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## **Exploring collective bargaining coverage in eight EU member states**

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Authors of this report: Heiner Dribbusch, Reinhard Bispinck, Wirtschafts- und Sozialwissenschaftliches Institut (WSI), Düsseldorf, Germany  
Maarten van Klaveren, Kea Tijdens, University of Amsterdam, Netherlands

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## 1. INTRODUCTION

WOLIWEB addresses the impact of the socio-economic framework on attitudes, preferences, and perceptions. Attitudes, preferences, and perceptions are inherently subjective in nature. They are potentially influenced by a host of factors related to one's socio-economic framework, referring to concepts such as occupation; labour market status; earnings; working, household and leisure time; marital status and family phase; socio-economic status; gender and ethnical background. WOLIWEB aims for quantitative analyses, and the data needed are gathered through the international, continuous web-based *WageIndicator*. The *WageIndicator* is an international, continuous web-based operation. A national website has content about wages, working conditions, labor standards or other work-related topics. It has a crowd-pulling *Salary Check* providing free information on occupation-specific wages, controlled for individual factors. After having explored the pages with wage information, web-visitors are encouraged to complete the continuous, international comparable web-survey on work and wages with a prize incentive. The data collected in this survey have been used for the analysis in this report.

WOLIWEB aimed to contribute to the understanding of citizens' work life attitudes, preferences and perceptions by a quantitative, nine-country analysis of the impact of a citizen's socio-economic framework and his/her attitudes, preferences, and perceptions with regard to this framework, focusing on among others attitudes towards collective bargaining coverage in relation to actual coverage by agreements. This report addresses this objective. It is WOLIWEB's Deliverable D12, which is part of Work Package 3 Research on perceptions of job insecurity and bargaining coverage (p. 27 Annex 1). An earlier draft of parts of the information presented here has been used for the *WageIndicator Support for Trade Union Bargaining in Europe* (WIBAR) project, notably for a conference of trade unionists held in Amsterdam, April 18-20, 2007.<sup>1</sup> We used the opportunity to adapt these draft parts to factual criticism from this expert audience.

Most studies on collective bargaining coverage are based on aggregate data, reported from the Ministries of Labour or alike. Micro data on self-perceived collective bargaining coverage is not common, and definitely not across countries. The *WageIndicator* web-survey contains such data. Therefore, based on these micro data data this report explores the determining factors of individual bargaining coverage.

After having explored in section 2 the issues of collective bargaining and bargaining coverage, we will clarify in section 3 a number of measurement problems concerning collective bargaining coverage. We should make clear from the outset that this report does not explore the impact of collective bargaining coverage on wages and other terms of employment. It concentrates on collective bargaining coverage as such, explores the extent of coverage in a number of EU member states, aiming to understand which factors influence an individual to be covered by a collective agreement. This approach has hardly been tried in the European context: here, collective bargaining coverage is typically studied at aggregated levels of analyses, mostly using data provided by the bargaining parties. Section 4 presents the main

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<sup>1</sup> The WIBAR project is supported by the European Commission in its Industrial Relations and Social Dialogue Program, Budget Heading 04030301. Nr 2006/VP001/10017. Cf. Tijdens & Van Klaveren, 2007.

results of our efforts at aggregated level. Section 5 does so in analysing correlations with employee and firm characteristics, and section 6 in analysing the relationship with trade union membership. Section 7 deals with employees' opinions about collective bargaining coverage. Until now, little is known how employees value being covered by a collective agreement. Finally, section 8 treats the outcomes of a series of multinomial logit analysis run in order to predict the likelihood that an employee is covered by a collective agreement, taken into account various personal and firm characteristics.

This report is based on the data gathered between September 2004 and December 2006 for eight EU member states in the WOLIWEB project: Belgium, Denmark, Finland, Germany, the Netherlands, Poland, Spain and the United Kingdom. Italy is not included in the analysis, due to insufficient data. All analyses have been restricted to employees, and self-employed, unemployed, family workers and other non-employees have been excluded for the obvious reason that these individuals can not be covered by a collective agreement.

## 2. INTRODUCING COLLECTIVE BARGAINING COVERAGE

In most countries of the European Union, collective bargaining is considered to be a major instrument of wage setting. The collective bargaining is the responsibility of the employers' and the employees' organisations, and takes place at industry or company-level.<sup>2</sup> Apart from wages, many topics may be discussed in collective bargaining, both procedural and material in nature. The societal need for cross-national comparisons is enlarged by the further development of the European Union, and in particular the formation of the EMU. This has tremendously increased the interest in features regarding the labour market, employment policies, industrial relations, and wage setting processes. Quite obviously, the EU cannot act as a coherent body when wage competition is highly developed. Yet, at present countries set their economic positions relative to each other. Within this context, the wage setting processes and thus the collective bargaining systems are of great importance. In the EU, wages are primarily moderated by collective bargaining.<sup>3</sup> Of particular interest here is the notion of wage dispersion that is firmly embedded in collective bargaining. Both unions and employers have strong opinions about wage equality. Regarding the wage-setting processes, comparisons across countries have shown that a fairly robust relation exists between cross-national differences in earnings inequality and bargaining structures. More centralised or co-ordinated economies have significantly less earnings inequality compared to more decentralised/uncoordinated ones.<sup>4</sup> In addition, collective bargaining will enable industries to shift focus from price competition, and thus from wage competition, to competition based on product quality and labour productivity. Higher wages strengthen incentives for labour saving strategies through process innovation, leading to raising productivity levels.

In economics, the US literature focuses on explaining the union–non-union wage differentials, but this is rather irrelevant in the European context. Here, collective bargaining coverage is typically studied at aggregated levels of analyses, as part of the national industrial relations systems, and not at an individual level. As a consequence, little is known how workers appreciate being covered by a collective agreement. High correlations may be expected between actual coverage and positive attitudes towards coverage, but this topic needs more study, particularly across the EU member states. Therefore, this report particularly addresses the understanding of collective bargaining coverage and employees' appreciation of this coverage.

In the European Union, collective bargaining is one of the fundamental rights of citizens and organisations. According to the Charter of fundamental rights adopted by the European Council in Nice (2000), "workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels" (Art. II-88). In 18 out of the 27 EU member states, the right to collective bargaining is explicitly or implicitly secured by the national Constitution. For the eight member states studied in this report, this is the case for four states: Finland, Germany, Poland, and Spain, but not for Belgium, Denmark, the Netherlands, and the UK. Laws on collective agreements are in force in Belgium (1968) and the Netherlands

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<sup>2</sup> Bispinck, 2002.

<sup>3</sup> Teulings & Hartog, 1999.

<sup>4</sup> OECD, 1997.

(1927), and basic agreements between central trade unions and employers' associations in Denmark (going back to 1899), which leaves the UK as the only member state without any statutory regulation for collective bargaining.<sup>5</sup>

The core of collective bargaining in EU member states regards wages and working hours. The extent to which individual wages are dependent upon collective agreements is not unequivocal and differs widely across countries. Apart from wages and working conditions, in many EU member states collective agreements cover a growing range of issues, including 'collective goods' like vocational training arrangements. So far, cross-country comparisons of this recent development have been performed on a small-scale basis only, mainly because collecting, reading and comparing industry and company agreements is extremely time-consuming. The European Foundation in Dublin has only partly been able to cover this gap by a number of studies. The contents of collective agreements have to remain largely beyond the scope of this report.

