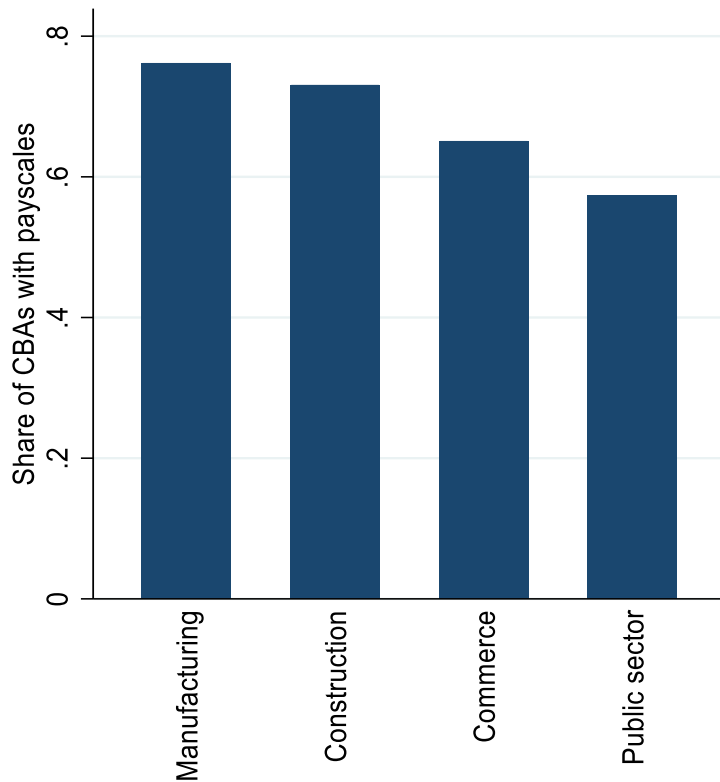


# Pay scales

- Most CBAs (>80%) in Portugal, Switzerland, Poland, the Netherlands, Spain, Italy & Austria contained pay scales
- Few CBAs (<20%) in Romania, the UK, Denmark, & Serbia did



# Pay scales

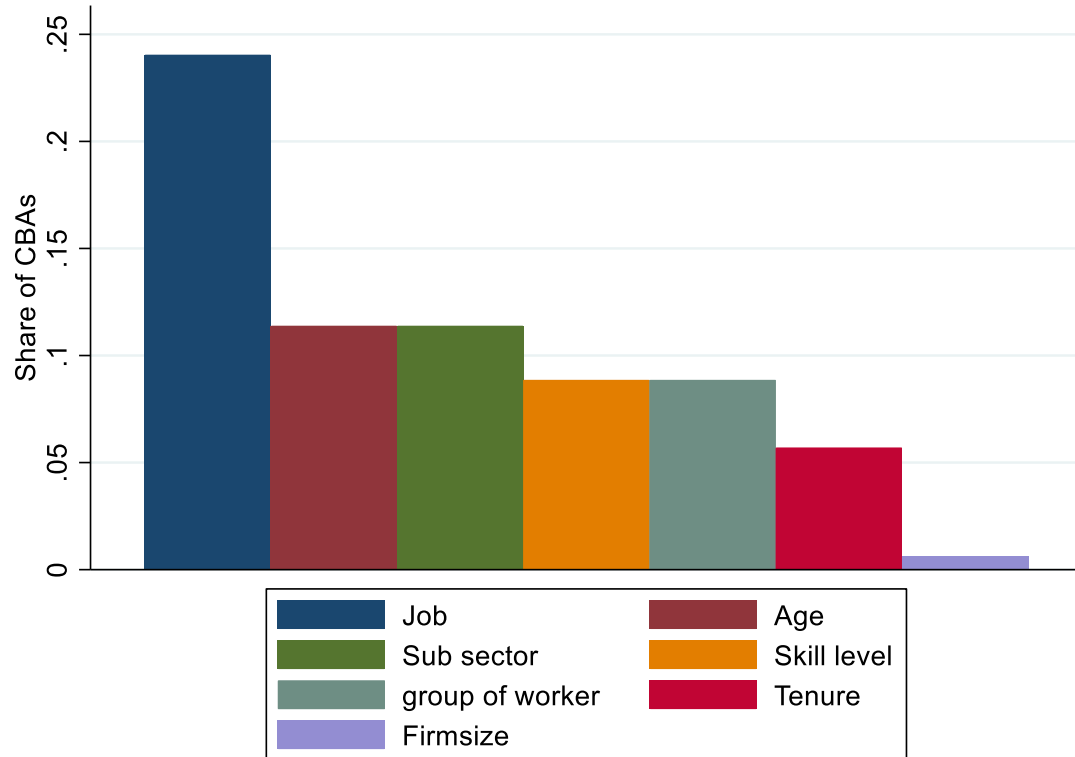


Manufacturing CBAs most often contained pay scales; public sector CBAs least often

