



International  
Labour  
Organization

An aerial photograph of a construction site. A group of approximately 25 workers, all wearing bright yellow high-visibility safety suits and white hard hats, are standing in a large circle on a grey concrete floor. They appear to be in a meeting or discussion. The workers are surrounded by various construction materials and equipment, including large metal scaffolding structures, wooden beams, and metal frames. The scene is brightly lit, and the overall atmosphere is one of organized activity.

▶ A Review of  
Wage Setting through  
Collective Bargaining

▶ **A Review of Wage  
Setting through  
Collective Bargaining**

Copyright © International Labour Organization 2023

First published 2023



This is an open access work distributed under the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>). Users can reuse, share, adapt and build upon the original work, as detailed in the License. The ILO must be clearly credited as the owner of the original work. The use of the emblem of the ILO is not permitted in connection with users' work.

**Attribution** – The work must be cited as follows: *A Review of Wage Setting through Collective Bargaining*, Geneva: International Labour Office, 2023

**Translations** – In case of a translation of this work, the following disclaimer must be added along with the attribution: *This translation was not created by the International Labour Organization (ILO) and should not be considered an official ILO translation. The ILO is not responsible for the content or accuracy of this translation.*

**Adaptations** – In case of an adaptation of this work, the following disclaimer must be added along with the attribution: *This is an adaptation of an original work by the International Labour Organization (ILO). Responsibility for the views and opinions expressed in the adaptation rests solely with the author or authors of the adaptation and are not endorsed by the ILO.*

This CC license does not apply to non-ILO copyright materials included in this publication. If the material is attributed to a third party, the user of such material is solely responsible for clearing the rights with the right holder.

Any dispute arising under this license that cannot be settled amicably shall be referred to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of such a dispute.

All queries on rights and licensing should be addressed to the ILO Publishing Unit (Rights and Licensing), 1211 Geneva 22, Switzerland, or by email to [rights@ilo.org](mailto:rights@ilo.org).

*A Review of Wage Setting through Collective Bargaining*, Geneva: International Labour Organization, ILO 2023. -

ISBN: 9789220385098 (print)

ISBN: 9789220385104 (web PDF)

Also available in French: *La fixation des salaires par le biais de la négociation collective: tour d'horizon*, ISBN 9789220385111 (print), 9789220385128 (web pdf) and in Spanish: *Análisis de la determinación de los salarios mediante la negociación colectiva*, ISBN 9789220385135 (print), 9789220385142 (web pdf)

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: [www.ilo.org/publns](http://www.ilo.org/publns).

Printed in Switzerland

## ► Acknowledgements

The Review of Wage Setting through Collective Bargaining was prepared by Catarina Braga, ILO Conditions of Work and Equality Department (WORKQUALITY) who also coordinated the contributions from several experts, including (in alphabetical order): Conor Cradden, Francisco Diaz, Shane Godfrey, Graciela Mazzuchi, Dragica Misljenovic, Rim Mouelhi, Marjan Petreski, Aleksandar Ristovski, Arvind Shrouiti, and Moussa Sow. María Luz Rodríguez Fernández, Marleen Rueda Catry, Mats Svensson, and Paul Windey provided valuable feedback.

Valuable inputs and comments were provided by the ILO Bureau for Workers' Activities (ACTRAV) and the ILO Bureau for Employers' Activities (ACT/EMP), as well as by ILO specialists in the field and at headquarters, including (in alphabetical order): Faustin Amoussou, Sevane Ananian, Pablo Arellano, Patrick Belser, Guillaume Delautre, Minawa Ebisui, Xavier Estupiñan, Youcef Ghellab, Daniel Kostzer, Arun Kumar, Christopher Land-Kazlauskas, Limpho Mandoro, Philippe Marcadent, Andrés Marinakis, Adriana Mata-Greenwood, Ambra Migliore, Cristina Mihes, Mahandra Naidoo, Jovan Protic, John Ritchotte, Verena Schmidt, Natasha Simjanoska, Lieve Verboven, and Youngmo Yoon.

Angelique Flores-Girod, Claire Piper, Coralie Thompson and Kimberley Muller provided administrative assistance. Rasha Tabbara provided programme management assistance.

The development of this Review of Wage Setting through Collective Bargaining was supported by donor funding from the Government of Sweden and the Government of the Netherlands.

## ► Table of contents

---

Acknowledgements	iii		
Introduction	viii		
<b>PART 1 Overview of wage setting through collective bargaining</b>	<b>1</b>		
1. Review methodology	3		
2. The institutional framework for wage bargaining	5		
2.1. Bargaining levels	5		
2.2. Hierarchy between collective agreements and other sources of law	6		
2.3. Coordination between bargaining levels	7		
2.4. Application of collective agreements	7		
2.5. Other institutional aspects	7		
3. Key dimensions of wage bargaining	11		
3.1. Wage payment systems	12		
3.2. Wage structure	14		
3.3. Wage composition	16		
3.3.1 Variable pay components including links with productivity	17		
4. Coordination of wage bargaining	23		
5. Information that may support wage bargaining	27		
5.1. Information used in wage bargaining in different contexts	28		
5.2. Wage guidance based on criteria agreed between social partners	29		
5.3. Information disclosure at the company level	30		
5.4. Other criteria used in wage bargaining	35		
6. Responding to crises and adjusting to the economic cycle and to the enterprise life cycle	39		
7. Tackling the gender pay gap through wage bargaining	45		
<b>PART 2 Country dossiers</b>	<b>49</b>		
1. Belgium	50		
1.1. The institutional framework for wage bargaining	50		
1.2. Bargaining levels	50		
1.3. Hierarchy between bargaining levels	51		
1.4. Coordination between bargaining levels	51		
2. Chile	56		
2.1. The institutional framework for wage bargaining	56		
2.2. Key dimensions of wage bargaining	57		
2.3. Information that may support wage bargaining	58		
2.4. Measures to close gender pay gaps	58		
3. India	60		
3.1. The institutional framework for wage bargaining	60		
3.2. Key dimensions of wage bargaining	61		
3.3. Information that may support wage bargaining	61		
3.4. Measures to close gender pay gaps	62		
4. Ireland	63		
4.1. The institutional framework for wage bargaining	63		
4.2. Key dimensions of wage bargaining	64		
4.3. Information that may support wage bargaining	65		
4.4. Measures to close gender pay gaps	66		
5. Japan	67		
5.1. The institutional framework for wage bargaining	67		
5.2. Key dimensions of wage bargaining	68		
5.3. Information that may support wage bargaining	68		
5.4. Measures to close gender pay gaps	69		
6. North Macedonia	70		
6.1. The institutional framework for wage bargaining	70		
6.2. Key dimensions of wage bargaining	71		
6.3. Information that may support wage bargaining	72		
6.4. Measures to close gender pay gaps	72		
7. Republic of Korea	73		
7.1. The institutional framework for wage bargaining	73		
7.2. Key dimensions of wage bargaining	74		
7.3. Information that may support wage bargaining	74		
7.4. Measures to close gender pay gaps	75		
8. Senegal	76		
8.1. The institutional framework for wage bargaining	76		
8.2. Key dimensions of wage bargaining	77		
8.3. Information that may support wage bargaining	77		
8.4. Measures to close gender pay gaps	78		

<b>9. Serbia</b>	<b>79</b>
9.1. The institutional framework for wage bargaining	79
9.2. Key dimensions of wage bargaining	80
9.3. Information that may support wage bargaining	80
9.4. Measures to close gender pay gaps	81
<b>10. South Africa</b>	<b>82</b>
10.1. The institutional framework for wage bargaining	82
10.2. Key dimensions of wage bargaining	83
10.3. Information that may support wage bargaining	84
10.4. Measures to close gender pay gaps	85
<b>11. Sweden</b>	<b>86</b>
11.1. The institutional framework for wage bargaining	86
11.2. Key dimensions of wage bargaining	87
11.3. Information that may support wage bargaining	87
11.4. Measures to close gender pay gaps	88
<b>12. Switzerland</b>	<b>89</b>
12.1. The institutional framework for wage bargaining	89
12.2. Key dimensions of wage bargaining	90
12.3. Information that may support wage bargaining	90
12.4. Measures to close gender pay gaps	91
<b>13. Tunisia</b>	<b>92</b>
13.1. The institutional framework for wage bargaining	92
13.2. Key dimensions of wage bargaining	93
13.3. Information that may support wage bargaining	94
13.4. Measures to close gender pay gaps	94
<b>14. Uruguay</b>	<b>95</b>
14.1. The institutional framework for wage bargaining	95
14.2. Key dimensions of wage bargaining	96
14.3. Information that may support wage bargaining	97
14.4. Measures to close gender pay gaps	98
<b>Conclusions</b>	<b>99</b>
<b>References</b>	<b>100</b>
<b>Annexes</b>	<b>108</b>
Annex 1. Collective agreements analysed in the Review of Wage Setting through Collective Bargaining	112
Annex 2. Sources for the examples provided in table 3	113

## ► List of boxes

---

Box 1: Examples of references in the ILO's international labour standards, declarations and documents related to wage bargaining	8
Box 2: Resolution concerning an integrated system of wages statistics, adopted by the 12th International Conference of Labour Statisticians	12
Box 3: Examples of collective agreements that set a minimum for piece rate pay	13
Box 4: Examples of wage structures that can be found in collective agreements	15
Box 5: Examples of negotiated results-based pay including productivity-based bonuses	18
Box 6: Examples of negotiated performance related pay	20
Box 7: Examples of negotiated financial participation schemes	21
Box 8: Examples of coordination of wage bargaining	24
Box 9: Examples of institutions that collect/publish information that may support wage bargaining	29
Box 10: Examples of regulatory frameworks for information disclosure at the company level	31
Box 11: Examples of guidelines on goals of public interest which may be considered in wage bargaining	36
Box 12: Inflation compensation and real wage growth	38
Box 13: Examples of how social partners responded to the global financial crisis of 2007–09	39
Box 14: Examples of how social partners responded to the COVID-19 pandemic crisis	40
Box 15: Examples of how social partners responded to the acceleration of inflation in 2022	41
Box 16: Examples of how wage bargaining and broader measures try to tackle the gender pay gap	44

## ► List of tables

---

Table 1. Examples of wage payment systems	14
Table 2: Examples of wage components that can be found in collective agreements	16
Table 3. Examples of information that may support wage bargaining	33



## ► Introduction

Wages are among the central subjects for collective bargaining.<sup>1</sup> Collective bargaining may set wage floors as well as setting wages above these floors where economic factors allow, and wage adjustments which may ensure that workers get a fair share of productivity gains while not impairing the capacity of employers to operate profitably. Various ILO *Global Wage Reports* have highlighted over the years how collective bargaining over wages can ensure that wages increase in tandem with productivity and contribute to both economic growth and ensuring an equitable distribution. Finding a balance between decent living standards and incomes for women and men workers (and their families) and the development of sustainable enterprises that create jobs for these workers

is important to ensuring that social justice and economic progress go hand in hand.

As a key element of collective bargaining, wage bargaining is interlinked with the broader dynamics of industrial relations and influenced by the coordination mechanisms between bargaining levels that may already be in place. As such, the reality of wage bargaining reflects various complexities, institutional contexts and diverse traditions and practices in labour relations.

Through wage bargaining, the parties may agree on: wage rates, periodical review of these rates, the type of payment system, and wage structure and composition. Wage bargaining can take place in a single negotiation, or it can go through a sequence

of multiple stages that take place at different bargaining levels. Negotiating and determining adequate wages requires an evidence-based approach and solid data and information on the needs of workers and their families as well as on economic factors. In addition, wage bargaining can contribute towards preventing gender biases in wage structures and towards ensuring the principle of equal pay for work of equal value. Wage bargaining can also help social partners adjust to fluctuating demand and production capacity throughout the life cycle of an enterprise as well as through broader economic cycles – including during times of crisis.

This Review of Wage Setting through Collective Bargaining (henceforth referred to as the “Review of Wage Setting”) provides insights about the wage component in collective agreements, as well as about the dynamics of the wage bargaining process in the private sector<sup>2</sup> based on examples from selected countries. Although collective bargaining most commonly plays a key role in the determination of wages and working conditions in industrialized countries, this Review of Wage Setting seeks to covers a set of countries that represent a variety of regions, wage bargaining systems and income levels. While it can be useful to a wider public, this Review of Wage Setting is primarily aimed at supporting the social partners at the country level by providing them with additional tools and information that can be used in the course of their own negotiations.

### Structure of this report

This report is broadly divided into two parts followed by a short set of conclusions. Part I includes seven chapters, and presents an overview of a number of facets of wage setting through collective bargaining; while Part II presents 14 country dossiers that provide examples in practice across a range of contexts and settings.

Part I, chapter 1 provides an overview of methodology of the Review of Wage Setting. Chapter 2 proposes an institutional framework for the analysis. Chapter 3 discusses key dimensions of wage bargaining, including the types of payment systems, wage structures and wage compositions that are typically found in collective agreements, and also has a section regarding variable pay components and links with productivity. Chapter 4 looks at the more dynamic aspects of wage bargaining, including the diversity of coordination approaches between bargaining levels. Chapter 5 analyses examples of information used to support wage bargaining across several countries, as well as the institutions and regulatory frameworks that foster access to information. Chapter 6 discusses how collective bargaining has enabled responses to crises – including the financial crisis of 2007–09, the COVID-19 pandemic and more recently, with the acceleration of inflation – as well as for adjustments to be made in response to developments in the economic cycle and enterprise life cycles. Chapter 7 analyses how social partners have engaged in efforts to reduce the gender pay gap.

Part II contains 14 country dossiers that present the main characteristics of the contexts and practices of wage bargaining in the private sector in these economies. These country dossiers have been designed to complement the chapters found in Part I of the report. Each country dossier starts with an overview of the institutional framework for wage bargaining (as per Part I, Chapter 2), which may help to provide greater understanding of how different bargaining contexts resemble or differ from one another, as well as how different choices may be made by different countries and sectors when it comes to the institutions and conduct of wage bargaining.

The conclusions at the end of the report draw on the earlier chapters to provide observations about the current state of wage bargaining.