It is widely accepted to distinguish three, not necessarily mutually exclusive, levels of collective bargaining. Economy-wide or national bargaining is a bipartite or tripartite form of negotiation between union confederations, central employers' associations, and possibly government agencies. It aims at providing a floor for lower-level bargaining on terms of employment, often taking into account macroeconomic goals. Sectoral, industry or 'intermediate' bargaining aims at the standardization of the terms of employment in one industry. Sectoral boundaries do not necessarily match the sectors measured in official industry classifications, and the range of industrial activities covered may change over time. Jointly national and sectoral bargaining is called multi-employer bargaining. The third bargaining level involves the company and/or establishment: this by definition is single-employer bargaining. Collective bargaining at sectoral and company/ establishment levels is the responsibility of employers' and employees' organizations.<sup>6</sup>

Based on sources on collective bargaining used by ETUI, the European Foundation and Eurostat, a rather good insight is available as for (developments in) the main pints in industrial relations systems related to collective bargaining. These data clarify that bargaining levels vary widely across EU member states. Table 2.1 (next page) gives recent indications of the importance of various bargaining levels in the eight EU member states covered by our WageIndicator data. Industrial relations are far from static, but in the last decade changes in the importance of levels remain rather limited. A major exception on this rule is the significant decline in multi-employer bargaining in the UK.

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<sup>5</sup> Schulten, 2005.

<sup>6</sup> Bispinck, 2004.

Table 2.1 Importance of collective bargaining levels in 8 EU member states and indicative share of workforce covered by collective agreements, 2003

	National	Sector	Company	Coverage
Belgium	***	**	*	91-100%
Denmark	*	***	**	81-90%
Finland	***	**	*	81-90%
Germany	-	***	*	61-70%
Netherlands	*	***	*	81-90%
Poland		*	***	41-50%
Spain	**	**	**	81-90%
UK	-	-	***	31-40%

Source: Keune, 2006, 6, 13

Note: \*\*\* very dominant, \*\* moderate dominant, \* not dominant, - absent

The table makes clear that by 2003 collective bargaining primarily took place at the national level in Belgium and Finland, primarily at sectoral level in Denmark, Germany and the Netherlands, and primarily at company level in Poland and the UK. In Spain the three levels were about equally important. Yet, the measure used here relates more to the level of *centralisation* than to a second aspect of bargaining that is also important: *coordination*, which is possible by tripartite or bipartite concertation at national level, within the employers' associations, and within the trade unions.<sup>7</sup> At times the influence of tripartite concertation is substantial in five countries: Belgium, Finland, the Netherlands, Poland, and Spain. Such national coordination is not absent, but normally covert (indirect) in Germany, as well as virtually absent in Denmark and the UK.<sup>8</sup>

Anticipating Section 6, we have to comment on the relation between collective bargaining coverage and union membership from the industrial relations perspective. In many countries collective bargaining coverage is, due to (mandatory) extension and enlargement provisions regarding collective agreements, substantially higher than the national union density rates. This is notably the case in Germany, the Netherlands, Poland and Spain, and outside this group of eight EU member states also in France and Italy. Extensive extension practices are in existence in Belgium, as well as more limited practices in Germany, the Netherlands, Poland, and Spain; extension is not practiced, at least not in the private sector, in Denmark and the UK.<sup>9</sup>

<sup>7</sup> OECD, 1997, 70-71; Keune, 2006, 10-11.

<sup>8</sup> OECD, 1994, 175; Schulten, 2005, Table 4.

<sup>9</sup> Keune, 2006, 12.

### 3. COLLECTIVE BARGAINING COVERAGE: MEASUREMENT ISSUES

Calculations of coverage bargaining coverage rates, defined as employees covered by a collective agreement as a proportion of all employees, are hampered by a number of complications. The first complication relates to the number of employees covered by an agreement, the second to the number of employees potentially to be covered. This section discusses first the measurement of the number of employees covered by an agreement, and then the number of employees potentially to be covered.

#### 3.1 MEASURING COLLECTIVE BARGAINING COVERAGE IN INDIVIDUAL SURVEYS

As our 2005 inventory of European *WageIndicator* countries indicated, the coverage of collective agreements is rarely asked in individual surveys, regardless its importance for wage setting and working conditions.<sup>10</sup> Only in Germany and the Netherlands regular surveys asked individuals about bargaining coverage. In the UK the Workplace Employment Relations Survey (WERS), undertaken with wider intervals, calculates collective bargaining coverage rates based on among other things both individual managers' and individual employees' answers at workplace level.<sup>11</sup> Reviewing European-wide surveys also reveals little attention to this issue. For example neither the European Working Conditions Survey (EWCS) of the European Foundation asks questions on this behalf,<sup>12</sup> nor does the European Community Household Panel (ECHP<sup>13</sup>). Only a few comparative analyses are known regarding these collective bargaining variables, using German and British data.<sup>14</sup>

Yet, the *WageIndicator* questionnaire does ask respondents whether they are covered by a collective agreement. Quite some energy has been devoted in designing the survey questions, as such questions about collective agreement coverage are far from easy to formulate. The key question is whether the respondent's (work) organization is covered by a collective agreement. If so, then the respondent himself or herself still may not be covered. In addition, some country questionnaires have one, two or even three follow-up questions, asking further questions about the level and content of the agreement at stake.

The *WageIndicator* partners in two EU member states indicated that it is not necessarily the case in their country that if the respondent's *firm* is covered by an

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<sup>10</sup> Dribbusch *et al*, 2005.

<sup>11</sup> Kersley *et al*, 2006, 19.

<sup>12</sup> Parent-Thirion *et al*, 2007, Annex 6.

<sup>13</sup> ECHP, codebook Wave 8, 2001.

<sup>14</sup> Ellguth & Kohaut, 2004; Gürtzgen, 2005; Schnabel *et al*, 2005.



agreement, the respondent is also covered by that agreement. This may be the case in Denmark and the Netherlands.<sup>15</sup>

### 3.2 MEASURING THE POTENTIAL LABOUR FORCE ELIGIBLE TO COVERAGE

A second complication is that any calculation of national coverage rates needs to take into account that in a number of countries some employees are excluded from the right to conclude collective agreements. Hence, it is important to differentiate between the *unadjusted* coverage rate, defined as employees covered by a collective agreement as a proportion of all employees, and the *adjusted* coverage rate, defined as the ratio of employees actually covered to the potential labour force eligible to coverage as determined by the formal provision of bargaining rights. The adjusted rate is to be preferred as a measure of the diffusion of collective bargaining within its potential domain. Moreover, it shows the relative importance of collective bargaining, compared with individual contracts as an alternative mode of bargaining. As the OECD rightly pointed out, identifying the potential domain of collective bargaining implies the difficult task of disentangling the groups of employees with bargaining rights from those without.<sup>16</sup> In the *WageIndicator* data, the *adjusted* coverage rate cannot be calculated, because the information needed typically cannot be collected by means of a survey. In the data used in the next sections the potential coverage is restricted to employees, and therefore excludes self-employed, own-account workers, freelance workers, family workers or working for family business, as well as school pupils or students with a job on the side.

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<sup>15</sup> Following Keune (2006, 8) Belgium, Denmark, the Netherlands, Poland and Spain are among the countries in which all employees working for an employer that is covered by an agreement fall under the agreements. We question the inclusion of Denmark and the Netherlands.

<sup>16</sup> OECD, 1994, 172.

#### 4. COLLECTIVE BARGAINING COVERAGE RATES

Our outcomes on collective bargaining coverage rates first of all point to the fact that remarkably high percentages of respondents obviously do not know whether they are covered by a collective agreement or not. As Table 4.1 shows, this is notably the case in Belgium and Spain, and to a somewhat lesser extent in Poland and the UK as well. In Belgium the over-all share 'Don't know' for 2004-2006 was 29%; in 2006 it was 24%, with higher shares in 2005 and 2004. In Spain this share was 19% for 2004-2006, more or less evenly spread over the years. Though the importance of collective bargaining for notably wage setting is recognized among researchers and practitioners involved in industrial relations issues, these figures may well indicate that substantial minorities of employees do not perceive collective agreements as such. Some relation may be assumed with a strong centralisation of collective bargaining (cf. Belgium), but on the other hand the scores for Poland and the UK, with decentralised bargaining systems, are also considerable.