Multi-employer CBAs more often contained pay scales than single-employer CBAs

# What pay scales look like

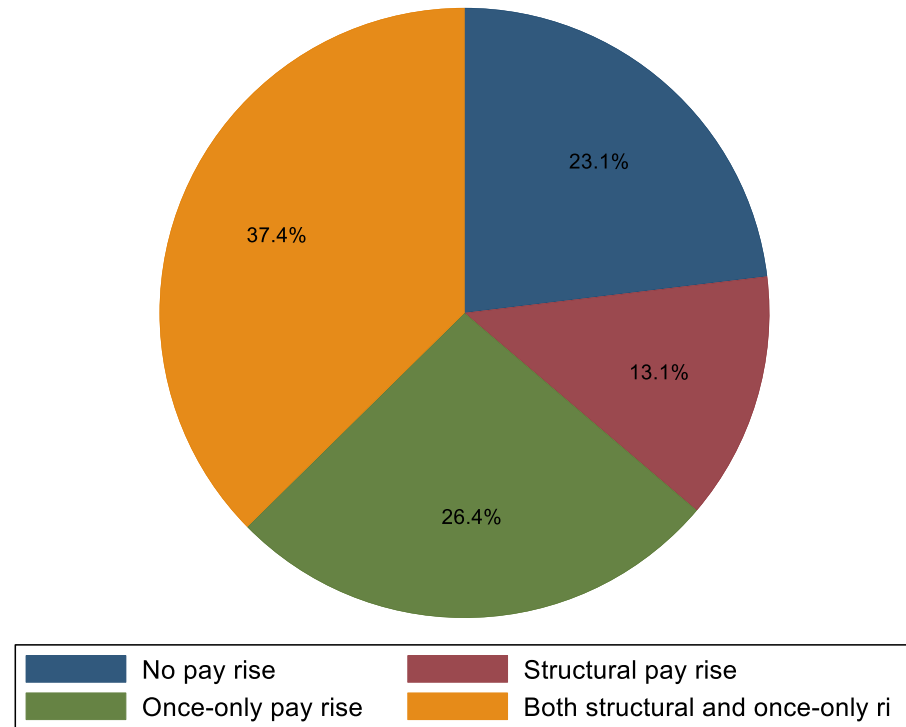
- Pay scales most often differentiate by job title or occupation
- Other common distinctions are age, sub-sector, skill level, group of worker or tenure