<sup>1</sup> The majority (95 per cent) of collective agreements analysed for the ILO’s *Social Dialogue Report 2022* included provisions on wages.

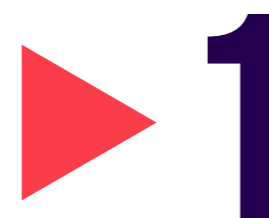
<sup>2</sup> Even though examples used in this Review of Wage Setting draw from the private sector, there is one example from Argentina that concerns a collective agreement for the public administration (see box 16).



**PART 1**

**Overview of wage setting through collective bargaining**





## Review methodology

The Review of Wage Setting is based on 14 country studies covering six industrialized and eight emerging economies. The countries were selected with a view to ensuring the widest possible breadth of coverage, not simply in terms of geography but also in terms of economic development and industrial relations tradition. Three European Union (EU) economies (Belgium, Ireland and Sweden), two EU candidate economies (North Macedonia and Serbia), one non-EU European economy (Switzerland), two east Asian economies (Japan and the Republic of Korea), three African economies (Senegal, South Africa and Tunisia), two Latin American economies (Chile and Uruguay) and one South Asian economy (India) are covered in the Review of Wage Setting.

The studies of Chile, India, North Macedonia, Senegal, Serbia, South Africa, Tunisia and Uruguay were based on new qualitative research carried out by national experts.<sup>3</sup> This comprised desk-based research complemented by the analysis of a set of collective agreements signed at different levels (national interprofessional, sector or enterprise). As far as possible, these collective agreements were selected based on the following criteria:

- i. the richness and depth of the wage related provisions;
- ii. coverage of sectors with significant weight in the economy, or that act as leaders or pattern-setters in the bargaining process; and
- iii. the inclusion of agreements from sectors with a predominantly female workforce.

The national experts were provided with a broad template for their analyses, which was supplemented by their own autonomous research, including interviews with key informants involved in wage bargaining. The analyses of Belgium, Ireland, Japan, the Republic of Korea, Sweden and Switzerland were based on desk research complemented by interviews with key informants with direct experience of wage bargaining as well as analysis of sets of collective agreements, where these were available.

The Review of Wage Setting also includes examples of the practice of wage bargaining as well as specific measures involving the social partners from beyond the 14 study countries, including Argentina, Finland, France, Germany, Portugal, Spain and Togo.

In total, 109 collective agreements were analysed for this Review of Wage Setting, most of which were signed between 2017 and 2022. For further reading and consultations, this report includes the references/links to the collective agreements used as examples, when they are publicly available.

This Review of Wage Setting does have some limitations, largely due difficulties experienced in accessing collective agreements from a few countries – particularly Ireland, Japan, the Republic of Korea and Sweden – and in finding examples from emerging countries for some specific themes. However, this Review of Wage Setting represents an introduction to this vital aspect of collective bargaining, and the information contained within it will continue to be enriched by future analyses.

<sup>3</sup> These reports were prepared for the ILO and are all unpublished.



# ▶ 2

## The institutional framework for wage bargaining

This chapter lays out the institutional framework that has been used as a backdrop for the analysis and the examples provided throughout the Review of Wage Setting, including the country dossiers in Part II. This institutional framework is structured around the following dimensions, which are explored across this chapter:

- ▶ bargaining levels;
- ▶ hierarchy between collective agreements and other sources of law;
- ▶ coordination between bargaining levels;
- ▶ application of collective agreements; and
- ▶ other institutional aspects.

### ▶ 2.1. Bargaining levels

Collective bargaining may take place at various levels including:<sup>4</sup>

- ▶ in a single employer setting – at the enterprise, establishment or plant level<sup>5</sup>;
- ▶ in a multi-employer setting;
- at the industry/sectoral/branch of activity level;<sup>6</sup>
- territorial or national level; or
- occupational or interprofessional level;
- ▶ at a combination of these levels.

<sup>4</sup> The ILO Committee on Freedom of Association has determined that “according to the principle of free and voluntary collective bargaining embodied in Article 4 of Convention No. 98, the determination of the bargaining level is essentially a matter to be left to the discretion of the parties and, consequently, the level of negotiation should not be imposed by law, by decision of the administrative authority or by the case-law of the administrative labour authority” (ILO 2018a, para 1404).

<sup>5</sup> Collective bargaining at the plant level will usually involve one or more workplaces that are part of a larger enterprise. For simplification purposes, this Review of Wage Setting uses wherever possible the term “enterprise” to refer to collective bargaining carried out at the level of the enterprise, establishment or plant level.

<sup>6</sup> For simplification purposes, this Review of Wage Setting uses wherever possible the term “sector” to refer to collective bargaining carried out at the level of the industry, sector or branch of activity.

## ► 2.2 Hierarchy between collective agreements and other sources of law

Many countries apply the principle of favourability in relation to the law, individual employment contracts, and collective agreements concluded at different levels. According to the principle of favourability, standards defined in a higher source of law cannot be impaired by those set at lower levels, unless the lower source contains standards that are more favourable to workers. The principle of favourability may regulate the relationship between the law and collective agreements; between the law or collective agreements and individual employment contracts; as well as between collective agreements signed at different levels.

In countries where collective bargaining takes place at multiple levels, workers may have their working conditions determined by more than one collective agreement – for instance, a national interprofessional agreement may coexist with a sectoral agreement and/or an enterprise-level agreement. In such situations, the principle of favourability may be used to regulate the relationship between collective agreements signed at different bargaining levels. (ILO 2015a).

Based on the principle of favourability, agreements reached at a lower level of collective bargaining (for example, at the enterprise) are limited by standards established in higher-level agreements

(such as, national interprofessional or sectoral), but they may deviate from the provisions of the higher-level collective agreement to include provisions containing more favourable conditions for workers. Nevertheless, some countries allow collective agreements signed at a lower bargaining level to deviate from collective agreements signed at a higher bargaining level in order to include provisions that are less favourable to workers through adaptability clauses that may include the parameters within which less favourable standards may be set. There are usually strict conditions attached to the permission to deviate downwards (also known as “derogation”), and these conditions may relate to financial difficulties of employers and/or the agreement of the social partners (ILO 2022a, 68).

Similarly some countries may foresee the possibility of allowing collective agreements to set less favourable standards than those set in laws and other statutory provisions, but the ILO’s Committee of Experts on the Application of Conventions and Recommendations (CEACR)<sup>7</sup> has noted that in such cases these derogations should be targeted and applied only in a circumscribed and reasoned manner.<sup>8</sup>

<sup>7</sup> The CEACR is part of the ILO’s regular supervisory system and was set up in 1926 to examine the growing number of government reports on ratified Conventions. Today it is composed of 20 eminent jurists from different geographic regions, legal systems and cultures. The role of the CEACR is to provide an impartial and technical evaluation of the application of international labour standards in ILO Member States. For further information on the CEACR and the ILO’s supervisory system, see: ILO, “ILO Supervisory System/Mechanism”.

<sup>8</sup> The CEACR has recalled that “while targeted legislative provisions covering specific aspects of conditions of work and providing, in a circumscribed and reasoned manner, for the possibility of their replacement by means of collective bargaining may be compatible with the Convention, a legal provision providing for a general possibility to derogate from labour legislation by means of collective bargaining would be contrary to the purpose of promoting free and voluntary collective bargaining established in Article 4 of the Convention”. As per, CEACR, *Observation – Convention No. 98 – Brazil*, 2021.

## ► 2.3 Coordination between bargaining levels

As mentioned in box 1 (section 2.5), the ILO Collective Bargaining Recommendation, 1981 (No. 163), provides guidance for the promotion of collective bargaining, including adequate coordination among levels of bargaining in countries where bargaining takes at more than one level. Depending on the industrial relations system, coordination across bargaining levels can be achieved through a diverse array formal or

informal approaches – in line with the national legal framework – including institutional coordination, goal-oriented coordination, pattern bargaining and/or coordinated negotiations. Chapter 4 provides examples on how the above possibilities can combine in practice and illustrates the diversity regarding coordination of wage bargaining found across several countries.

## ► 2.4 Application of collective agreements

The basic principles of contract law imply that a collective agreement should be binding to the signatory parties and their members – namely the workers’ organization(s) and the employer or employers’ organization(s) that have signed the collective agreement.<sup>9</sup>

The ILO Collective Agreements Recommendation, 1951 (No. 91), considers that measures – determined by national laws or regulations – should be taken to extend the application of all or certain provisions of collective agreements and outlines conditions to be met for that purpose (see box 1 below). In many countries, the regulatory coverage of collective agreements is strengthened by measures that apply these agreements to all workers in an enterprise or

in a sector, regardless of whether these workers are members of the signatory workers’ organization(s) (known as an *erga omnes* – or “towards everyone” – application of the collective agreement). Similarly, a collective agreement may be applied to all enterprises that fall under the scope of the agreement, under certain conditions, regardless of whether the respective employer is affiliated to the signatory employers’ organization (referred to as “extension” of the collective agreement) (ILO 2022a). A diversity of approaches to *erga omnes* clauses and to extensions can be observed across countries in accordance with their laws and/or labour relations practices.

## ► 2.5 Other institutional aspects

Other institutional aspects referred to in the country dossiers in Part II include the bodies where national social dialogue takes place (such as the Central Council of the Economy in Belgium or the National Economic Development and Labour Council in

South Africa), as well as the involvement of social partners in processes related to consultation on and determination of minimum wages, among others.

<sup>9</sup> The ILO’s 2013 General Survey notes that “many countries consider private sector collective agreements ... to be legally binding on the parties, or, at the very least, to have contractual status” (ILO 2013, para. 263).

► **Box 1: Examples of references in the ILO's international labour standards, declarations and documents related to wage bargaining**

Wage bargaining is anchored in several international labour standards as well as in ILO declarations and documents including the:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
- Protection of Wages Convention, 1949 (No. 95);
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
- Equal Remuneration Convention, 1951 (No. 100);
- Collective Bargaining Convention (No. 154) and Recommendation (No. 163), 1981;
- Collective Agreements Recommendation, 1951 (No. 91);
- Minimum Wage Fixing Convention, 1970 (No. 131); and
- 2019 ILO Centenary Declaration for the Future of Work, which calls for “an adequate minimum wage, statutory or negotiated”.

References to “collective bargaining”, “collective agreement” and “equal pay for work of equal value” can be found in several of the ILO's international labour standards, including those listed below.

**Fundamental Conventions on freedom of association and collective bargaining (Conventions Nos 87 and 98)**

The effective recognition of the right to collective bargaining and freedom of association are fundamental principles and rights at work adopted by the ILO. This means that all ILO Member States have an obligation arising from the very fact of membership to respect, promote and realize these principles in good faith, irrespective of whether they have or have not ratified the relevant Conventions.<sup>10</sup>

In its Article 2, the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), states, “Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.” This is complemented by the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), which in its Article 4 states, “Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and

utilisation of machinery for voluntary negotiation between employers or employers' organisations and workers' organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements.”

**Equal Remuneration Convention, 1951 (No. 100)**

Convention No. 100 – which is also a fundamental ILO Convention – establishes in its Article 1(b) that “the term *equal remuneration for men and women workers for work of equal value* refers to rates of remuneration established without discrimination based on sex” (emphasis in original). In its Article 2(1), the Convention states, “Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.” While Article 2(2) adds, “This principle may be applied by means of-- (a) national laws or regulations; (b) legally established or recognised machinery for wage determination; (c) collective agreements between employers and workers; or (d) a combination of these various means.”

**Collective Bargaining Convention, 1981 (No. 154)**

Collective bargaining is defined in Article 2 of Convention No. 154, as “all negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for-- (a) determining working conditions and terms of employment; and/or (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organisations and a workers' organisation or workers' organisations”.

**Collective Agreements Recommendation, 1951 (No. 91)**

*Collective agreements*

According to Paragraph 2(1) of Recommendation No. 91, “collective agreements means all agreements in writing regarding working conditions and terms

**Box1 (cont'd)**

of employment concluded between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more representative workers' organizations, or, in the absence of such organizations, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations, on the other”.

*Binding Nature*

Recommendation No. 91 in Paragraph 3(1) states, “Collective agreements should bind the signatories thereto and those on whose behalf the agreement is concluded.”

*Extension mechanisms*

According to Paragraph 5(1), “Where appropriate, having regard to established collective bargaining practice, measures, to be determined by national laws or regulations and suited to the conditions of each country, should be taken to extend the application of all or certain stipulations of a collective agreement to all the employers and workers included within the industrial and territorial scope of the agreement”. Paragraph 5(2) further states,

National laws or regulations may make the extension of a collective agreement subject to the following, among other, conditions;

- (a) that the collective agreement already covers a number of the employers and workers concerned which is, in the opinion of the competent authority, sufficiently representative;
- (b) that, as a general rule, the request for extension of the agreement shall be made by one or more organisations of workers or employers who are parties to the agreement;
- (c) that, prior to the extension of the agreement, the employers and workers to whom the agreement would be made applicable by its extension should be given an opportunity to submit their observations.

*Favourability principle*

According to Paragraph 3(3): “Stipulations in contracts of employment which are more favourable to the workers than those prescribed by a collective

agreement should not be regarded as contrary to the collective agreement.”

**Collective Bargaining Recommendation, 1981 (No. 163)**

*Bargaining levels*

Paragraph 4(1) of Recommendation No. 163 states, “Measures adapted to national conditions should be taken, if necessary, so that collective bargaining is possible at any level whatsoever, including that of the establishment, the undertaking, the branch of activity, the industry, or the regional or national levels.”

*Coordination between bargaining levels*

Paragraph 4(2) adds, “In countries where collective bargaining takes place at several levels, the parties to negotiations should seek to ensure that there is co-ordination among these levels.”

*Access to information*

Paragraph 7 recognizes the importance of information for effective collective bargaining:

(1) Measures adapted to national conditions should be taken, if necessary, so that the parties have access to the information required for meaningful negotiations.

(2) For this purpose—

(a) public and private employers should, at the request of workers' organisations, make available such information on the economic and social situation of the negotiating unit and the undertaking as a whole, as is necessary for meaningful negotiations; where the disclosure of some of this information could be prejudicial to the undertaking, its communication may be made conditional upon a commitment that it would be regarded as confidential to the extent required; the information to be made available may be agreed upon between the parties to collective bargaining;

(b) the public authorities should make available such information as is necessary on the over-all economic and social situation of the country and the branch of activity concerned, to the extent to which the disclosure of this information is not prejudicial to the national interest.”

