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
Pay in collective agreements

• 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?
Wages

• 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
• 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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