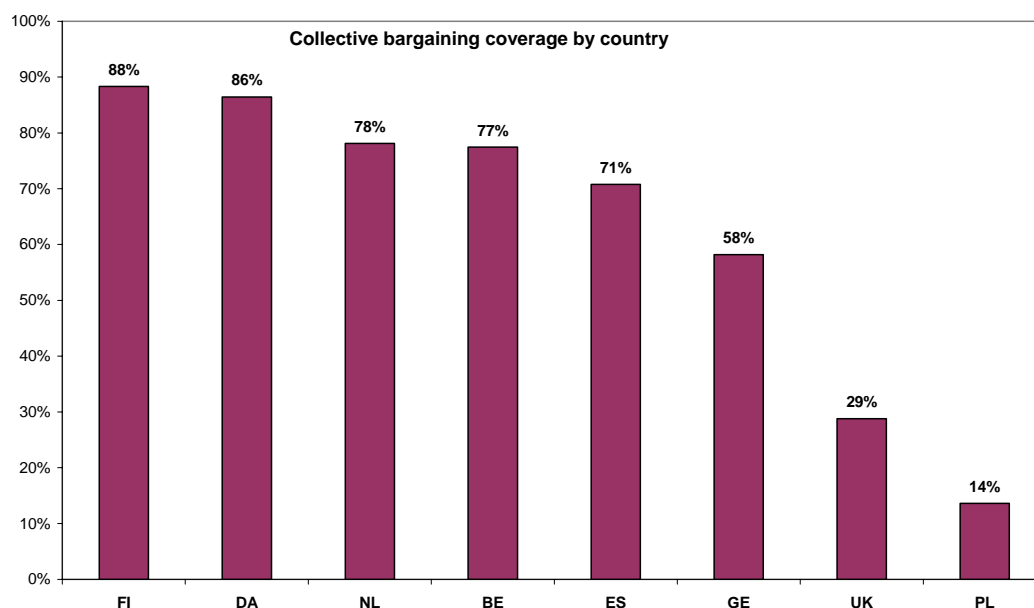
If we do not take into account the 'Don't knows', the shares of employees covered by a collective agreement are shown in the second panel (last three rows) of the table.

Figure 4.1 *Collective bargaining coverage, breakdown by country, 2004-2006*

	Belgium	Denmark	Finland	Germany	Netherlands	Poland	Spain	UK
0 No	17%	13%	12%	38%	20%	76%	24%	63%
1 Yes	58%	81%	88%	53%	73%	12%	58%	26%
7 dk	26%	6%	0%	9%	7%	12%	17%	11%
Total	100%	100%	100%	100%	100%	100%	100%	100%
0 No	23%	14%	12%	42%	22%	86%	29%	71%
1 Yes	77%	86%	88%	58%	78%	14%	71%	29%
Total excl. dk	100%	100%	100%	100%	100%	100%	100%	100%

Source: *WageIndicator* data, September 2004-December 2006 (unweighted data)

Note: : dk = Don't know



Source: WageIndicator data, September 2004-December

As we explained previously, collective bargaining coverage can be measured in several ways. Table 4.2 presents the results of these various measurements across countries. In column 1 we repeat the results of Table 2.1. Then, in column 2 the prime measure is whether the respondent's firm is covered by a collective agreement, either a company or an industry agreement. Here we repeat the outcomes of the second lowest row of Table 4.1. The third column indicates whether the respondent him- or herself is covered by the agreement that applies to the company. Finally, the fourth column indicates whether the agreement that applies to the company is an industry agreement.

Table 4.2 Collective bargaining coverage, breakdown by country and type of agreement, 2004-2006

	1. Coverage Table 1	2. Individual's company is covered by collective agreement	3. Individual is covered by collective agreement	4. Individual's company agreement is industry collective agreement	N
Belgium	91-100%	77%			12965
Denmark	81-90%	86%	85%		2004
Finland	81-90%	88%		55%	2835
Germany	61-70%	58%		41%	65226
Netherlands	81-90%	78%	72%	32%	79422
Poland	41-50%	14%			2004
Spain	81-90%	71%			11064
United Kingdom	31-40%	29%			19455

Source: WageIndicator data, September 2004-September 2006

Both the table and the figure on top of the page show that according to WageIndicator data collective bargaining coverage is lowest in Poland with 14%, followed by UK with 29%. It is highest in Finland and Denmark with 88% respectively 86%. Compared to Table 1, estimated on reports from bargaining parties, the percentages for Finland and Denmark are within the expected range.

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Coverage is slightly lower than expected for Germany, Spain, the Netherlands and the UK, and definitely lower for Belgium. For Poland coverage is very much lower than based on information derived from the bargaining parties.

Moreover, Table 4.2 shows that for the two countries where a company agreement not necessarily means that an individual employed by the company is also covered by that agreement, the difference in Denmark is negligible, but that for the Netherlands a difference shows up of 6%points. It also shows that, where applicable, nearly two-thirds of those covered in Finland are covered by industry agreements, against 70% in Germany, and less than half in the Netherlands.

## 5. COLLECTIVE BARGAINING COVERAGE RELATED TO EMPLOYEE AND FIRM CHARACTERISTICS

### 5.1 EMPLOYEE CHARACTERISTICS: GENDER AND AGE

We now go into the relationship between collective bargaining coverage and (personal) employee characteristics, gender and age.

As for gender, an older OECD study covering eight countries revealed no clear pattern. In 1990, the coverage bargaining coverage rate for men was lower in two OECD countries (Australia, Norway), higher in four (Canada, the Netherlands, Switzerland and the United States) and equal to that of women in two countries, the UK and Portugal.<sup>17</sup> Our *WageIndicator* data, as presented in Table 5.1, reveals hardly any (less than 3%points) gender differences in self-perceived coverage rates in four out of the eight EU member states. The Netherlands is the one country with slightly higher rates for women. In the remaining three countries, the coverage rate is clearly higher for men: in Poland, the difference is 4%pts, whereas in Denmark and Germany the differences go up to 8 respectively 10%pts.

As for age, no previous comparable studies are available. Our study shows that (again: self-perceived!) coverage rates on average are higher for older employees than for younger employees. This is the case in all countries under study. Major age differences can be seen in Poland, where only 7% of the employed under age 30 are covered, against 35% of those aged 50 and over. Germany, Denmark and the UK reveal similar age differences, yet to a somewhat lesser extent.

Table 5.1 *Collective bargaining coverage, breakdown by country, gender and age, 2004-2006*

	Gender		Age				
	Male	Female	1 < 30	2 30-39	3 40-49	4 >=50	diff. 1 - 4
Belgium	78%	77%	75%	75%	80%	80%	5%
Denmark	89%	81%	74%	79%	91%	90%	16%
Finland	90%	87%	85%	88%	91%	92%	7%
Germany	62%	52%	52%	55%	64%	72%	20%
Netherlands	78%	79%	78%	74%	81%	86%	8%
Poland	16%	12%	7%	14%	34%	35%	28%
Spain	71%	70%	66%	70%	77%	77%	11%
UK	31%	28%	21%	28%	36%	37%	16%

Source: *WageIndicator* data, September 2004-September 2006

### 5.2 FIRM CHARACTERISTICS: INDUSTRY

In Table 5.2, we present the *WageIndicator*-based results, across countries, of the relationship between collective bargaining coverage and industries. Our table clarifies that patterns across countries vary only to a limited extent. In particular 'other commercial services', including among others real estate and renting business,

<sup>17</sup> OECD, 1994, 183.

reveals the lowest coverage in almost all countries. On the other side of the spectrum, in most countries utilities show a high coverage, and so does the public sector, education, and health care. Again, the 1990 OECD study delivers comparable materials. It concluded for ten countries that coverage rates were higher in the public sector than in the private sector, although higher coverage tended to be accompanied by substantive restrictions in bargaining rights, including the right to strike.<sup>18</sup> Indeed, our results also show (comparatively) high coverage rates in the public sector, particularly when utilities are also taken into account.