<sup>10</sup> Paragraph 2 of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, as adopted in 1998 and amended in 2022.



# ▶ 3

## Key dimensions of wage bargaining

---

A distinctive feature of collective bargaining is that it is a voluntary negotiation and the content of the resulting collective agreement is determined by the parties. Employers and their organizations and workers' organizations voluntarily engage in collective bargaining negotiations that may lead to an agreement regulating terms and conditions of employment, including wages.

Through wage bargaining the parties may agree on wage rates. Negotiations may also include

the periodical review of these rates, the type of payment system, the wage structure and the wage composition.

This chapter presents and discusses the principal content of wage provisions found in the collective agreements that were analysed for the Review of Wage Setting.

► **Box 2. Resolution concerning an integrated system of wages statistics, adopted by the 12th International Conference of Labour Statisticians**

Wherever possible in this *Review of Wage Setting*, wages are defined according to the statistical definition of earnings adopted by the 12th International Conference of Labour Statisticians (ICLS) in 1973.

**Earnings**

As per the ICLS's Resolution concerning an integrated system of wages statistics (ILO 1973), "The concept of earnings, as applied in wages statistics, relates to remuneration in cash and in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays" (para. 8).

According to paragraph 10(i) of the ICLS Resolution, earnings include:

(a) Direct wages and salaries for time worked, or work done, cover: (i) straight-time pay of time rated workers; (ii) incentive pay of time-rated workers; (iii) earnings of pieceworkers (excluding overtime premiums); (iv) premium pay for overtime, shift, night, and holiday work; (v) commissions paid to sales and other personnel. Included are premiums for seniority and special skills, geographical zone differentials, responsibility premiums, dirt, danger and discomfort allowances, payments

under guaranteed wage systems, cost-of-living allowances, and other regular allowances.

(b) Remuneration for time not worked comprises direct payments to employees in respect of public holidays, annual vacations, and other time off with pay granted by the employer.

(c) Bonuses and gratuities cover seasonal and end-of-year bonuses, additional payments in respect of vacation period (supplementary to normal pay) and profit-sharing bonuses.

**Wage rates**

A wage rate specifies a wage relative to some measurement of the quantity of work for which it is paid. That measurement may be in terms of the achievement of a predefined output (a "piece rate") or of an amount of time spent working or a mix of both. According to ILO definition of wage rates adopted by the 12th ICLS above: "Wage rates should include basic wages, cost-of-living allowances, and other guaranteed and regularly paid allowances, but exclude overtime payments, bonuses and gratuities, family allowances and other social security payments made by employers. Ex gratia payments in kind, supplementary to normal wage rates, are also excluded" (para. 12)

► **3.1 Wage payment systems**

The wage payment system reflects the way the remuneration owed to a worker is calculated. Wage bargaining may involve the basic principles and methods that relate to remuneration and allow the calculation of a wage. The following types of wage payment systems were identified in the collective agreements studied in this Review of Wage Setting:

**Time-worked pay**

Collective agreements may define the base wage as "time worked". In this payment system, each worker is paid according to the time they spend working. This can include payment by the hour, the day, the

week, the month or any other given period. For example, minimum wages are often set based on time: hourly wages, daily wages or monthly wages.

**Piece-rate pay**

A worker may be paid on a piece rate payment system where a fixed sum of money is paid for each unit – or "piece" – assembled or produced or for each performed task. This could involve, for example, a manufacturing process, commodity extraction, harvesting of agricultural produce or service delivery. In these cases, a worker might be paid per motif embroidered on a garment, per

100 kgs of minerals mined, per kilogram of fruit harvested, per kilogram of fish caught, or per parcel delivered. Where piece rate pay is permitted, employers are not exempt from the obligation to pay the applicable minimum wage fixed by statutory means or by collective bargaining.

Piece rates can be set using time and motion studies that determine the standard time required for a specific task and help assess the remuneration rate for the corresponding number of working hours. That is, the studies estimate the time needed to produce each unit in order to set the remuneration per piece (ILO 2021a). This time measurement and corresponding determination of remuneration rates

for different "pieces", as well as the kind of "piece" assigned to each worker, may be subject matters for collective bargaining.

**Mix of time worked and piece rate pay**

In many cases, the wage payment system may be a mix of time worked and piece rate. Through wage bargaining, employers and workers' organizations may negotiate a fixed component of pay based on standard working hours as well as a variable component of pay that involves output/pieces produced or assembled based on a set of previously agreed criteria.

► **Box 3. Examples of collective agreements that set a minimum for piece rate pay**

**Belgium: collective agreement in the cleaning sector<sup>11</sup>**

The sectoral collective agreement for the cleaning sector in Belgium specifies that piece rate pay may be used by enterprises as long as – on a per week basis – employers undertake to provide workers with a sufficient volume of work to ensure that the workers can earn at least the conventional and/or individual minimum wage.

**Sweden: collective agreement in the engineering sector<sup>12</sup>**

In Sweden, a collective agreement for the engineering sector states that local parties should agree on a suitable wage system, with the basis for this agreement being a monthly wage, which may be supplemented by fixed and variable wage components. Piece rate pay is permitted when an agreement cannot be reached regarding the type of wage; otherwise hourly rates are paid. In the

case of piecework, the minimum hourly rate in the group to which the worker belongs is guaranteed.

**Uruguay: collective agreement in the fishing sector<sup>13</sup>**

In Uruguay, the collective agreement that covers the fishing sector is based on piece rate pay. The wage structure relies on four to seven categories of fishing vessel crew members (for example, sailor, cook, ship's foreman, and so on), depending on the type of ship. An advance payment is paid to all crewmembers and a final settlement is done usually between 9 to 15 days after arrival. The wage varies on each trip according to the fish caught, the species caught and the international price of the species at that time. In this collective agreement the parties agreed to establish, for the purposes of calculating the productivity bonus, a minimum price for three fish species.

<sup>11</sup> *Arrêté royal rendant obligatoire la convention collective de travail du 25 octobre 2019, conclue au sein de la Commission paritaire pour le nettoyage, relative aux salaires, sursalaires et primes (1)*, article 2, and Belgium, FPS Employment, n.d.-a.

<sup>12</sup> *Collective Agreement between Teknikarbetsgivarna and IF Metall, 1 April 2017 - 31 Mars 2020*, section 3(1) and Hourly and piecework wages appendix, section 3(f).

<sup>13</sup> *Convenio Colectivo entre Cámara de Armadores Pesqueros del Uruguay (CAPU) y Sindicato Único Nacional de Trabajadores del Mar y Afines (SUNTMA)*, 2 May 2019. At the end of the fishing trip, the fish quantity caught per species is calculated; the company deducts the inherent costs, and the remaining amount is used to calculate the wage. The price used for each kilogram of fish caught by species is the average of the last six months of the international price according to official data. There is an advance payment and a settlement payment at the end of each trip (after between 9 and 15 days) depending on the kilograms fished.

► Table 1. Examples of wage payment systems

Time-worked pay	Piece-rate pay	Mix of time worked and piece rate pay
Each worker is paid according to the time they spend working (payment by hour, day, week, or month)	Payment for each unit or 'piece' assembled or produced or for each task completed, for example: <ul style="list-style-type: none"> <li>► t-shirts produced</li> <li>► motifs embroidered</li> <li>► minerals extracted</li> <li>► produce harvested</li> <li>► services delivered</li> <li>► fish caught</li> </ul>	It may include a fixed component of pay (standard working hours) and a variable component of pay based on output

## ► 3.2 Wage structure

Collective agreements may establish the wage structure in an enterprise, in an establishment, at the plant level, in a sector or for an occupation, among other possibilities. Negotiation concerning the wage structure may cover issues such as the:

- i. setting of the base wage (including time worked, piece rate or a mix of the two);
- ii. specification of jobs through evaluation and classification schemes;
- iii. wage scale and respective pay differentials between jobs posts; and
- iv. how wage adjustments are reflected throughout the wage scale.

The “wage scale” embodies a hierarchy of pay for different job posts in the enterprise(s) covered by a particular collective agreement, and it indicates the difference between the highest pay grade and the lowest pay grade. Wage scales can vary considerably in the number of pay grades they may include. Several of the collective agreements analysed in this Review of Wage Setting include between 5 and 15 pay grades reflecting a pay hierarchy based on agreed criteria between the parties. Each pay grade can also contain within it a range of pay steps through which the worker progresses until they reach the top rate of pay for their pay grade. Wage scales may be established

based on job evaluation and classification schemes that can be negotiated through collective bargaining. These job evaluation and classification schemes will link and “score” job posts and pay grades to criteria such as the level of responsibility, skills and experience.

### Worker experience (seniority)

The experience of workers – also known as years of service or worker seniority – is a criterion that is often reflected in the wage structure. Many collective agreements specify a minimum wage in each pay grade. Pay grades are often divided into pay steps that may increment with a worker's years of service in the job. This means that a worker's pay is determined by cross-referencing the pay grade of their job with their years of service. Differences in wages due to years of service exist in many countries, although though this is more accentuated in some Asian cultures, including in Japan and the Republic of Korea. Nevertheless, in both countries employers have been attempting to shift away from seniority towards wage structures that reflect individual abilities and performance (see the respective country dossiers in Part II). As explained in Chapter 7 below, seniority-based pay may also be among the aspects contributing to gender pay gaps.

► Box 4: Examples of wage structures that can be found in collective agreements

#### Belgium: collective agreement in the metallic, mechanical, and electrical constructions sector<sup>14</sup>

In the Belgian metallic, mechanical, and electrical constructions sector, jobs of blue-collar workers are assigned to one of 11 pay grades according to their score on a collectively bargained job evaluation scheme. Each pay grade has a minimum rate based on a comparison of the characteristics of the jobs, including training, effort, responsibilities, and professional risks, as well as on points assigned to each pay grade according to the respective evaluation. The introduction of this job evaluation scheme at the enterprise level is voluntary and is to be done after an agreement is made between the workers' organization and the employer.

#### Senegal: national interprofessional collective agreement<sup>15</sup> and collective agreement in the private security sector<sup>16</sup>

In Senegal, sectoral collective agreements often define four basic professional classes – (i) blue-collar workers; (ii) white-collar workers; (iii) supervisors and technicians; and (iv) engineers, managers and related categories – with each class subdivided into several pay grades and each pay grade divided into pay steps. The wage scale is ranked according to the education certificate or qualification required

for the job. As an example, the job classification scheme in the collective agreement of the private security sector establishes four professional classes organized across a total of 11 pay grades with up to three pay steps in each pay grade. The national interprofessional agreement specifies that disagreements about job classification at the enterprise level must be resolved by a joint classification committee. These joint classification committees have five members: two worker representatives, two employer representatives and a chairing labour inspector.

#### Switzerland: enterprise collective agreement in the supermarket retail sector<sup>17</sup>

A collective agreement in a Swiss supermarket retail chain specifies four minimum monthly pay rates. These pay rates relate to four possible levels of educational qualification held by a worker, ranging from a completed secondary school education up to a four-year academic or vocational qualification. The collective agreement states that beyond these minima, pay will be set by reference to job duties and responsibilities, the experience of the job holder, personal productivity, and the labour market situation. Job duties and responsibilities are not specified in the collective agreement.

14 *Conventions collective du travail concernant la méthode de classification, conclue dans la Commission paritaire des constructions métallique, mécanique et électrique, section paritaire régionale*. See agreements dated 15 juillet 2021, 15 décembre 2008, and 16 février 2009. The texts of these agreements can be searched for at: <https://emploi.belgique.be/fr/themes/commissions-paritaires-et-conventions-collectives-de-travail-cct/conventions-collectives-3>. A summary document is also available: Belgium, FPS Employment, “Commission paritaire des constructions métallique, mécanique et électrique (CP 111)”, 2023.

15 *Convention Collective Nationale Interprofessionnelle du Sénégal*, December 2019.

16 *Convention Collective Nationale du Secteur de la Sécurité Privée*, January 2019.

17 *Enterprise collective agreement, supermarket retail*, 2018 (updated in 2022).

### ► 3.3 Wage composition

The third dimension of remuneration that is commonly a subject of collective bargaining is wage composition. The wage that a worker receives in each pay period can be divided into one or more different components, including fixed pay components and (in some instances) variable pay components that supplement the base wage. Different groups of workers and different employers may value some of these components more than others. Variable pay components can be instrumental in human resources management.

Within the fixed pay components, collective agreements will usually define the base wage as well as allowances, including fixed allowances or allowances for specific working conditions and

sometimes in-kind benefits. Provisions on variable pay can be found in collective agreements in the countries covered in this Review of Wage Setting, namely Belgium, Chile, India, Ireland, Japan, North Macedonia, the Republic of Korea, Senegal, Serbia, South Africa, Sweden, Switzerland, Tunisia and Uruguay (see country dossiers in Part II).

Examples of the main types of fixed pay components and variable pay components that were found in collective agreements analysed for this Review of Wage Setting are set out in table 2. In addition table 2 includes overtime pay, given that many collective agreements also address compensation for overtime worked beyond standard working time.