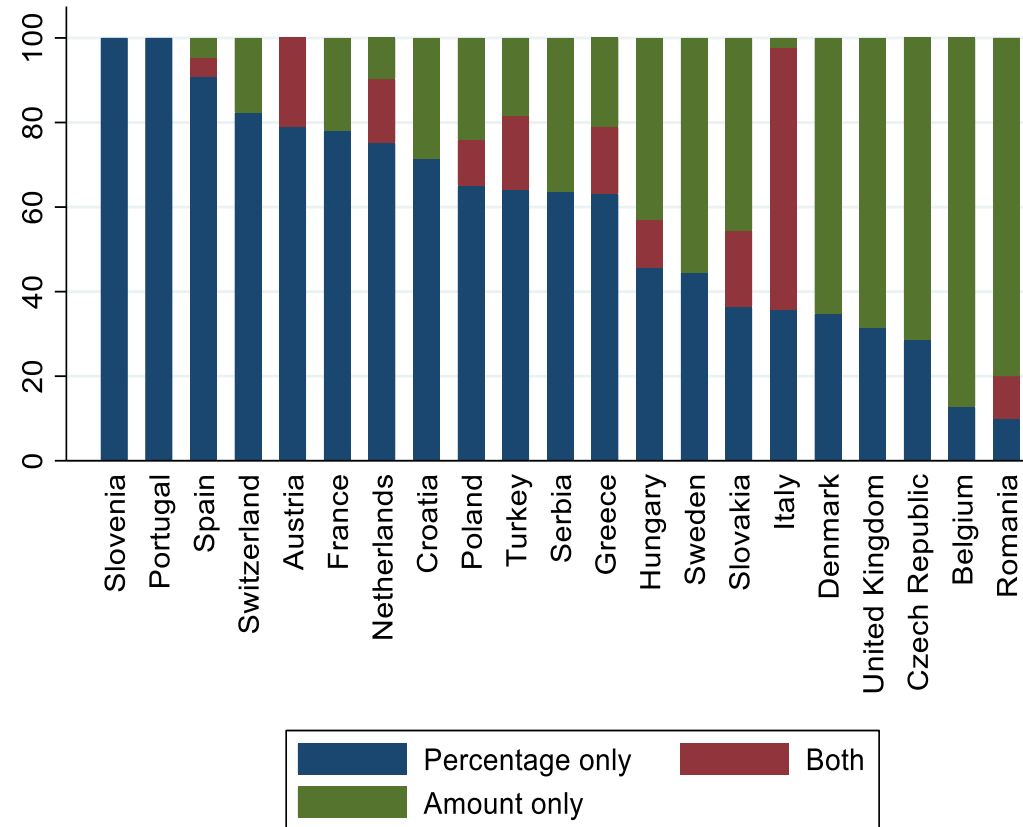
# Negotiated wage increases

- Do CBAs contain wage increases?
  - 13% contained a structural increase
  - 26% a once-only pay rise
  - 37% contained both
  - 23% contained neither



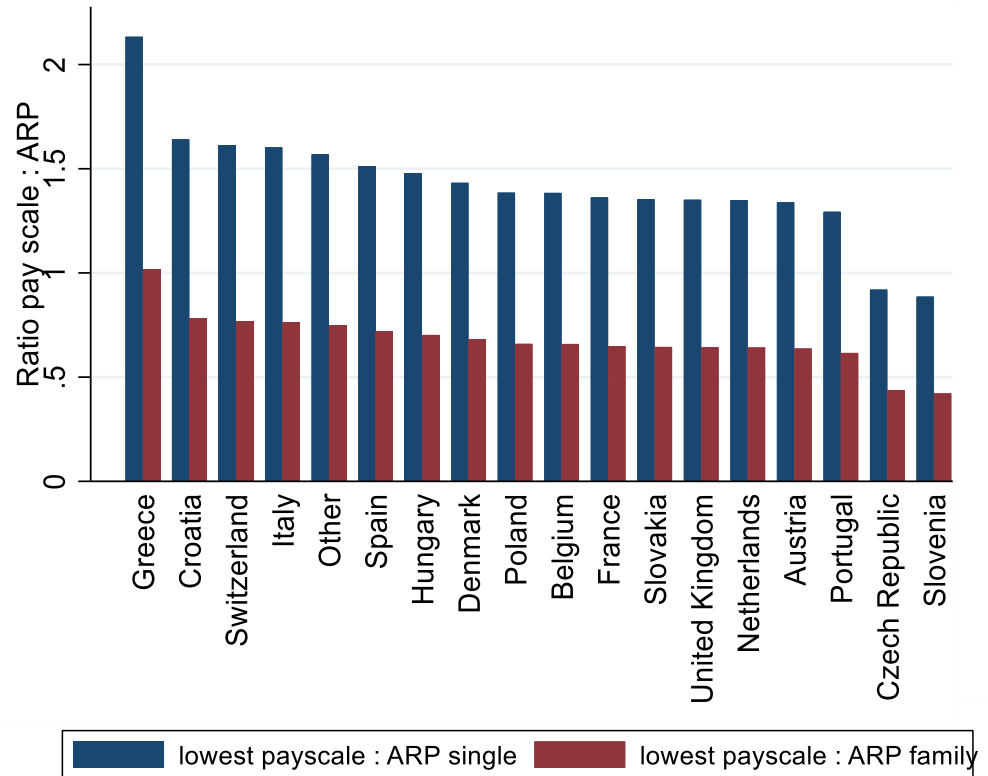
# Are wages getting more equal?

- Do wage increases close wage gaps?
  - 395 out of 602 CBAs contained a wage increase
  - 67% was a percentage increase
  - 12% a fixed amount
  - 21% both



# Decent wages

- The EU considers people to be at risk of poverty if they earn <60% of the median wage
- On average the lowest pay scales found were negotiated above the poverty threshold for a single person (blue bars)
- But below the threshold for a family (red bars)



Source: WageIndicator CBA Database, selection COLBAR-EUROPE countries CBAs, accessed 20 Jan 2021, N=355

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Besamusca, J. (2021). *COLBAR Report 7: Collectively Agreed Wages in Europe*. Amsterdam: WageIndicator Foundation



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