As for industries within the private sector, the OECD study, taking into account 13 countries, showed a wide variation in coverage rates across countries. The study concluded that the coefficient of variation tended to be considerably higher in countries characterized by single-employer bargaining and lower in those with multi-employer bargaining.<sup>19</sup> Our outcomes confirm this tendency by showing a comparatively wide variation in countries with predominantly single-employer bargaining, notably in Poland and the UK.

*Table 5.2 Collective bargaining coverage, breakdown by country and industry, 2004 - 2006*

	Belgium	Denmark	Finland	Germany	Netherlands	Poland	Spain	UK
Agriculture	68%	87%	.	56%	88%	0%	70%	23%
Manufacturing	82%	91%	91%	64%	80%	18%	73%	23%
Utilities	90%	96%	100%	73%	88%	59%	78%	56%
Construction	69%	92%	90%	46%	92%	0%	57%	11%
Wholesale/retail	65%	72%	84%	49%	79%	4%	62%	14%
Hotels, rest., catering	72%	68%	87%	55%	93%	0%	62%	7%
Transport, commun.	82%	93%	88%	70%	80%	27%	76%	40%
Finance	88%	86%	96%	78%	71%	6%	89%	28%
Other comm.services	65%	61%	82%	30%	46%	8%	64%	15%
Public sector	69%	98%	96%	86%	97%	9%	85%	83%
Education	82%	92%	95%	69%	90%	23%	75%	59%
Health care	90%	93%	97%	63%	95%	21%	79%	42%
Other	77%	86%	77%	50%	70%	19%	63%	26%

Source: *WageIndicator* data, September 2004-September 2006

### 5.3 FIRM CHARACTERISTICS: FIRM SIZE

Finally, we consider the relationship between collective bargaining coverage and firm size. For six countries the OECD study mentioned before consistently revealed that in 1980 and 1990 the collective bargaining coverage rate increased with firm size.<sup>20</sup> This finding is confirmed by our study: Table 5.3 (next page) shows that in all countries coverage increases with firm size. Examining five countries, the OECD

<sup>18</sup> OECD, 1994, 181. The public sector was defined as public administration, health, education, social services, and other public activities such as postal services and transport.

<sup>19</sup> OECD, 1994, 182.

<sup>20</sup> OECD, 1994, 183.

study confirmed the hypothesis that differences in coverage rates by firm size are expected to be highest in countries characterized by single-employer bargaining and with an absence of extension practices.<sup>21</sup> Thus, we expected recently reported differences in coverage by firm size to be highest in the UK and Poland. Based on the *WageIndicator* data this only partly proved to be the case: when measured in absolute coverage rates the differences between small and large firms were highest for Germany, although they were considerable for Poland and the UK too. In relative terms, however, the gap between large and small establishments was highest in Poland: employees in the largest companies were nearly six times more likely to be covered by a collective agreement. In this respect the UK, where coverage was well over five times higher amongst the very large establishments than amongst the very small establishments, ranked second. In countries with a particularly high bargaining coverage such as Finland and Denmark, or in countries like the Netherlands where the extension of collective agreements is rather common, the differences according to firm size were still significant but the overall high coverage rates reached out to the (very) small establishments. Interestingly, in four countries bargaining coverage slightly declines in the largest group(s) of establishments. In two of them, Finland and the Netherlands this decline occurs on a comparatively high level, in the two others, the UK and Poland, however on a substantially lower level.

Table 5.3. Collective bargaining coverage, breakdown by country and firm size, 2004- 2006

	Belgium	Denmark	Finland	Germany	Netherlands	Poland	Spain	UK
1 - 10	61%	72%	76%	22%	68%	6%	63%	10%
10 - 20	65%	80%	88%	28%	70%	9%	66%	15%
20 - 50	67%	90%	90%	36%	73%	10%	68%	19%
50 - 100	79%	91%	93%	48%	78%	12%	74%	23%
100 - 200	85%	96%	95%	57%	83%	17%	77%	29%
200 - 500	88%	96%	92%	70%	85%	17%	82%	39%
500 - 1000	91%	93%	95%	77%	89%	17%	81%	43%
1000 - 2000	91%	95%	96%	82%	92%	38%	86%	51%
2000 - 5000	94%	90%	89%	86%	89%	36%	84%	55%
5000 or more	94%	100%	95%	89%	89%	35%	89%	53%

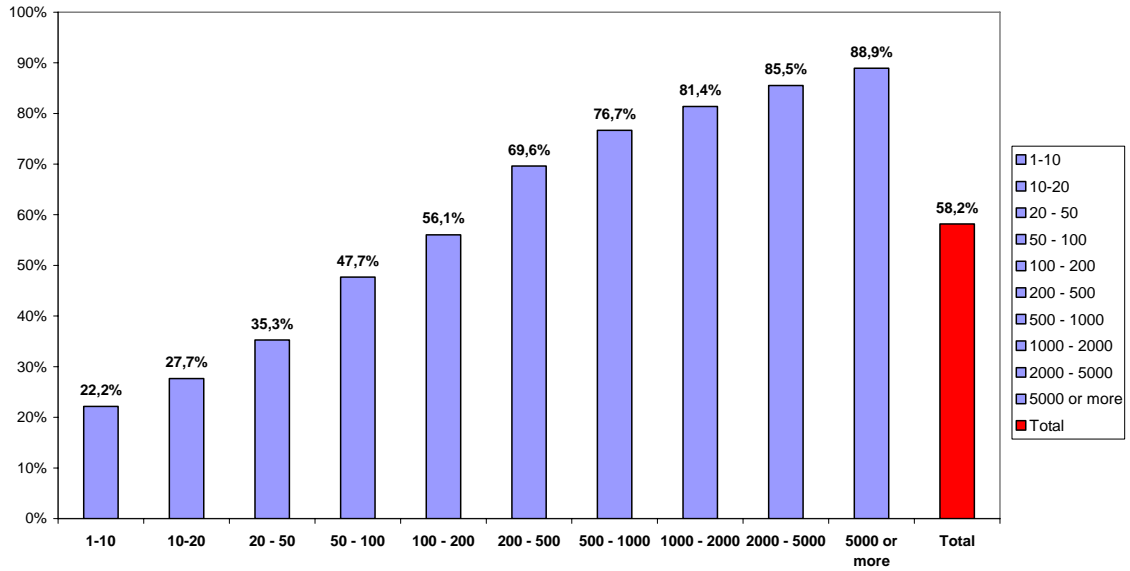
Source: *WageIndicator* data, September 2004-September 2006

For all eight member states, the figures on the next pages show the collective bargaining rates by firm size per country.

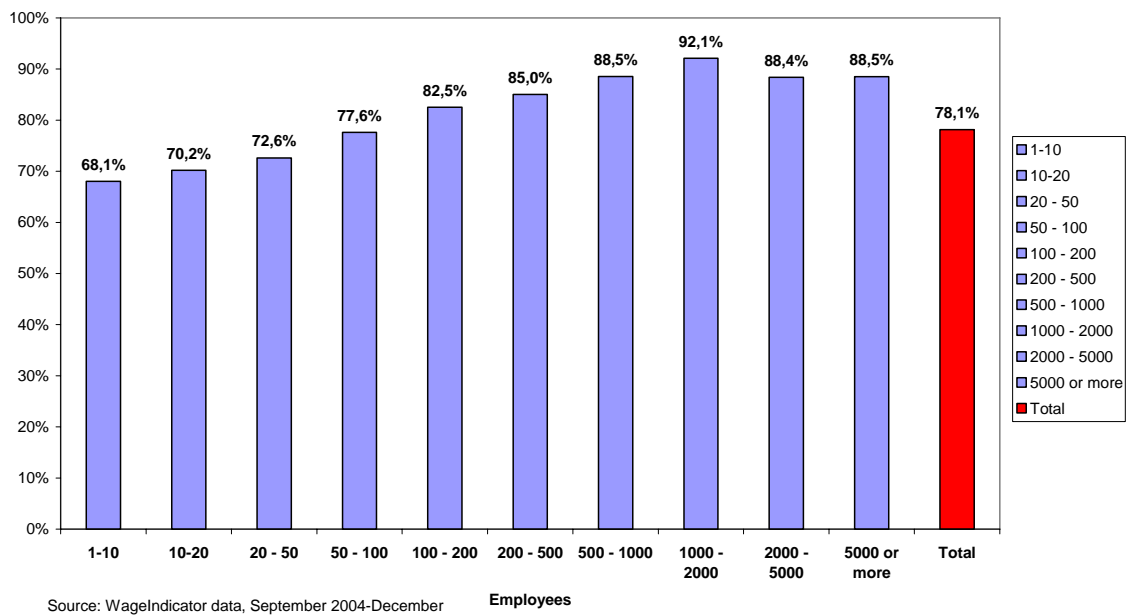
<sup>21</sup> OECD, 1994, 183.