► Table 2: Examples of wage components that can be found in collective agreements

Fixed component	
<b>Base wage</b>	<p>The base wage is usually defined in collective agreements according to the time worked (hourly, weekly or monthly). The base wage is thus the payment workers are guaranteed to receive by working the normal hours specified in their contracts.</p> <p>In some cases, the parties may agree on a base wage that is piece rate-based rather than time worked-based. Collective agreements may be used to set a floor within the context of a piece rate payment system (for further details, see examples in box 3 above).</p>
<b>Allowances</b>	<p><b>Fixed allowances</b></p> <p>These are prespecified allowances or bonuses that are paid to workers without distinction based on their job, experience or performance, although some may vary according to individual circumstances.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► Housing/ food allowances</li> <li>► Transport/travel allowances</li> <li>► Family or childcare/child education allowances</li> <li>► Holiday bonuses/end of year bonuses</li> <li>► Attendance allowances</li> <li>► Seniority/years of service allowance</li> </ul>
	<p><b>Allowances for specific working conditions</b></p> <p>Payments related to work carried out in specific circumstances or conditions.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► shift work</li> <li>► night/weekend/holiday work</li> <li>► being "on call"</li> <li>► difficult/hazardous work</li> </ul>

► Table 2 (cont'd)

<b>In kind benefits<sup>18</sup></b>	<p>Non-cash benefits that cover essential expenses like food, healthcare, transport, or accommodation.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► food/drink/end-of-year baskets</li> <li>► board/transport</li> <li>► meal vouchers/subsidized canteen</li> <li>► sets of school supplies</li> <li>► work clothes</li> <li>► vouchers for special dates</li> </ul>
Variable components	
<b>Results based</b>	<p>Payment-by-results may supplement the base wage through a variable component linked to a quantitative output.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► Productivity-based bonuses (see examples in Box 5)</li> <li>► Sales commission</li> <li>► Piece-rate pay</li> </ul>
<b>Performance-related</b>	<p>Performance-related pay may supplement the base wage through a payment that is designed to incentivize or reward an individual's or team's performance according to objective criteria. Collective agreements may set the criteria under which an individual or a team are assessed and according to which the performance-related pay will be defined.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► Performance-related bonus (see examples in Box 6 below)</li> </ul>
<b>Financial participation</b>	<p>Financial participation may supplement the base wage, and refers to the wide range of possibilities for rewarding workers as a supplement to their base wage according to the financial performance of the enterprise.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>► profit sharing schemes (see examples in box 7 below)</li> </ul>
Overtime pay	
<p>Overtime pay is the remuneration workers receive for working more than their normal hours. It can be paid at a higher rate than normal working hours, for example, one and a half times or twice the normal rate. Collective agreements may address compensation for overtime as compensatory rest in lieu of time worked. This may be used in conjunction with or as a replacement for overtime pay.</p>	

#### 3.3.1 Variable pay components including links with productivity

The wage setting agenda can be wide and cover variable pay components that may supplement the base wage. As an example, the pay of sales workers is usually made up of a guaranteed base wage plus a percentage commission on each item they sell. Another example are workers in the banking and finance sector, who typically have their pay made of a fixed component plus a variable monthly or annual bonus related to the financial performance of their work group or the business as a whole.

Wage bargaining may be used to tie variable pay components like these to a set of transparent and fair criteria previously agreed between the parties. A number of variable pay components were found in several of the collective agreements analysed for this Review of Wage Setting, and these components can broadly be categorized as involving:

<sup>18</sup> "If permitted by national laws or regulations, collective agreements or arbitration awards, wages may be partially paid in the form of allowances in kind where payment in the form of such allowances is customary or desirable, provided that they are appropriate and beneficial. The value of any payment in kind should be assessed at reasonable market prices" (ILO, n.d.-a). See also ILO Convention No. 95, Article 4; ILO Domestic Workers Recommendation, 2011 (No. 201), Article 14b; the Resolution concerning an integrated system of wages statistics, adopted by the 12th International Conference of Labour Statisticians, paragraph 16; and European Commission, IMF, OECD, United Nations, and World Bank, System of National Accounts 2008, 2009, para. 7.49.

- i. **results-based pay**, such as productivity-based bonuses linked to quantitative output (box 5);
  - ii. **performance-related pay** linked to an individual's or team's performance (box 6); and
  - iii. **financial participation**, including profit-sharing schemes linked to the financial performance of the enterprise (box 7).
- According to the ILO's guide on driving up productivity for employer and business membership organizations, wage setting should take into account economic factors, including productivity levels, in line with ILO Convention No. 131 (ILO 2020a). Trade unions, on their side, will seek to ensure that workers receive a fair share of the income growth of their enterprise or even country by linking wage increases to productivity (ILO 2022a, 130).

► **Box 5: Examples of negotiated results-based pay including productivity-based bonuses**

**Argentina: collective agreement in the textile sector<sup>19</sup>**

The collective agreement in the textile sector in Argentina signed in 2010 and updated in 2021 between the workers' organization representing garment cutters and the Argentinian employers' federation for the clothing and similar industries sets out a productivity bonus as a supplement to the base wage, with the aim of fostering productivity in workplaces, as well as improving wages for workers (article 14). The criteria underlying the payment of the productivity bonus, which is based on the workers' performance, is agreed between the parties based on the establishment of work methods and motion studies.<sup>20</sup> The agreement recommends that the productivity bonus be paid monthly. It also foresees penalties for companies that do not establish incentive systems based on production, productivity or efficiency and do not pay extra for higher performance (article 15).

**Spain: collective agreement in the construction sector<sup>21</sup>**

The collective agreement of the construction sector in Spain (2017, updated in 2022) between the national employers' organization and two workers' organizations<sup>22</sup> highlights improvement of productivity as a key element for the promotion of the sector and of employment. The agreement mentions that productivity bonuses or incentives may be established in job roles where it is possible to do so in a manner such that the highest yields achieved in one's work correspond to additional pay that, when compared to the normal level of pay, reflects these higher yields in proportional terms (article 33(4)). The agreement also establishes a bipartite Sectoral Productivity Commission that oversees the definition and approval of the wage scales (article 111).

<sup>19</sup> *Convención Colectiva de Trabajo No. 614/10.*

<sup>20</sup> For further detail on motion studies please see section 3.1 (Wage payment systems) in Chapter 3.

<sup>21</sup> *VI Convenio General del Sector de la Construcción*, 2017, updated by the *Resolución de 23 de julio de 2022, de la Dirección General de Trabajo, por la que se registra y publica el Acuerdo de modificación del VI Convenio colectivo general del sector de la construcción.*

<sup>22</sup> Confederación Nacional de la Construcción (CNC), Comisiones Obreras de Construcción y Servicios (CCOO) and Federación de Industria, Construcción y Agro de la Unión General de Trabajadoras y Trabajadores (UGT FICA).

**Box 5 (cont'd)**

**Tunisia: enterprise collective agreement in the foundry, metallurgy, and mechanical construction sector<sup>23</sup>**

A company covered by the sectoral collective agreement for foundry, metallurgy and mechanical construction enterprises in Tunisia grants a monthly bonus to all workers. The company has signed an agreement with the trade union at the enterprise level that sets the rules for calculating and granting the bonus based on the results achieved in the previous month as compared with defined objectives. The amount of the bonus is fixed per month when 100 per cent of the objectives displayed and communicated in the monthly delivery plan have been achieved. The method of calculation of the bonus is based on three main criteria:

- i. production and productivity (75 per cent of the bonus), based on the number of parts produced, number of compliant parts and assembly time;
- i. quality performance at the client (10 per cent of the bonus); and
- i. absenteeism and/or discipline<sup>24</sup> assessment of the worker (15 per cent of the bonus).

The agreement also provides the possibility of catching up the following month, in terms

of quantity produced, and thereby recovering 70 per cent of the bonus that may not have been paid for insufficient production during a previous month.

**Uruguay: enterprise collective agreement in the beverage sector**

In Uruguay, the linking of remuneration to productivity can be found in a few collective agreements at the enterprise level, including in the beverage sector, where this system has been effectively used for several years in articulation with the sectoral agreement. The indicators utilized vary between more generic ones (accidents and absenteeism), industrial ones (efficiency, quality of the beverage), logistical ones (truck departure, inventory difference, packaging breakage) and sales (volume per product), which are weighted to obtain a figure that is compared with the defined objective. Both the indicators and the objective are defined by a joint committee of employers and workers that does the monthly monitoring. If the objective is met, an amount equivalent to an extra wage is paid in three or four annual instalments to all workers. If the objective is not met, this has no impact on the base wage or on any other allowances and benefits (Mazzuchi 2022).

<sup>23</sup> Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

<sup>24</sup> The criteria for the discipline assessment are usually not explicit in collective agreements, but often they refer to punctuality, group behaviour, conflicts and disciplinary sanctions.



## ► Box 6: Examples of negotiated performance related pay

**North Macedonia: collective agreement in the hospitality sector<sup>25</sup>**

In North Macedonia, the collective agreement in the hospitality sector regulates in detail the payment of work-related performance pay, with the possibility of receiving an amount equivalent to up to 30 per cent of the base wage. Performance-based pay is determined by meeting several individual criteria – timely execution of work activities, obtained labour productivity, savings in the work process, efficiency in the use of working hours, volume of performed work, and quality of performed work – with a 5 per cent pay increase being received for each criterion met. In addition to the payment of performance-related pay, the collective agreement provides for the possibility of payment of an increased base wage due to the overall success of the business.

**Spain: collective agreement in the chemical sector<sup>26</sup>**

The collective agreement of the chemical sector in Spain, signed in 2021, establishes that upon consultation of the trade union representatives or work councils, a company may wish to implement a performance-related pay system based on quantity or quality of work as a supplement to the base wage, but that can never lead to a reduction in a worker's

remuneration (article 41). The works council or trade union representatives must be informed when the company intends to implement a new performance pay system, when setting what is considered normal and optimal activity, and when changing work methods. Another innovative aspect of this collective agreement is that it sets overall increases for the wage bill – which is the total amount paid in wages by an employer – for three consecutive years, leaving some discretion regarding its application in individual terms (article 33).

**Uruguay: enterprise collective agreement in a bank**

An enterprise collective agreement in the banking sector in Uruguay defines a set of indicators that measure individual performance (leadership, results orientation, customer orientation, reliability, innovation and initiative) as well as another set of indicators on the bank's overall result (yearly profit, management indicators, unit objectives, sector objectives) with a weight of 50 per cent given to each of the two sets of indicators. If at least 80 per cent of the overall performance measures are met, an annual bonus is paid, which could go up to a nominal wage plus seniority proportional to the percentage (result) obtained (Mazzuchi 2022).

25 Collective Agreement for the Hospitality of Macedonia, 2007 (Official Gazette of the Republic of Macedonia No. 2/2008) (Petreski and Ristovski 2021).

26 *Resolución de 7 de julio de 2021, de la Dirección General de Trabajo, por la que se registra y publica el XX Convenio colectivo general de la industria química*. This collective agreement also highlights several aspects as relevant to maintaining and increasing productivity at the company level, including: (i) the organization of work and optimal use of human and material resources (article 7); (ii) the correction of absenteeism through specific measures, including work-life conciliation (article 36); (iii) the promotion of vocational training (article 88); and (iv) collaboration between the company's management and trade union representatives or work councils (article 84).

## ► Box 7: Examples of negotiated financial participation schemes

**Argentina: collective agreement in the banking sector<sup>27</sup>**

This collective agreement, which covers the banking sector in Argentina, was signed in 2020,<sup>28</sup> and sets a profit-sharing scheme for workers based on the global profits of the financial system, taking as reference the average ROE (return on equity) published by the Central Bank of Argentina in the previous six months (article 9). The amount is calculated and disbursed monthly, and is equivalent to one-twelfth (1/12) of a set of additional payments also established in the agreement (Annex IV), which vary according to aspects such as the educational attainment of the worker and the region where the work is performed.

**Spain: collective agreement in the banking sector<sup>29</sup>**

The collective agreement for the banking sector in Spain establishes a profit-sharing scheme for workers based on the operational results of companies that are covered by the agreement. The amount of this payment, if applicable, will be based on the year-on-year variation of the operational result for the years 2020, 2021, 2022 and 2023. Workers may receive this payment from one time (when the operational results have increased between 5 per cent to 10 per cent year on year) up to six times (when the operational

results have increased over 30 per cent year on year), with the amount being equivalent to 25 per cent of an extraordinary pay based on the base wage plus years of service supplement (article 23).

**Spain: enterprise collective agreement in the automobile sector<sup>30</sup>**

An enterprise collective agreement in the automobile sector signed with two workers' organizations<sup>31</sup> in Spain in 2016 includes variable pay that depends on the company's annual operational result. In years in which the company's annual operational result is positive and less than €100 million, 2 per cent of that income will be distributed among the workers with a minimum payment of €150 per worker. When the annual operational result is higher than €100 million, the percentage applied is 2 per cent of income shared with workers for the parcel up to €100 million and 8 per cent in the parcel above €100 million, but with a maximum of €1,300 per worker. The payment is made in a single payment in the settlement of the month following the publication of the company's operational result. When the annual operational result is negative, for every €25 million improvement in comparison to the previous year, 0.1 per cent will be shared with workers with a maximum limit of 0.5 per cent.

27 The text of this collective agreement is available (in Spanish) at: <https://www.bancariasba.com.ar/wp-content/uploads/2020/07/Acta-acuerdo-julio-2020-Final.pdf>.

28 The parties to the agreement are the Asociación Bancaria (Sociedad de Empleados de Banco), Asociación de Bancos Públicos y Privados de la República Argentina (ABAPPRA), Asociación de Bancos de la República Argentina (ABA), Asociación de Bancos Privados de Capital Argentino (ADEBA), and Asociación de la Banca Especializada (ABE).

29 *Resolución de 17 de marzo de 2021, de la Dirección General de Trabajo, por la que se registra y publica el XXIV Convenio colectivo del sector de la banca*.

30 The text of this enterprise collective agreement is available (in Spanish) at: <https://www.boe.es/buscar/doc.php?id=BOE-A-2016-8853>.

31 Unión General de Trabajadoras y Trabajadores (UGT) and Confederación Sindical de Comisiones Obreras (CCOO).

# ▶ 4

## Coordination of wage bargaining

The voluntary nature of collective bargaining requires that determination of the level of bargaining is to be left to the discretion of the parties involved. Wage bargaining can take place in a single negotiation, or it can proceed through a sequence of two or more stages carried out at different bargaining levels. The ILO Collective Bargaining Recommendation, 1981 (No. 163), described in box 1 above, provides guidance for the promotion of collective bargaining, including adequate coordination among levels of bargaining in countries where such bargaining takes place at more than one level. Depending on the coverage of collective bargaining, the degree of coordination between the bargaining levels can be an important determinant of its effectiveness.

There is a wide diversity of coordination approaches across different levels of wage bargaining and across various sectors, such as:<sup>32</sup>

**Institutional coordination** wherein the law or the parties to collective bargaining formally establish a clear articulation or coordination of levels based on a hierarchical relationship between the bargaining levels. Institutional coordination is the highest form of coordination and is closely related to the level of centralization of bargaining. As an example, in

Sweden collective bargaining at the sector level sets the framework and defines which topics can be modified during local-level collective bargaining. Whereas in Spain, the wage increases that should be respected in all collective agreements in the country are negotiated at the national level<sup>33</sup>

**Goal-oriented coordination** is a less prescriptive arrangement through which peak employers' and workers' organizations provide guidelines – including targets for wage increases in some instances – to their members involved in collective bargaining.

**Pattern bargaining and/or coordinated negotiations** are also less formal arrangements. Pattern bargaining can occur at the company or sectoral level, whereby an existing collective agreement is used by a workers' or employers' organization to demand similar conditions and entitlements in another bargaining process.<sup>34</sup> Japan's "shunto" (see box 8 below) would be an example of coordinated negotiations.

Box 8 gives some examples of how different possibilities can combine in practice, and illustrates the diversity of the wage bargaining coordination efforts found across multiple countries.

<sup>32</sup> Collective bargaining and the Decent Work Agenda. Meeting document. Governing Body (ILO, 2007). See [here](#)

<sup>33</sup> Interconfederal Agreements for Collective Bargaining at the state level ("Acuerdos Interconfederales para la Negociación Colectiva de nivel estatal desde 1997"). See [here](#)

<sup>34</sup> Pattern bargaining. 2019. Eurofound. See [here](#)

## ► Box 8: Examples of coordination of wage bargaining

**Ireland**

Even though there is no specific regulation of coordination or articulation of collective agreements in Ireland, there has been pattern bargaining in the private sector in recent years, including in manufacturing, retail, and financial services (Maccarrone, Erne and Regan 2019). The peak workers' organization<sup>35</sup> issues annual guidance to guidance to private sector negotiators that includes a target range for wage increases, together with suggestions for other bargaining priorities (ICTU 2022). The main employers organization<sup>36</sup> provides similar guidance to their members that engage in local bargaining (Eurofound, n.d.-a).

**Japan**

Wage bargaining in Japan has historically been strongly coordinated via the "shunto", translated as the "spring wage offensive", which is an example of coordinated negotiation talks. Through the shunto, after consultations with sectoral trade union federations, the trade union congress issues guidelines with wage increase targets specified by each sectoral-level trade union federation, which then are used as the basis for negotiations by enterprise-level trade unions. The sectoral-level trade unions support their enterprise-based trade unions by providing information; consolidating demands on working conditions, including wages and working hours at the industry level; and coordinating negotiation strategies on aspects such as wage rates, bonuses and the timing of bargaining (Oh 2006). On the side of the employers, the peak employer organizations, in particular Keidanren, lead the negotiation with the trade unions and provide communication to employers/businesses on how to deal with trade union demands. After large enterprises of leading sectors reach an agreement on wage increase, a pattern is set for other medium and small enterprises in which

trade unions consider the particular situation of individual companies (Jung, n.d.). In addition to wage increases, the negotiation of bonuses is a significant aspect of the *shunto*.

**Republic of Korea**

Despite there being a low degree of coordination between bargaining levels, the two national confederations of trade unions<sup>37</sup> play a role by proposing yearly guidance for wage increases at the enterprise level. Similarly, the national employers' association<sup>38</sup> provides guidelines for wage negotiations to enterprises (Jeong 2003). There has been some pattern bargaining, including in the automobile industry and metals industries where wage increases paid in large firms have tended to be taken up by other firms.

**Sweden**

In Sweden wage bargaining is strongly coordinated around the Industrial Agreement, whereby workers' and employers' organizations from internationally exposed sectors agree on an overall wage increase that sets the "mark" for the evolution of wages for the rest of the labour market (Kjellström 2019; Swedish Unions within Industry 2016a; Eurofound, n.d.-b; Eurofound 2009a). Afterwards, that "mark" is taken up at the sectoral level, where the Industrial Agreement is negotiated by workers' and employers' organizations in sectoral collective agreements that set the framework and define the topics that can be modified as part of local level collective bargaining, that is, between workplace trade union representatives and an individual employer. At the local level, the parties adapt the sectoral collective agreement to the conditions of the workplace and agree on further improvements regarding what has been agreed at the national level. There can also be company agreements between a national trade union and a single company, although these are uncommon in Sweden (Eurofound 2019a).

<sup>35</sup> Irish Congress of Trade Unions (ICTU).

<sup>36</sup> Irish Business and Employers Confederation (IBEC).

<sup>37</sup> The Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU).

<sup>38</sup> The Korea Enterprises Federation (KEF).

## Box 8 (cont'd)

**Switzerland**

There is no formal institutional system of wage coordination between different bargaining levels in Switzerland. Nevertheless, the Swiss Federal Statistical Office (2016a) has observed that overall wages in sectors where sectoral collective agreements exist closely follow the evolution of bargained wage rates. What is more, overall wage developments in the economy follow the evolution of collectively bargained rates, although slightly less closely.

**Uruguay**

There is a high degree of institutional coordination in the Uruguayan wage system. The Collective Bargaining Law 18.566 establishes negotiations at three levels for the private sector:

- i. the Tripartite High Council,<sup>39</sup> which decides about the national minimum wage and determines the sectoral groups into which collective bargaining will be organized;<sup>40</sup>
- ii. collective bargaining at the sector level under the scope of tripartite wage councils or through bipartite negotiations; and
- iii. enterprise-level collective bargaining.<sup>41</sup>

The tripartite wage councils set minimum wages by work category for each sector, as well as wage adjustments. Negotiations on wage adjustments in almost all sectors take place in simultaneous "bargaining rounds", which occur, on average, every two years. At the start of each bargaining round, the Government presents the Tripartite High Council with the general guidelines regarding wage adjustments, which are framed on macroeconomic objectives.

<sup>39</sup> Consejo Superior Tripartito.

<sup>40</sup> Ley No. 18.566 – Sistema de Negociación Colectiva (2009), article 10.

<sup>41</sup> Ley No. 18.566 – Sistema de Negociación Colectiva (2009), article 11.



# ▶ 5

## Information that may support wage bargaining

The ILO Collective Bargaining Recommendation, 1981 (No. 163), proposes a series of means to facilitate and promote collective bargaining, including measures with a view to “enabling negotiators to obtain appropriate training and the parties to have access to the information required for meaningful negotiations (such as information on the economic situation of the enterprise, on condition, however, that the objectivity and confidentiality of such financial data is subject to reasonable guarantees)” (ILO 2012, para. 241).

According to a recent ILO report, collective bargaining can be a tool to balancing employment relations, including by addressing asymmetries of information and redressing imbalances in bargaining power between the parties (ILO 2022a, 31). Access to reliable information helps the bargaining parties to engage in informed negotiations, supports good faith, and can strengthen the link between wages and productivity growth.

Information that can support wage bargaining can range from macro-level (economic indicators, labour market characteristics and sectoral context) to enterprise-specific (business conditions, characteristics of the enterprise and/or site, information on the economic or financial situation of the enterprise<sup>42</sup>, occupational safety and health (OSH) policies, workplace rules, existing wage structure, and other terms and conditions of work).

Public authorities can encourage meaningful and informed negotiations by making relevant and reliable information available to the bargaining parties and to the public in general. This might include macroeconomic data, data for the sector, labour market information or specific information for rounds of negotiations (such as information about a particular branch of activity, a territory or a time period, among others). The public authorities can also encourage the negotiating parties to share information during their negotiations – while also paying due regard to protecting commercial and personal confidentiality.

Broadly speaking, information and evidence that may support wage bargaining serves to:

- ▶ describe the current situation in objective terms and to identify any relevant trends;
- ▶ estimate the impact of any proposals that are put on the table, such as the impact of a wage increase to the labour costs of the enterprise or the effect of inflation on the real wages of workers;
- ▶ explain and justify the respective claims of each side; and
- ▶ widen the perspectives of bargaining partners by making them aware of wage, industrial relations and employment practices used in other contexts.

<sup>42</sup> With appropriate measures being taken to protect against disclosure of confidential information.

Both qualitative and quantitative data are likely to be relevant for bargaining parties. For example, to close the gender pay gap, it will be instrumental for negotiators to understand the factors contributing to wage inequality. These factors can include social attitudes towards gender roles and family responsibilities, access to childcare,

patterns of choice around family planning, or the value attached to different job posts occupied by men or women in the workplace, and these factors need to be understood alongside more explicitly work-related information like access to education and training.

## ► 5.1. Information used in wage bargaining in different contexts

In a large majority of the systems analysed for this Review of Wage Setting, wage bargaining takes inflation into consideration, with it often being measured using the Consumer Price Index (CPI)<sup>43</sup>. Other macroeconomic information frequently consulted include economic growth, labour market indicators such as employment and unemployment, and the wage and labour costs of neighbouring countries or key competitors. Some bargaining parties also consider developments related to product orders, capacity utilization of a sector, average earnings and labour productivity.

The consideration of inflation can be particularly strong where bargaining takes place predominantly at the national interprofessional level, as in Tunisia and North Macedonia. In Sweden, inflation as well as productivity, domestic labour market conditions and international competitiveness are taken into account in wage bargaining (Swedish Unions within Industry 2016b). Inflation is also a significant criterion in the revision of wage rates in countries where bargaining takes place mostly at the national sectoral level. This is the case in Senegal, South Africa and Switzerland, for

example. Other aspects considered in wage-related decision-making in these systems include the GDP<sup>44</sup> growth rate, sectorial labour market trends, the competitiveness of enterprises in the sector, average earnings, productivity, profitability and social benefits. In systems where enterprise-level bargaining predominates, such as in Chile, Serbia and Ireland (ICTU 2022), wage bargaining will usually consider inflation, firm/sector performance and productivity, as well as the financial situation of the company. In Belgium, Chile and Uruguay, collective agreements make provision for the adjustment of wage rates triggered by inflation, a feature which is not present in most countries.

The economic performance of a sector or enterprise is another key consideration informing negotiations. The social partners<sup>45</sup> in the metal industry in Germany develop their demands based on an assessment of the national economic and social situation, the business climate and forecast data in the sector, economic and employment growth, inflation, export and import figures, costs, and profit margins, among other aspects (ILO 2021b).<sup>46</sup>

<sup>43</sup> A Consumer Price Index (CPI) measures inflation based on the variation in the prices of a basket of goods and services that are representative of a household's typical expenditure in an economy.

<sup>44</sup> Gross domestic product (GDP) is the total market value of final goods and services produced in a country in a specific period.

<sup>45</sup> IG Metall and Gesamtmetall. IG Metall represents 2.2 million employees from the areas of metals and electricals, iron and steel, textiles and clothing, wood and plastics, crafts and services and information and communication technology. Gesamtmetall is the Federation of German Employers' Associations in the Metal and Electrical Engineering Industries.

<sup>46</sup> Gesamtmetall publishes data on the metal and electrical engineering industries on its website at: <https://www.gesamtmetall.de/branche/me-zahlen>. Some of the data published by Gesamtmetall is provided by the research institute of the employers, the *Institut der deutschen Wirtschaft*.

Table 3 below contains examples of the types of information used in wage bargaining in selected countries, including economic indicators, labour market characteristics, and sectorial and enterprise

features. The country dossiers in Part II provide additional details under the sections on "information that may support wage bargaining".

## ► 5.2. Wage guidance based on criteria agreed between social partners

In a number of countries, the setting of wages through collective bargaining follows guidance based on criteria agreed between the social partners, and in some cases produced by mutually accepted sources. Governments frequently establish public bodies or commission independent

research agencies to produce general economic and social information. In many cases, these bodies and agencies have a tripartite governance structure that includes representation from government, workers and employers.

### ► Box 9. Examples of institutions that collect/publish information that may support wage bargaining

#### Japan: Japan Productivity Center

The Japan Productivity Center (JPC) has been publishing labour productivity statistics in mining, manufacturing and non-manufacturing industries on a monthly, quarterly or annual basis since 1958 to measure the efficiency of different sectors.<sup>47</sup> These statistics are considered by workers' and employers' organizations as providing an accurate reflection of sectoral trends, and are used as the basis for labour-management consultations as well as being a reference point by trade unions and management in negotiations (Kato 2016). The JPC was established by the Government in 1955 and is a fully autonomous organization with a governance structure that includes representatives of workers and employers as well as independent experts. The JPC promotes increasing employment, cooperation and discussions between labour and management,

as well as the fair distribution of the fruits of productivity improvement under its "Three Guiding Principles of Productivity". The JPC advocates for the relevance of productivity growth and its compatibility with distributional justice, as well as regarding the importance of using evidence-based data like the Center's productivity index to support wage bargaining (JPC, n.d.-c).

#### Republic of Korea: Korea Labor Institute (KLI)

Both workers' and employers' organizations make extensive use of the research and statistical publications of the Korea Labor Institute (KLI). The KLI is a government-funded research organization founded in 1988 that conducts systematic research and analyses in the field of employment and labour. Through monthly and quarterly publications, KLI provides information, data and analysis including on domestic and

<sup>47</sup> The JPC labour productivity index indicates changes in physical labour productivity of mining, manufacturing, and non-manufacturing industries. The term "physical labour productivity" is output per amount of labour input. The amount of labour input is defined as a man-hour (JPC n.d.-a; JPC, n.d.-b).

## Box 9 (cont'd)

foreign labour markets, labour–managerial relationships and wages, employment policies, labour law, industrial relations, human resources management and social security. It also runs educational programmes aimed at the social partners (KLI, n.d.).

#### Sweden: Swedish National Mediation Office

There is a broad consensus in Sweden about the criteria that should guide decision-making on wages. These criteria are set out in what the Swedish National Mediation Office calls the “governing dimensions” of wage formation, which include international competitiveness

and real wages increase combined with a high level of employment. The Mediation Office is a central government agency that is answerable to the Ministry in charge of Labour and has three main tasks: (i) to mediate in labour disputes; (ii) to oversee the provision of public statistics on wages; and (iii) to promote an efficient wage formation process. The latter task is achieved not only through its mediation work, but also by consulting with concerned parties on the labour market and the economic conditions for wage formation, as well as through conferences, seminars and reports (Sweden, Swedish National Mediation Office, n.d.-a).