Figure 5.1 Firm size and collective bargaining coverage – figures by country

Collective bargaining coverage by firm size - Germany

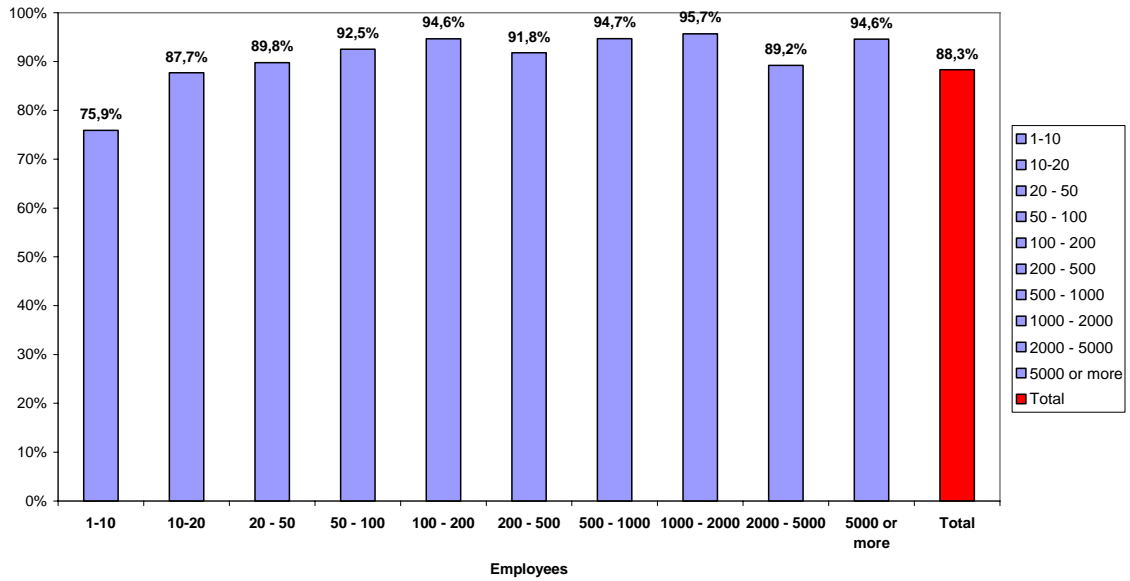


Collective bargaining coverage by firm size - Netherlands



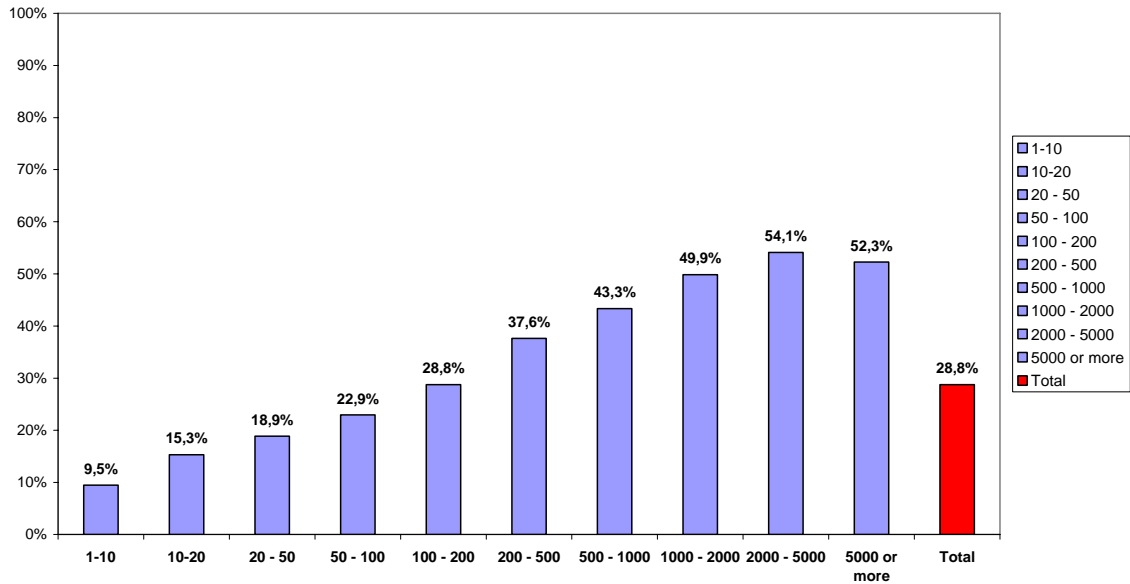


Collective bargaining coverage by firm size - Finland



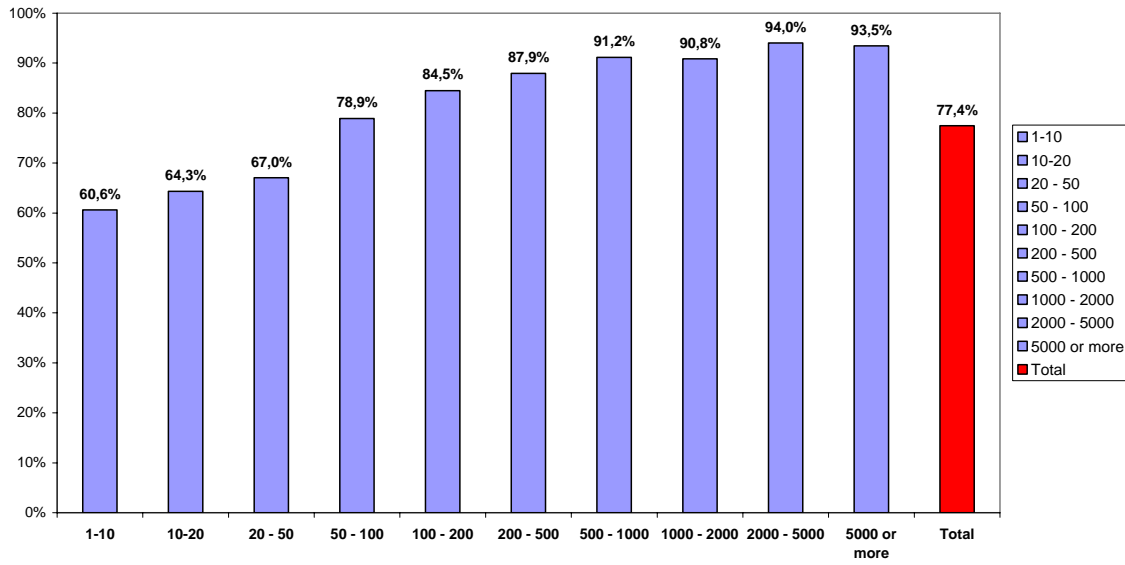
Source: WageIndicator data, September 2004-December