## ► 5.3. Information disclosure at the company level

In many countries, workers’ organizations have a legal right to be given access to company-specific information, which can then be used for collective

bargaining purposes. Box 10 below elaborates on examples of regulatory frameworks for information disclosure at the company level.

## Box 10. Examples of regulatory frameworks for information disclosure at the company level

#### Chile: The “right to information” in Law 20.940 of 2016

Chile’s Law 20.940 of 2016 on Modernizing the Labour Relations System created the “right to information” for workers’ organizations.<sup>48</sup> This right consists of two parts: (i) the right to receive “periodic information” from the company; and (ii) the right to receive “specific information for collective bargaining”.

The “periodic information” covers the balance sheet, income statement and audited financial statements, as well as public information that the company is due to make available to the Chilean financial regulator and supervisor. For smaller companies, they must provide information on their income and expenses for the tax period each time they submit their annual income statement. Along with this, the law provides that company trade unions may, once in each calendar year, request from large companies information on the remuneration of their executive positions. In the case of medium-sized companies, trade unions may make this request only as information prior to a negotiation.

Concerning the “specific information for collective bargaining”, the company should provide the workers’ organization with the payroll, updated value of the benefits of the current collective agreement, global labour costs of the company in the last two years, and information that affects the future investment policy of the company. If the company refuses to release this information, the workers’ organization can follow a brief administrative and/or judicial procedure. The

workers’ organization has a duty of reserve regarding the information it receives from the company.

The law also created the Fund for Union Training and Collaborative Labour Relations,<sup>49</sup> which was established with several goals in mind, including developing the capacity of trade union leaders to use and analyse the above information through training.

#### European Union: Directive establishing a general framework for informing and consulting employees

Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 Establishing a General Framework for Informing and Consulting Employees in the European Community sets the minimum principles, definitions and arrangements for information and consultation of employees at the enterprise level within each EU country.<sup>50</sup> The Directive requires that workers should have the right to information and consultation on three topics:<sup>51</sup>

- i. the recent and probable development of the undertaking’s or the establishment’s activities and economic situation;
- ii. the situation, structure and probable development of employment within the undertaking or establishment and any anticipatory measures envisaged, where there is a threat to employment; and
- iii. decisions likely to lead to substantial changes in work organization or in contractual relations.

<sup>48</sup> This right is regulated under articles 315–319 of the Labour Code. Further development can be found in Ordinary 5935/96 of 2016 of the Labour Directorate.

<sup>49</sup> Fondo de Formación Sindical y Relaciones Laborales Colaborativas.

<sup>50</sup> Previous European Community law had provided employees to be consulted and provided information in specific circumstances, such as collective redundancy or transfer of an undertaking, or on issues such as health and safety; while the 1994 Directive on European Works Councils provided for information and consultation on certain matters in multinational companies and groups. On a related subject, Directive 2022/2041 of the European Parliament and the Council of 19 October 2022 on Adequate Minimum Wages in the European Union, which among other goals, established a procedural framework for the adequacy of statutory minimum wages, including their setting and updating according to a set of clear criteria with the involvement of social partners. Directive 2022/2041 also promotes collective bargaining on wage setting, namely through action plans to strengthen the capacity of social partners and increasing collective bargaining coverage.

<sup>51</sup> The Directive applies to undertakings employing at least 50 employees, or to establishments employing at least 20 employees, according to the choice made by the Member State (European Commission, n.d.-a).

## Box 10 (cont'd)

Under the Directive, the practical arrangements for information and consultation are to be determined by the Member State. These practical arrangements incorporate a process of nine sequential stages: (i) transmission of information/data; (ii) acquaintance with and examination of data; (iii) conducting an adequate study; (iv) preparation for consultation; (v) formulation of an opinion; (vi) meeting; (vii) employer's reasoned response to opinion; (viii) exchange of views and establishment of dialogue; and (ix) discussion "with a view to reaching an agreement on decisions" (Eurofound 2019b). The Directive foresees that, in specific cases, employers are not obliged to communicate information when it would harm or be prejudicial to the functioning of the enterprise, and sets forth that employees' representatives cannot reveal to employees or to third parties any information that has expressly been provided to them in confidence.

#### Ireland: Employees (Provision of Information and Consultation) Act

The Employees (Provision of Information and Consultation) Act of 2006 gives effect to the European Union Directive 2002/14/EC above by providing a general framework with minimum requirements for the right to information and consultation of workers in companies with at least 50 workers on matters that directly affect them (with a duty of confidentiality). The Irish Congress of Trade Unions has published a guide to the Act that makes detailed suggestions about the specific kinds of information that could fall under the general categories set out in the Directive (ICTU 2008). IBEC, the peak employer organization, also provides information to its members under the scope of the Act of 2006, including on options for employers, the employee threshold, safeguards for employers, and disputes and enforcement (IBEC, n.d.).

#### South Africa: Disclosure of information under the Labour Relations Act

The Labour Relations Act in South Africa includes a provision for disclosure of information for the purpose of collective bargaining. Section 16 (Disclosure of information) provides that an

employer has a duty to disclose all relevant information to a representative from a workers' organization that will allow them to engage effectively in bargaining. The employer is not required to disclose information in cases where that information is legally privileged; where disclosing it would be in contravention of a law or court order; where it is confidential, and disclosure would cause substantial harm to an employer or employee; or where it is private personal information relating to an employee. If there is a dispute concerning the disclosure of information, it can be taken to the Commission for Conciliation, Mediation and Arbitration for conciliation, followed, if necessary, by arbitration. As with bargaining councils and sector-level bargaining forums, negotiations in large corporations are usually preceded by meetings or workshops at which there is sharing of information by the management and trade unions. At these events, the two sides present their data and answer questions and queries. In some cases, independent experts and mediators may be invited to give an overview of the state of the economy with a focus on the sector in which the bargaining arrangement is located.

#### Switzerland: Federal Law on Information and the Consultation of Workers in Enterprises

Switzerland has legislation on workers' rights to information through the 1993 Federal Law on Information and the Consultation of Workers in Enterprises, which is similar to that in place in most EU countries.<sup>52</sup> The 1993 law specifies certain categories of information that workers have the right to be given by their employer, either as individuals or via representatives (union or non-union). Such information should be needed for the proper exercise of the representatives' functions, and once per year, the employer should provide information on the impact of its economic activity on the workforce. Collective agreements may also contain clauses to the effect that relevant information will be supplied by the employer(s) to the trade union(s) involved. Agreements may also set out how the parties intend to ensure that the 1993 Federal Law will be put into effect.

<sup>52</sup> Loi fédérale sur l'information et la consultation des travailleurs dans les entreprises (Loi sur la participation) du 17 décembre 1993 (Etat le 1er janvier 2011).

► Table 3. Examples of information that may support wage bargaining<sup>53</sup>

Scope	Information	Examples of data/indicators	Purposes (examples)	Sources (examples)
<b>1. National context</b>				
1.1. Economic indicators	Inflation	Consumer Price Index (CPI)	Understanding the overall economic environment: <ul style="list-style-type: none"> <li>▶ Economic growth</li> <li>▶ Real wage increases</li> <li>▶ Trends in neighbouring economies/competitor countries</li> <li>▶ Future economic developments</li> </ul>	<ul style="list-style-type: none"> <li>▶ National statistics offices</li> <li>▶ National central banks</li> <li>▶ Tripartite/bipartite bodies</li> <li>▶ International organizations</li> </ul>
		Producer Price Index (PPI) <sup>54</sup>		
		Corrected health index		
		Inflation target		
	Economic situation	Economic growth (GDP growth rate)		
	International competitiveness	Wages in the national sectors most exposed to international competition		
		Wages and labour costs in main competitor countries		
		Hourly labour costs in neighbouring economies		
	Cost of living	Cost of basic foodstuffs and other costs		
		Cost of the consumption basket		
1.2. Labour market characteristics (by sex)	Employment	Employment rate	Assessing labour market characteristics and performance: <ul style="list-style-type: none"> <li>▶ Job growth or contraction</li> <li>▶ Wage trends</li> <li>▶ Wage inequalities</li> <li>▶ Developments in productivity</li> <li>▶ Relationship between wages and productivity growth</li> </ul>	<ul style="list-style-type: none"> <li>▶ National statistics offices</li> <li>▶ Ministries of Labour</li> <li>▶ Mediation offices</li> <li>▶ Tripartite/bipartite bodies</li> <li>▶ Commissions for gender equality</li> <li>▶ International organizations</li> </ul>
	Unemployment	Unemployment rate		
	Wages	Collectively agreed minimum wages		
		Wage increases in the public sector or obtained by other workers' organizations in the productive sector		
		Statutory minimum wage		
		Latest levels of generalized wage increases		
		General/average level of earnings in the economy		
		Wage share as a % of GDP		
		Difference between public and private sector wages		
	Productivity	Labour productivity		
Productivity				

<sup>53</sup> Additional examples of information can be found in tables 5.1 and 5.2 of ILO, *Collective Bargaining: A Policy Guide*, 2015.

<sup>54</sup> A Producer Price Index (PPI) measures price changes from the seller's perspective, that is, it measures the change in the selling prices received by domestic producers for their output.

Table 3 (cont'd)

Scope	Information	Examples of data/indicators	Purposes (examples)	Sources (examples)
<b>2. Sectorial context</b>				
	Economic performance	Profits	Understanding the sector's characteristics and dynamics: <ul style="list-style-type: none"> <li>▶ Economic performance</li> <li>▶ Competitiveness</li> <li>▶ Industry share of total GDP</li> <li>▶ Wage trends</li> <li>▶ Efficiency of different sectors</li> <li>▶ Business climate and future industry trends</li> </ul>	<ul style="list-style-type: none"> <li>▶ National statistics offices</li> <li>▶ Productivity centres</li> <li>▶ Ministries in charge of Labour</li> <li>▶ Workers' organizations</li> <li>▶ Employers' organizations</li> </ul>
		Turnover		
		No. of employed people or of employees		
		Incoming orders (domestic, foreign, total)		
		Variation of production		
	Capacity utilization			
	Wages	Average wage in the industry/sector/branch of activity		
		Wage increases in relevant sectors or in sister firms		
	Costs	Labour cost per hour		
		Changes in the price of energy/electricity, water, raw materials		
Productivity	Output per amount of labour input (man-hour)			
	Average aggregate productivity (GDP per working hour)			
	Productivity increase (gross value added per working hour) in different economic sectors			
Gender pay gap	Gender bias in job classification and evaluation schemes			
Other wage inequalities	Difference between the minimum wage and the median wage in the sector			
<b>3. Enterprise context</b>				
	Economic performance	Profits	Identify and understand the characteristics of the enterprise: <ul style="list-style-type: none"> <li>▶ Performance, financial circumstances and competitive position</li> <li>▶ Cost structure including labour costs</li> <li>▶ Jobs, production and productivity</li> <li>▶ Financial resources/capacity to pay</li> <li>▶ Distribution of the fruits of productivity improvement</li> <li>▶ Gender pay gap</li> <li>▶ Pay differentials between job posts</li> <li>▶ Working time arrangements</li> <li>▶ Impact of market developments</li> </ul>	<ul style="list-style-type: none"> <li>▶ Public information submitted to financial regulators and supervisors or tax services (including income statement, balance sheet)</li> <li>▶ Annual report</li> <li>▶ Collective agreements</li> <li>▶ Job evaluation and classification schemes</li> <li>▶ Gender pay audits</li> <li>▶ Wage scale</li> <li>▶ Employee surveys</li> </ul>
		Turnover		
	Financial situation	Enterprise's debt		
		Capital employed		
		Return on capital employed		
		Labour costs		
		Share of labour costs in total revenues		
	Wages	Total cost of production or value added		
		Wage defined in the (relevant) collective agreement		
		Wages in companies in the same branch of activity		
Wages in competitor companies				

Table 3 (cont'd)

Scope	Information	Examples of data/indicators	Purposes (examples)	Sources (examples)
<b>3. Enterprise context (cont'd)</b>				
	Productivity	Annual volume of finished products production compared with the number of employees		
		Capital output ratio <sup>55</sup>		
		Real output per employee		
		Output per employee		
		Production volumes		
		Participation in training schemes		
		Group performance indicators		
	Individual performance indicators			
	Gender pay gap	Existing gaps in pay between women and men		
		Index on equal pay between men and women		
Other wage information	Remuneration of executive positions			
Human resources	Total employee numbers (and per type of contract)			
	Localized worker demands <sup>56</sup>			

## ▶ 5.4. Other criteria used in wage bargaining

Wage bargaining can also operate in a context where other criteria or goals of public interest have been established as guidelines that the parties may wish to consider in their negotiations. These considerations may relate to economic and social policy or the protection of the public interest, and include goals such as:

- ▶ increased job creation;
- ▶ reduction of poverty;
- ▶ reduction of inequalities, such as gender pay gaps;

▶ enhancing the overall competitiveness of the economy; and/or

▶ enhancing attractiveness for foreign investment, among others.

These guiding goals and criteria might be set by the government in consultation with the social partners, by the social partners in negotiations or jointly by all actors; alternatively, they may be institutionalized within the remit of tripartite bodies. They may also be found in collective agreements and social pacts. Box 11 gives some examples of guidelines on goals of public interest that may be considered in wage bargaining.

<sup>55</sup> The amount of capital needed to produce one unit of output.

<sup>56</sup> Assessed through on-line-surveys, interviews with workers, and so on.



► **Box 11. Examples of guidelines on goals of public interest which may be considered in wage bargaining**

**Belgium: National interprofessional collective agreement (2017–2018)<sup>57</sup>**

The national interprofessional collective agreement in Belgium of 2017-2018 mentions that the social partners also wish to take up certain societal challenges together, including burnout and youth employment, among others.

**Sweden: “Governing dimensions” of pay setting**

The Swedish National Mediation Office has several duties, including the promotion of an efficient wage formation process that is: based on the normative role of the international competitive sector in wage formation; combines increased real wages with a high level of employment; results in fewer labour market

conflicts; enables relative wage changes; and contributes to the international competitiveness of Swedish trade and industry (Sweden, National Mediation Office, n.d.-a).

**Switzerland: Collective agreement for the electrical equipment, metals and machinery sector<sup>58</sup>**

The Swiss collective agreement in the electrical equipment, metals and machinery sector includes clauses that specify that environmental protection (article 8.5), equal opportunities and wages between women and men (article 8.6), and non-discrimination and the integration of foreign workers at the enterprise level (article 8.7) are shared goals of employers and workers.

<sup>57</sup> *Accord interprofessionnel 2017–2018, clause D.*

<sup>58</sup> *Convention collective de travail de l'industrie des machines, des équipements électriques et des métaux, 2018.*



# ▶ 6

## Responding to crises and adjusting to the economic cycle and to the enterprise life cycle

Wage bargaining enables social partners to adjust to fluctuating demand and production capacity throughout the economic cycle and the enterprise life cycle. As an example, in Sweden the wage moderation and international competitiveness rationale behind the Industrial Agreement – through which workers’ and employers’ organizations from the sectors most exposed to international competition agree on the overall wage increase – has created stability in the country’s wage formation and is a key feature of the wage bargaining system. Another example is Japan, where wage bargaining coordination under the *shunto* has focused on wage moderation over the past three decades; although a recovery of economic and productivity growth coupled with appropriate wage adjustments has been voiced as a current concern.

Through wage bargaining, social partners have mitigated the effects of crises such as the global financial crisis of 2007–09, the COVID-19 pandemic of 2020–22 and more recently the cost-of-living crisis following the widespread inflation rise that began in 2021 and intensified during 2022 (ILO 2022b; OECD 2022; ILO 2020d; Vaughan-Whitehead 2018).

Amid the 2007–09 global financial crisis, social partners agreed on measures such as wage moderation or wage freezes in exchange for job security; temporary work hours reductions combined with temporary wage decreases and/or working time flexibility; or a combination of these measures (for further details, see examples in box 13).

During the COVID-19 pandemic, dialogue between employers (and their organizations) and workers’ organizations led to joint responses that supported wages and preserved enterprises and jobs, including through measures such as temporary work-sharing (also called short-time work)<sup>59</sup> combined with temporary wage reduction. With the aim of supporting companies and protecting against job losses, several countries implemented temporary government-supported wage subsidies, among other policy measures. Collective agreements were tailored to the conditions in particular sectors or companies, including by topping-up those wage subsidies that were paid by the company, which in several cases were financed by reducing other benefits. For further details, see examples in box 14.

<sup>59</sup> Work-sharing is a collective reduction of working time intended to spread a reduced volume of work over the same or a similar number of workers in order to avoid or reduce layoffs and maintain business operations (ILO 2004).

The ILO's *Global Wage Report 2022–23* assessed how COVID-19 and the cost-of-living crisis that followed rising inflation have impacted wages and purchasing power. The report highlights that social dialogue, including collective bargaining, can be instrumental in achieving wage adjustments during a crisis, and that in some countries – especially in Europe – collective bargaining had a significant role in saving jobs, ensuring business continuity and protecting earnings (ILO 2022b). In a 2022 report, the Organisation for Economic Co-operation and Development (OECD) also noted that inflation

acceleration was leading to a cost-of-living crisis, and called for strengthening collective bargaining to ensure a fair distribution of the inflation shock between workers and employers and to rebalance bargaining power between the parties while enabling workers to negotiate their wages on a level playing field (OECD 2022b). Box 15 below provides a few examples of collective agreements that incorporate inflation-induced wage increases that seek to balance workers' increased cost of living with the business' need to stay competitive.

#### ► Box 12. Inflation compensation and real wage growth

Unless wages are increased in line with rises in the prices of basic goods and services, the real value of a wage will decrease over time even though its nominal value – the number of dollars or rupees or francs the worker is paid – may remain the same.

The difference between real and nominal wages means that wage increases may be separated into two components. One component is intended to compensate for price inflation while maintaining the real value of wages at the same level. A second component is intended to increase wages in real terms.

As mentioned in section 5.1 above, in a large majority of countries analysed for this Review of Wage Setting, wage bargaining includes a consideration of inflation – a consideration that could be accentuated in the current context of widespread price increase. Collective agreements in force in 2022 or even 2023 are likely to have been signed at a time in which expected inflation was below the level of inflation that actually took place, and thus these agreements may have locked in nominal wage raises that are not enough to cover for price rises. In France, for instance, collective agreements signed in 2022 more frequently included clauses establishing that in the case of higher inflation, sectors would resume wage negotiations outside of the usual wage negotiations calendar (Gautier 2022).

In a few countries, automatic readjustments can be found in collective agreements; these adjustments are known as “indexation” through which wages are increased to compensate for inflation to ensure the real value of wages and therefore their purchasing power. This is the case in Belgium, Chile and Uruguay. These adjustments usually take place annually, semi-annually, quarterly or when inflation exceeds a certain range. In Spain, the percentage of collective agreements signed in 2022 with indexation mechanisms seems to have increased significantly compared with recent years and covered nearly 50 per cent of employees with a collective agreement effective for 2023 (Izquierdo and Soler 2022). While automatic wage indexation can be an effective mechanism to avoid the erosion of real wages, it can also pose a risk of second-round effects on inflation and condition the implementation of stabilization policies. In the current context of uncertainty, some countries have been trying to reach agreements on an income policy. In Portugal, for instance, an agreement involving most social partners and the Government was signed in October 2022 that seeks to: define a trajectory to rebalance the share of labour compensation in GDP; increase the disposable income of individuals and families, mainly through wage increases; and reinforce business competitiveness and productivity growth.<sup>60</sup>

<sup>60</sup> *Acordo de Médio Prazo de Melhoria dos Rendimentos, Salários e Competitividade*, 9 October 2022.

#### ► Box 13. Examples of how social partners responded to the global financial crisis of 2007–09

##### **France: Partial unemployment financed by solidarity mechanism<sup>61</sup>**

Several trade unions of an automobile maker in France signed a “crisis social contract” with the management in 2009 which provided for compensation for partial unemployment up to 100 per cent of the net salary in a context of a major crisis for the automotive sector. This enterprise-level collective agreement – which was presented and discussed in a works council meeting and later extended until the end of 2010 – applied to 40,000 employees. It was based on a principle of solidarity through which the company's executives and engineers agreed to supply the crisis fund with up to eight days of their compensatory rest in 2009.

##### **Germany: Work-sharing and recruitment of trainees**

In Germany the joint management of the global financial crisis involved the social partners and the Government, and mobilized all bargaining levels while ensuring neither employment decrease nor unemployment rise despite a reduction in GDP (-4.9 per cent in 2009). The agreed measures included a temporary work-sharing arrangement

through a reduction of standard working hours, which avoided the dismissal of workers and retained skilled workers. The second element of the agreed measures prevented high youth unemployment through a massive recruitment of trainees to replace retiring people (564,000 new trainees were recruited in 2009) and through the introduction of “training alliances” at the national, sectoral and enterprise levels. The main effect of these agreements was to maintain the production capacity in core industries to support a fast recovery once the crisis abated (ILO 2021b).

##### **Sweden: Adjusting the number of workers, combined with active support for dismissed workers**

During the global financial crisis the social partners in Sweden negotiated numerical flexibility – through which the number of workers was adjusted based on the needs of the employer – in articulation with active support for dismissed workers. As of 2015, nine out of ten dismissed workers managed to re-enter the employment market, and around 70 per cent managed to have an equal or higher wage in their new job (Anxo 2018).

<sup>61</sup> Enterprise collective agreement, manufacture of motor vehicles, 2009.

► **Box 14. Examples of how social partners responded to the COVID-19 pandemic crisis**

**Germany: Temporary work-sharing combined with a temporary wage reduction**

COVID-19-related collective agreements were concluded in Germany's North Rhine-Westphalia region in March 2020 in the metal and electrical industries.<sup>62</sup> Following the North Rhine-Westphalia agreement, the workers' and employers' organizations adopted a crisis package in several other regions in Germany. To facilitate work-sharing, the collective agreement "Future in Work" from the 2007–09 global financial crisis was reactivated and updated and a new "Solidarity Collective Agreement 2020" was signed. One of the measures agreed was the introduction of work-sharing through a reduction of working hours with a net remuneration of around 80 per cent – 60 per cent of which covered by the public employment office (67 per cent for workers with children). The remaining wage was covered by cutting back special payments plus an employer's allowance of €350 per full-time employee. This negotiated scheme balanced concessions from workers with job and income security while assuring companies that there would be no wage increases before the end of 2020, which enabled planning for and mitigation of the financial impact of the crisis (ILO 2020b).

**South Africa: Collective agreement guarantees full pay in the textile sector during lockdown**

A collective agreement reached by South Africa's National Bargaining Council for the Clothing Manufacturing Industry in March 2020 guaranteed workers in the sector full pay during the planned six-week lock-down period through subsidies of the Unemployment Insurance Fund. It also provided for the possibility of lengthening that period subject to further bargaining and postponement of the new round of negotiations. This collective agreement was applied to all companies and workers in the clothing manufacturing sector by the Ministry in charge of Labour (National Bargaining Council for the Clothing Manufacturing Industry 2020).

**Tunisia: Supporting business while securing jobs and incomes**

In Tunisia, the most representative social partners<sup>63</sup> negotiated an agreement with the Ministry in charge of Labour to support companies, secure incomes and protect employment. Following this agreement, the payment of wages to about 1.5 million workers in the private sector during April 2020 COVID-19-related closures in agriculture, maritime fishing, construction, metal, garment and shoe manufacturing, and transportation was ensured. The Government paid an exceptional aid per worker, with the remaining wage paid by employers (ILO 2020c).

<sup>62</sup> Agreements were concluded between IG Metall North Rhine-Westphalia (metal workers' organization) and METALL NRW, the regional member association of Gesamtmetall (employers' organization in the metal working sector).

<sup>63</sup> The Tunisian General Labour Union (UGTT) and the Tunisian Union of Industry, Trade and Handicrafts (UTICA).

► **Box 15. Examples of how social partners responded to the acceleration of inflation in 2022**

**Spain: Territorial collective agreement in the iron and steel sector<sup>64</sup>**

An agreement between the workers' and employers' organizations in the iron and steel sector in the province of Ourense (autonomous community of Galicia in Spain) was reached in October 2022, with the aim of cushioning against the rise in inflation. The agreement covers a wage increase of 5 per cent in 2022, 5.5 per cent in 2023 and 4.5 per cent in 2024. If at the end of the term of the agreement the CPI exceeds 15 per cent, wages will be updated by 2025 capped at 18 per cent. Social partners agreed on additional aspects, including one day of reduced working hours and one additional leave day in 2023, as well as another additional leave day in 2024 (La Región 2022; Oliver 2022).

**Germany: Collective agreement in the metal and electrical sector<sup>65</sup>**

In 2022, social partners<sup>66</sup> in the metal and electrical sector in the state of Baden-Württemberg in Germany agreed on a package of permanent wage increases by a total of 8.5 per

cent and inflation compensation payments of €3,000 in two stages. In February 2023 there will be the first stage of an inflation compensation payment of €1,500 net (€550 for trainees), plus a wage increase of 5.2 per cent in June 2023. In February 2024, workers will receive the second inflation compensation payment of €1,500 net (€550 for trainees), and in May 2024, wages will increase by 3.3 per cent. This pilot agreement was also concluded in other regions of Germany (IG Metall 2022).

**South Africa: Collective agreement in the automobile industry<sup>67</sup>**


In October 2022, South African social partners reached an agreement for metalworkers in the automobile sector for the period from 2022 to 2025. In the first year, workers will get an 8.5 per cent wage increase, and in the second and third years they will get a wage increase of 7 per cent or at the inflation rate – whichever is greater. In addition, workers will also get a one-off payment of 10,000 South African rand in the first year as well as higher housing allowances (Venter 2022).

<sup>64</sup> The agreement was reached between the workers' organizations UGT (Unión General de Trabajadoras y Trabajadores), CCCOO (Confederación Sindical de Comisiones Obreras) and CIG (Confederación Intersindical Galega) and the employers' organizations ATAVE (Asociación Provincial de talleres de reparación de vehículos de Ourense) and ACAUTO (Asociación de Concesionarios de Automóviles, Instalactro y la industria del siderometal).

<sup>65</sup> Pilot collective agreement in the metal and electrical sector in the city of Ludwigsburg.

<sup>66</sup> IG Metall and employers in the city of Ludwigsburg.

<sup>67</sup> Collective agreement signed by the National Union of Metalworkers of SA (Numsa) and by the Automobile Manufacturers Employers Organization (Ameo).


 A woman with dark curly hair, wearing a blue uniform, is focused on her work at a lathe in a factory. The background is a blurred industrial setting with overhead lights.
 

# ▶ 7

## Tackling the gender pay gap through wage bargaining

Collective bargaining is one tool that can contribute to reducing gender pay gaps. According to the ILO's *Global Wage Report 2018/19*, a well-designed minimum wage can reduce the gender pay gap at lower wage levels, while collective agreements can have the same effect in the middle of the wage distribution (ILO 2018b, 46). The extent to which collective bargaining may contribute to closing the gender pay gap depends on a number of factors, including the coverage of collective bargaining in a particular context, the level at which collective bargaining predominantly takes place, the degree of coordination between social partners and the inclusion of gender equality clauses in collective agreements, among others.

Some of the measures in wage bargaining that may tackle gender pay gaps are focused on wage rates, wage payment systems, wage structure and wage composition. Wage bargaining can be used to prevent gender biases in the wage structure, particularly in regard to the payment of supplements, as studies have found the gender pay gap to be more prominent in supplementary payments than with base wages (Olivares, Oto and Mira 2019). These supplements include:

- ▶ allowances related to greater availability of work time or to work outside usual working hours (for example, shift, night, weekend, holiday or "on-call" work);

- ▶ allowances for hazardous work; or
- ▶ bonuses measured in terms of attendance/ presence at work.

Among other aspects, in most cultural contexts, it is women who are primarily responsible for caring for children and other family members, and therefore they are less available to work outside the usual working hours. In addition, some of the above supplements tend to compensate conditions specific to job positions usually held by men (such as those related to hazardous work). Pay increments based on seniority may also lead to wage differentials between women and men in those companies or sectors where women have fewer years of service, including due to career interruptions following childbirth or due to care responsibilities.