Collective bargaining coverage by firm size - United Kingdom



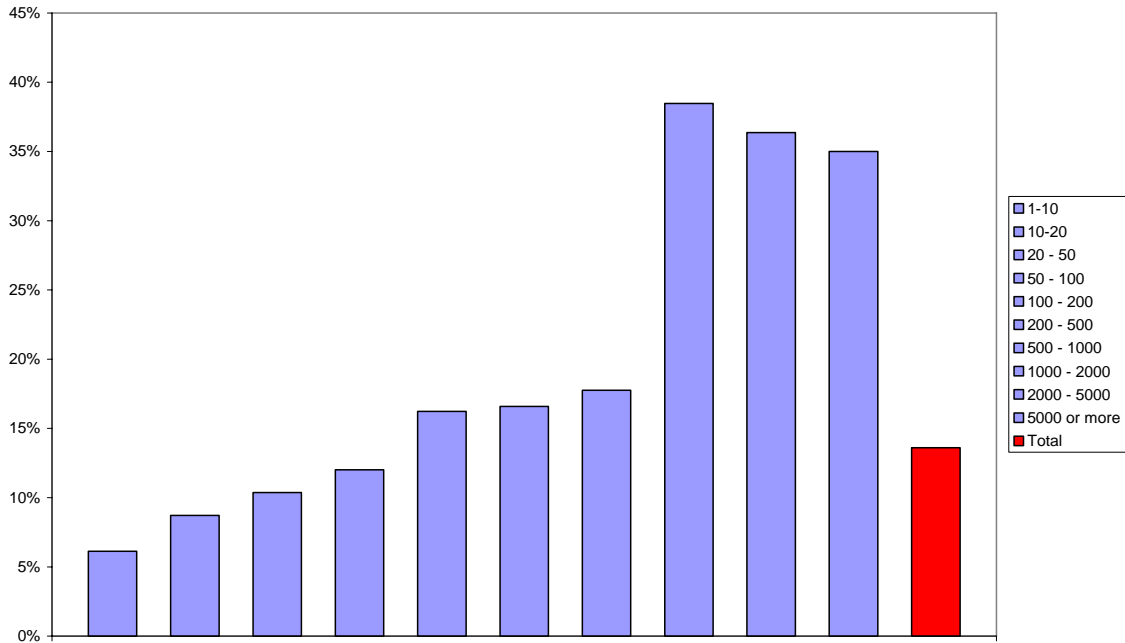
Source: WageIndicator data, September 2004-December

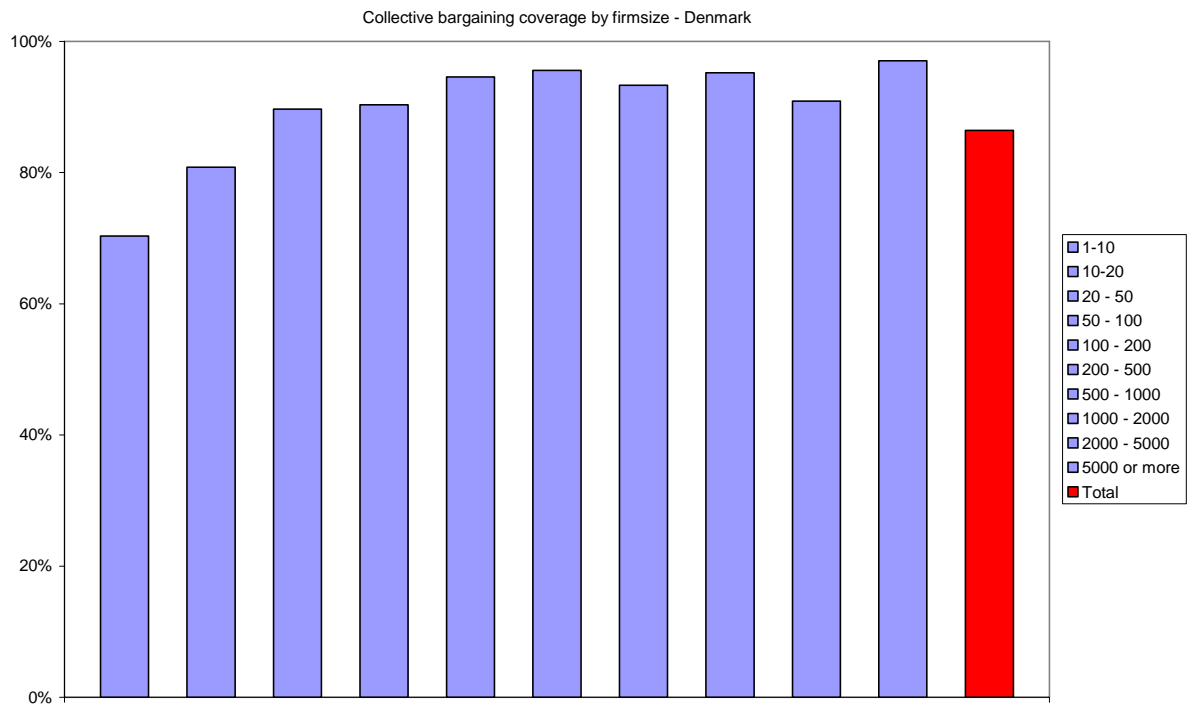
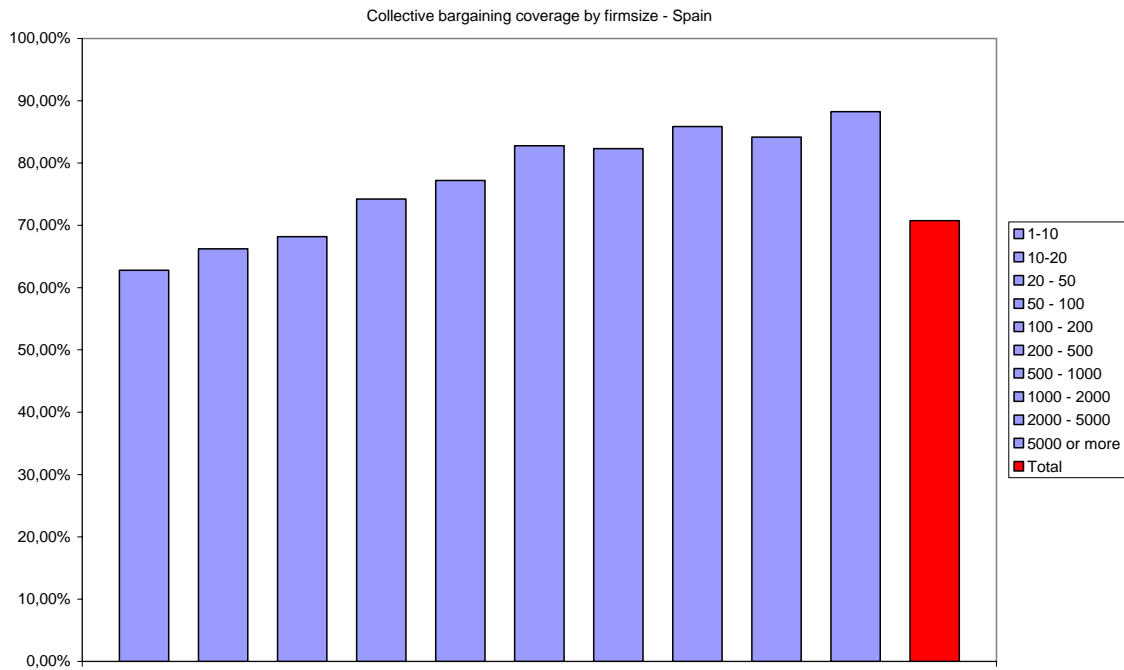
Collective bargaining coverage by firm size - Belgium



Source: WageIndicator data, September 2004-December

Collective bargaining coverage by firm size - Poland

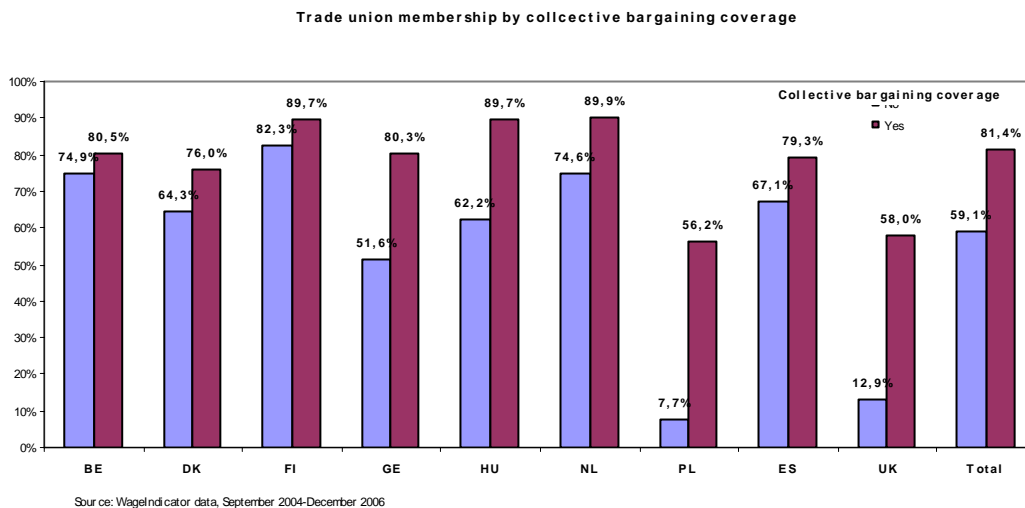




## 6. COLLECTIVE BARGAINING COVERAGE AND TRADE UNION MEMBERSHIP

In all eight member states we found, according to the *WageIndicator* data, a positive relationship between collective bargaining coverage and trade union membership. This trend is particularly marked in Poland and in the UK – the countries with the lowest level of collective bargaining coverage in the sample. Other research has shown that in the UK a strong link exists between bargaining coverage and trade union recognition.<sup>22</sup> For Poland, the same link between membership and collective bargaining can be assumed. The difference in bargaining coverage is considerably less marked in those countries with a high bargaining coverage, such as Finland, Denmark, and Spain: see Figure 6.1.

Figure 6.1 Trade union membership and collective bargaining coverage - breakdown by country and bargaining coverage



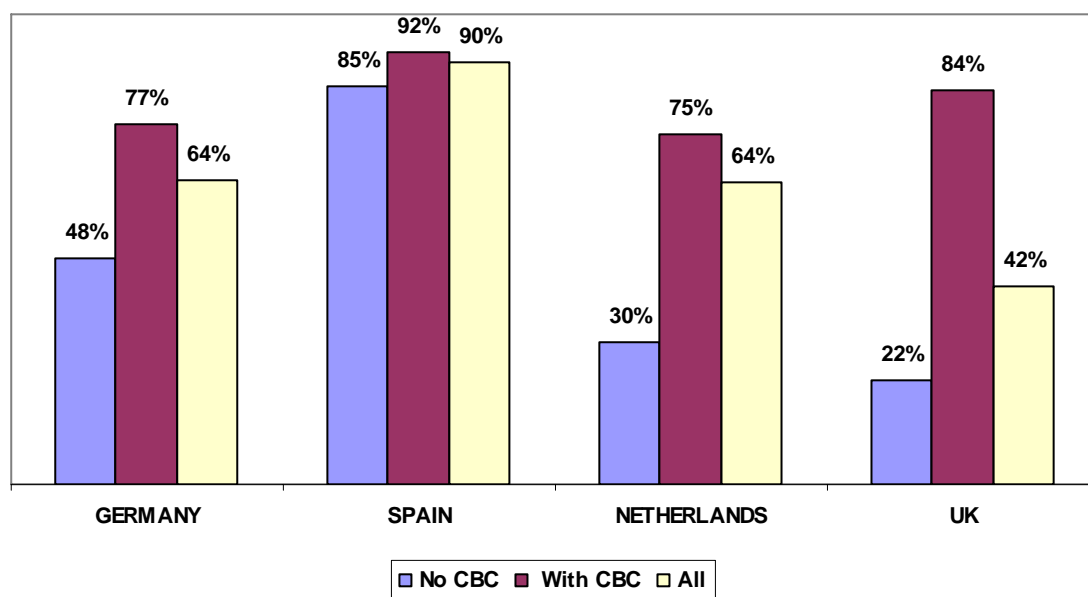
<sup>22</sup> Grainger, 2006.

## 7. EMPLOYEES' OPINIONS ABOUT COLLECTIVE BARGAINING COVERAGE

Do employees consider that it is important to be covered by a collective bargaining agreement, regardless whether they are covered or not? In Belgium, Germany, the Netherlands, Spain and the UK this question was asked all the time in the *WageIndicator* survey; in Finland, it was asked only from April until September 2005, and the question was not asked at all in Poland and Denmark. As a consequence of the different regimes of wage-setting, the survey questions on this issue also vary across countries: the phrasing of the questions is slightly different.

Marked differences show up between countries in employees' perceptions of the importance of being covered by a collective agreement seems – see figure 7.1, below. These differences become less marked if we look solely at those employees employed by companies covered by collective agreements. In none of the four comparable countries less than three quarters of those employees attach importance to collective agreements.

Figure 7.1 Percentage of employees agreeing that it is important to be covered by a collective agreement - breakdown by country and bargaining coverage



Source: *WageIndicator* data, September 2004-December 2006

In contrast to what can be assumed, it appears that employees employed by companies not covered by collective agreements seem to attach less importance to collective agreements than those who enjoy collective bargaining coverage. This is particularly marked in Germany, the Netherlands and the UK. Whereas in Germany 48% of employees working in non-covered companies agree that it is important to have a collective agreement in place, this proportion falls to less than a third in the Netherlands and even to less than a quarter in the UK. The exception here is Spain, where even those employees not working in companies covered by collective bargaining perceive collective agreements as being important. Explanations for these findings cannot be answered by the *WageIndicator* data. Whereas the data for Spain

may be interpreted in the way that employees have an overall high esteem for collective agreements and that even those not covered wish this would be the case, explanations become more complex if we compare the cases of the Netherlands and the UK. Whereas overall bargaining coverage in the Netherlands is rather high this is not the case in the UK. We may assume that both the comparatively few Dutch employees employed by non-covered companies and their comparatively many UK counterparts do not expect a collective agreement to make much difference to their actual pay. Here, the findings contrast sharply with those for Spain, with Germany somewhere in the middle.

A breakdown of employees' opinions about collective bargaining by industry does not point to large cross-industry differences, but mainly to cross-national differences: see Table 7.2, where we present the available data for six countries. In the UK not even half of the employees agreed with the statement that it is important to be covered by an agreement. In Spain, on the other hand, 90% of the employees did so; in this country, the cross-industry differences were comparatively small. In most countries the support for collective bargaining was highest in the public sector. In Belgium, Germany and the Netherlands, this was lowest in real estate, renting and business activities, and in the UK in construction. Both absolute and relative differences between industries were highest in the UK (52%pts, over 2.5 times larger share agreeing to be covered in the public sector compared to construction), followed by Germany and the Netherlands. Also in both terms, industry differences were clearly smallest in Spain.

*Table 7.2 Percentage of the employed agreeing that it is important to be covered by a collective agreement, breakdown by country and industry, 2004-2006*

	Belgium	Finland	Germany	Netherlands	Spain	UK
Agriculture	71%	100%	72%	77%	88%	45%
Manufacturing	78%	87%	64%	69%	87%	36%
Utilities	85%	100%	72%	65%	88%	58%
Construction	73%	85%	67%	79%	87%	28%
Wholesale/retail	76%	85%	67%	76%	86%	40%
Hotels, rest., catering	79%	90%	73%	81%	87%	37%
Transport, commun.	79%	84%	69%	72%	91%	55%
Finance	77%	89%	57%	67%	94%	39%
Other comm.services	64%	83%	43%	50%	89%	31%
Public sector	81%	94%	84%	83%	95%	80%
Education	83%	85%	75%	84%	92%	67%
Health care	92%	93%	78%	90%	95%	67%
Other	84%	80%	66%	73%	94%	49%
Total	77%	87%	64%	72%	90%	46%
N	15458	3037	64594	56107	11302	17413

Source: *WageIndicator* data, September 2004-September 2006

Of course, it is interesting to compare these outcomes to the actual bargaining coverage rates. The overall share of the employed agreeing that it is important to be covered by a collective agreement, turned out to be considerably higher than the actual rate in Spain (19%points), and, albeit on much lower levels, the UK (17%pts), somewhat higher in Germany (6%pts), about equal in Belgium and Finland, and somewhat lower (6%pts) in the Netherlands. Considering industries, the pattern follows the national outcomes: in all 13 Spanish industries the share of those agreeing that it is important to be covered was higher than the actual coverage rate, in the UK this was so in 12 industries (the exception being the public sector), in Germany in 8 industries, in Belgium in 7, in Finland 5, and in the Netherlands in only two industries. Across countries, the largest difference in favour

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of the statement was found in wholesale and retail, followed by other community and social services; hotels, restaurants, catering; other commercial services, and health care. In the public sector, counted over the six countries the shares of those in favour of the statement and the actual coverage rates were just balanced, and utilities were the only industry with an overall slightly negative score of those agreeing with the importance of being covered by a collective agreement compared to the joint actual coverage rate.

## 8. THE DETERMINANTS OF COLLECTIVE BARGAINING COVERAGE

This report aims to understand collective bargaining coverage in a multivariate way. So far, we have reviewed the variation in coverage rates for single factors such as age and gender, and for firm characteristics such as industry and firm size. Both age and firm size are assumed to largely influence collective bargaining coverage. Therefore, we ran a series of multinomial logit analyses to predict the likelihood that an employee is covered by a collective agreement, taken into account the effects of age, firm size, and gender, and controlling for industry. The results in Table 8.1 in the Appendix indeed show that in all eight countries the impact of age is obvious and so is the impact of firm size. In all countries, the effect of firm size is even larger than the effect of age. Thus, it is predominantly firm size that predicts collective bargaining coverage, followed by age. As for gender, as expected, the results are mixed. Women are more likely to be covered in the Netherlands, whereas the reverse holds for the remaining countries. As for the assumed high coverage in the public sector, this indeed turns out to be the case in all countries under study.

Following the line of analyses of the OECD, we could have explored the impact of union membership and the presence of workplace representation, be it a works council, a trade union representative, or other. Questions measuring employees' workplace representation are present in the *WageIndicator* data. However, the data here is not asked in all countries in all data releases and therefore these analyses have not been undertaken.



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## APPENDIX

Table 8.1 The determinants of collective bargaining coverage, 2004-2006.  
Multinomial logit regressions

	B	S.E.	Sig.	Exp(B)
<b>BELGIUM</b>				
REF Public sector, health, education			0.000	
Agriculture, manufacturing, construction	-0.471	0.073	0.000	0.624
Trade, transport, hospitality	-0.662	0.077	0.000	0.516
Commercial services	-0.705	0.072	0.000	0.494
Gender (0=male, 1=female)	0.125	0.048	0.009	1.133
Age	0.009	0.002	0.000	1.009
Firm size (1-10)	0.307	0.011	0.000	1.359
Constant	0.160	0.120	0.183	1.173
Chi-square	1205.321	df (6)	Sig.	0.000
Included in Analysis	12779		Missing Cases	5711
<b>DENMARK</b>				
REF Public sector, health, education			0.000	
Agriculture, manufacturing, construction	-0.744	0.310	0.016	0.475
Trade, transport, hospitality	-0.927	0.312	0.003	0.396
Commercial services	-1.715	0.315	0.000	0.180
Gender (0=male, 1=female)	-0.447	0.159	0.005	0.640
Age	0.039	0.007	0.000	1.040
Firm size (1-10)	0.340	0.043	0.000	1.405
Constant	0.246	0.438	0.574	1.2759
Chi-square	191.795	df (6)	Sig.	0.000
Included in Analysis	1952		Missing Cases	200
<b>FINLAND</b>				
REF Public sector, health, education			0.000	
Agriculture, manufacturing, construction	-1.107	0.270	0.000	0.331
Trade, transport, hospitality	-1.179	0.265	0.000	0.308
Commercial services	-1.613	0.248	0.000	0.199
Gender (0=male, 1=female)	-0.184	0.132	0.163	0.832
Age	0.018	0.006	0.005	1.018
Firm size (1-10)	0.250	0.032	0.000	1.284
Constant	1.869	0.369	0.000	6.483
Chi-square	154.669	df (6)	Sig.	0.000
Included in Analysis	2828		Missing Cases	12043
<b>GERMANY</b>				
REF public sector, health, edu			0	
REF Public sector, health, education	-0.739	0.028	0.000	0.478
Agriculture, manufacturing, construction	-0.668	0.033	0.000	0.513
Trade, transport, hospitality	-1.432	0.030	0.000	0.239
Commercial services	-0.083	0.020	0.000	0.921
Gender (0=male, 1=female)	0.025	0.001	0.000	1.025
Age	0.405	0.004	0.000	1.499
Firm size (1-10)	-1.854	0.052	0.000	0.157
Chi-square	18913.286	df (6)	Sig.	0.000
Included in Analysis	64794		Missing Cases	8306
<b>NETHERLANDS</b>				
REF Public sector, health, education			0.000	
Agriculture, manufacturing, construction	-0.991	0.039	0.000	0.371
Trade, transport, hospitality	-1.068	0.039	0.000	0.344
Commercial services	-2.553	0.036	0.000	0.078
Gender (0=male, 1=female)	0.112	0.020	0.000	1.119
Age	0.001	0.001	0.311	1.001
Firm size (1-10)	0.189	0.004	0.000	1.208

Constant	1.856	0.055	0.000	6.401
Chi-square	12244.564	df (6)	Sig.	0.000
Included in Analysis	77304		Missing Cases	9436
<b>POLAND</b>				
REF Public sector, health, education			0.023	
Agriculture, manufacturing, construction	0.265	0.190	0.164	1.303
Trade, transport, hospitality	-0.111	0.224	0.620	0.895
Commercial services	-0.339	0.208	0.102	0.712
Gender (0=male, 1=female)	-0.066	0.150	0.662	0.936
Age	0.079	0.008	0.000	1.082
Firm size (1-10)	0.253	0.031	0.000	1.288
Constant	-5.561	0.398	0.000	0.004
Chi-square	217.5487	df (6)	Sig.	3.47E-44
Included in Analysis	1899		Missing Cases	4269
<b>SPAIN</b>				
REF public sector, health, edu			0.000	
REF Public sector, health, education	-0.554	0.071	0.000	0.574
Agriculture, manufacturing, construction	-0.580	0.074	0.000	0.560
Trade, transport, hospitality	-0.544	0.067	0.000	0.580
Commercial services	0.080	0.046	0.084	1.083
Gender (0=male, 1=female)	0.018	0.003	0.000	1.018
Age	0.173	0.010	0.000	1.188
Firm size (1-10)	0.130	0.125	0.296	1.139
Chi-square	503.297	df (6)	Sig.	0.000
Included in Analysis	10786		Missing Cases	2997
<b>UNITED KINGDOM</b>				
REF Public sector, health, education			0.000	
Agriculture, manufacturing, construction	-1.902	0.054	0.000	0.149
Trade, transport, hospitality	-1.690	0.055	0.000	0.185
Commercial services	-1.993	0.050	0.000	0.136
Gender (0=male, 1=female)	-0.321	0.039	0.000	0.725
Age	0.025	0.002	0.000	1.025
Firm size (1-10)	0.279	0.007	0.000	1.322
Constant	-1.711	0.092	0.000	0.181
Chi-square	4486.752	df (6)	Sig.	0.000
Included in Analysis	19142		Missing Cases	3810

Note: the large number of missing cases is predominantly due to respondents having indicated 'Don't know' to the collective bargaining questions.