Collective bargaining can also contribute to ensuring the principle of equal pay for work of equal value by addressing subjects such as:

- ▶ gender-neutral job classification and evaluation schemes to avoid gender biases in job classification and pay systems;
- ▶ pay transparency;
- ▶ the availability of pay-disaggregated data; and/ or
- ▶ equal pay audits at the workplace.

A guide to gender-neutral job evaluation published by the ILO suggests that this objective appraisal is best achieved on the basis of an analytical method in which all jobs in an enterprise are “systematically examined, evaluated and compared, using common, precise and detailed criteria” (ILO 2008, 23). The point of this kind of exercise is to ensure that the evaluation of different levels of job complexity, responsibility, effort and so forth – and hence any differences in wage rates – is not biased by gender stereotypes about the capacities of men and women workers or about the appropriateness of certain kinds of work for workers of each sex.

Collective bargaining may also seek for the promotion of flexible working time and the reconciliation of work and family life.

One important factor to ensure the success of collective bargaining that addresses women workers’ priorities and concerns is to promote

representation of women in the leadership of workers’ organizations and especially within collective bargaining teams. The presence of women negotiators has fostered the inclusion of topics such as the gender pay gap, maternity protection, parental leave, improved access to affordable quality childcare, working time and gender-based violence in collective bargaining agendas (Gammage 2015; ILO 2016).

However, there is no way for all of the root causes of pay inequality to be addressed through collective bargaining. Factors like the differential access of women and men to educational opportunities and sociocultural attitudes towards gender roles, including around caring responsibilities, need to be addressed through broader social and economic policy measures. These kinds of policy initiatives may be the subject of national social dialogues or cross-sectoral collective bargaining.

► **Box 16. Examples of how wage bargaining and broader measures try to tackle the gender pay gap**

**Argentina: Collective agreement for the public administration**

In 2021 two workers’ organizations<sup>68</sup> that represent public sector workers in Argentina signed a national collective agreement for the public sector with the Minister of Labour, Employment and Social Security – in its capacity as an employer – which included clauses on gender equality, such as financial support for childcare-related costs and expansion of the universe of workers who can benefit from that financial support by removing the wage cap beyond which that support was not provided. The parties also undertook to adjust the agreement to align with the ILO Violence and Harassment Convention, 2019 (No. 190).<sup>69</sup>

**Belgium: Gender neutral job evaluation and classification scheme in the health sector**

In Belgium most of bipartite joint committees have included a clause on non-discrimination of women in their sectoral collective agreements. As an example, in the healthcare sector, a new job evaluation and classification scheme that sets the wages for the sector was developed by employers’ organizations and workers’ organizations and was put in place in 2018.<sup>70</sup> Under this scheme, each function is described, weighted and subsequently assigned to job categories on the basis of the activities and tasks performed, aiming at a gender-neutral wage payment system (IFIC 2021).

68 UPCN (Unión Del Personal Civil De La Nación) and ATE (Asociación Trabajadores del Estado).

69 *Convenio Colectivo de Trabajo General para la Administración Pública Nacional, 2006*, article 131, which was updated in 2021 (see article 5 of the update).

70 *Classification de Fonctions Analytique Sectorielle pour la CP 330 (Commission paritaire des établissements et des services de santé)*.

► **Box 16 (cont’d)**

**Finland: Gender equality allowances**

In Finland, the gender pay gap has been specifically placed in the collective bargaining agenda within national pay agreements, including through “equality allowances” (European Commission, n.d.-b). These gender equality allowances are defined as a given percentage of the total payroll in the field concerned and are designed to target women-dominated and low-paid sectors (Finland, Ministry of Social Affairs and Health 2006).

**Portugal: collective agreement for the footwear sector<sup>71</sup>**

A collective agreement reached in 2017 between the social partners<sup>72</sup> of the footwear sector in Portugal restructured the respective wage scale with a view to guaranteeing the same base wage for all professional categories of production-related work where there is a predominantly female workforce. Under the agreement, the wage structure of production-related work was classified into 10 degrees (the 1st degree being the highest-paid and the 10 being the lowest-paid), which were then divided into professional categories, some of which were further subdivided into three levels (being the 1st being the highest-paid and the 3rd the lowest-paid). Through this collective agreement,

all wage increases were based on a percentage determined by whether the worker’s job was in the 3rd, 2nd or 1st level. This allowed for levelling the respective base wages to the same value and removing pay discrimination between women and men. In particular workers in the 3rd and 2nd levels in female-predominant professional categories related to sewing, finishing, assembly assistance, leather goods and component preparation tasks had an average wage increase of 5.3 per cent from 2016 to 2017; while middle and senior management, for example, did not experience any wage increase.

**Togo: Collective agreement for the media sector<sup>73</sup>**

The collective agreement for the media sector signed in Togo in 2022 includes a clause about equality in employment (article 36) by which the social partners undertake to fight against all discrimination in terms of employment and profession, in particular during the recruitment of journalists and other media professionals and during the application of the employment contract. The agreement adds that discrimination means any distinction, exclusion or preference, including based on sex, which may reduce or alter equality of opportunity or treatment in matters of employment or profession.

71 *Contrato coletivo entre a Associação Portuguesa dos Industriais de Calçado, Componentes e Artigos de Pele e Seus Sucadâneos – APICCAPS e a Federação dos Sindicatos dos Trabalhadores Têxteis, Lanifícios, Vestuário, Calçado e Peles de Portugal – FESETE – Alteração salarial e outras*

72 APICCAPS (Associação Portuguesa dos Industriais de Calçado, Componentes, Artigos de Pele e seus Sucadâneos) and FESETE (Federação dos Sindicatos dos Trabalhadores Têxteis, Lanifícios, Vestuário, Calçado e Peles de Portugal).

73 *Convention collective des journalistes et professionnels des média du Togo*, October 2022.



PART **2** Country dossiers

Part II contains 14 country dossiers that provide a general overview of wage bargaining in the private sector with a summarized profile of the most salient topics, including:

- ▶ the wage payment systems, wage structures and wage compositions that can be found in collective agreements in each of these countries;
- ▶ examples of information used to support wage bargaining; and
- ▶ examples of mechanisms for information disclosure at the company level.

The country dossiers also highlight measures and initiatives involving social partners that aim to close the gender pay gap.

In addition, an analysis of each country is provided based on the institutional framework for wage bargaining proposed in Chapter 2. Each analysis captures aspects such as:

- ▶ the existing bargaining levels and the predominant level at which wage bargaining takes place;
- ▶ the hierarchy between bargaining levels;
- ▶ the coordination between bargaining levels;
- ▶ the application of collective agreements; and
- ▶ other institutional aspects, such as national social dialogues and the setting of minimum wages.

## 1. Belgium<sup>74</sup>

### 1.1. The institutional framework for wage bargaining

#### Bargaining levels

According to ILO statistics, collective bargaining coverage in Belgium is among the highest of any country in the world at 96 per cent (ILO, n.d.-b)<sup>75</sup>. Collective bargaining takes place at three interlinked levels:

- i. the interprofessional national level (first level of collective bargaining);
- ii. the sectoral level, organized in bipartite joint committees or subcommittees (second level of collective bargaining); and
- iii. the enterprise level (third level of collective bargaining).

The bipartite joint committees and subcommittees at the second level are made up of an equal number of representatives of employers’

<sup>74</sup> In 2019, the Confederation of Christian Trade Unions (CSC), the General Labour Federation of Belgium (FGTB) and the General Confederation of Liberal Trade Unions of Belgium (CGSLB) brought observations on the Act of 26 July 1996 on Employment Promotion and the Preventive Maintenance of Competitiveness, as amended by the Act of 19 March 2017 to the ILO’s Committee of Experts on the Application of Conventions and Recommendations (CEACR). The trade union organizations indicated that the provisions of the Act resulted in the fixing of a maximum wage band that severely limited the possibilities for collective bargaining and did not really allow wage increases, not only on the national level, but also at the sectoral and enterprise levels. Following this, the CEACR made a direct request to the Belgium Government to “provide detailed information on the effect given to the provisions of the Act of 26 July 1996, as amended by the Act of 19 March 2017, so that it can assess their effects on the possibility of negotiating wages at any level” (CEACR, *Direct Request – Convention No. 98 – Belgium*, 2021). In 2021, the CSC, FGTB and CGSLB submitted another claim to the ILO alleging that the Act of 26 July 1996, as amended by the Act of 19 March 2017 drastically limits the possibility for the social partners to freely negotiate wage increases for workers in the private sector (*Case No. 3415 (Belgium)* – Complaint date: 6 December 2021). Further information can be found in ILO, *400th Report of the Committee on Freedom of Association*, GB.346/INS/15 (2022).

<sup>75</sup> This includes both the private and public sectors; the percentage provided is for 2019.

organizations and representatives of workers’ organizations<sup>76</sup>.

They are established for all branches of activity with the purpose of bringing together enterprises that carry out similar activities under the same regulations adapted to working conditions. The joint subcommittees are subdivisions of the joint committees set up for a specific territory or sector of activity. The mission of the bipartite joint committees and subcommittees is to conclude collective agreements, prevent or settle social conflicts, and advise the Government, the National Labour Council or the Central Economic Council (Belgium, FPS Employment, n.d.-b).

#### Hierarchy between bargaining levels

Via the favourability principle, collective agreements concluded at a lower bargaining level cannot derogate provisions set in a collective agreement reached at a higher level.

Derogation at the enterprise-level from a sectoral-level collective agreement is only possible if the sectoral agreement explicitly allows for this<sup>77</sup>. The small number of sectoral agreements that allow derogation also specify the conditions under which it is permitted.

#### Coordination between bargaining levels

Wage bargaining in Belgium is highly coordinated and is based on: a balance between an indexation mechanism that adapts wages and social benefits to the cost of living; an upper limit for overall wage growth (the “wage norm” – explained immediately below); and sectoral-level bargaining. Research has

found that wage dispersion is low in Belgium from an international perspective (Saks 2021, 107).

Every two years in the autumn, before the start of negotiations on the interprofessional agreement, the Central Council of the Economy (CCE) establishes in a technical report the maximum available margin for wage growth in nominal terms. On the basis of that technical report, the social partners are requested to set a “wage norm” that defines the upper limit for wage growth for the following two years<sup>78</sup>. If they agree on the wage norm, then this upper limit is established in a national interprofessional collective agreement concluded within the National Labour Council (NLC), and this is made compulsory by royal decree. In the absence of an interprofessional agreement between social partners, the Government sets the maximum margin available for average wage growth.

Once set, that upper limit is taken up in sectoral-level collective bargaining, which is organized in the bipartite joint committees. All workers and the companies where they work are covered by a bipartite joint committee that decides on issues such as pay levels, job classification schemes, working time arrangements, training, and so on. The bipartite joint committees negotiate wage increases in each respective sector that can be equal to or less than the upper limit defined at the national interprofessional level.

Enterprise-level bargaining takes place as a complement to sector-level bargaining, with some adjustments being possible. Additional wage benefits can be found at the company level in a few sectors and companies, including non-recurrent performance-related bonuses when a predetermined objective has been agreed – usually in a company-level collective agreement (Eurofound 2009b; Eurofound 2019a; Eurofound, n.d.-c).

<sup>76</sup> The members of the bipartite joint committees (“*commissions paritaires*”) are designated by the law, and the presidency lies with an official mediator of the Ministry in charge of Labour. In January 2021, there were a total of 100 bipartite joint committees and 64 bipartite joint subcommittees (Belgium, FPS Employment, n.d.-b).

<sup>77</sup> See: ILO IRLEX, “Belgium – 2019”.

<sup>78</sup> The “wage norm” is based on the *Act of 26 July 1996 on Employment Promotion and the Preventive Maintenance of Competitiveness (text in French)*. See also *Belgium, FPS Employment, “Norme Salariale”*. In case of no agreement at the national interprofessional level regarding the maximum margin for wage growth, the Government can determine it. In 2021, in the absence of an interprofessional agreement between social partners, the Government set the maximum margin available for average wage growth for the period 2021–22 by *royal decree*, confirming the proposal in the technical report of the CCE.



## Application of collective agreements

The extension of collective agreements concluded at the national level is almost automatic, which in the case of intersectoral collective agreements means that they become applicable to all employers in the private sector. It is also common practice to make the sectoral collective agreements legally binding and extended to all employers – and their respective workforces – covered by the relevant bipartite joint committee or subcommittee.

## Other institutional aspects

The CCE was established in 1948 and is made up of equal numbers of representatives nominated by workers' and employers' organizations, as well as a small group of independent experts. The role of the CCE (n.d.) is to "[b]uild a consensus among social partner organizations representing the world of work and business about the workings of the economy and socio-economic questions, as well as the objectives and broad principles of policy, with a view to orienting social and economic policy in the direction that the social partners believe to be desirable".

The National Labour Council (NLC) was established by the Organic Law of the National Labour Council of 29 May 1952<sup>79</sup>. It is a national and interprofessional bipartite body that can conclude collective agreements at an interprofessional level. It is also competent in social matters, but only in an advisory capacity. In this latter role, the NLC sends the Government or Parliament – either on its own initiative or at the request of these authorities – opinions or proposals concerning general problems of a social nature of interest to employers and workers. Since 1968, the NLC has also been able to conclude collective agreements at the national and

interbranch level. These agreements are generally made binding by royal decree.

In Belgium, minimum wages are not determined by law, but rather set in collective agreements concluded within the sectoral bipartite joint committees. The guaranteed average monthly minimum income<sup>80</sup> set in a national interprofessional collective agreement signed between employers' and workers' organizations represented in the NLC constitutes the absolute lower limit for remuneration<sup>81</sup>. The minimum wages agreed in sectoral collective agreements are generally higher than the guaranteed average monthly minimum income.

## 1.2. Key dimensions of wage bargaining

### Wage payment system

Belgian wages are calculated almost exclusively based on time worked. In general, wages are usually paid monthly, based on a 38-hour work week (on an annual basis) (Belgium, FPS Employment, n.d.-d). Piece rates exist, but where they are used, employers have to pay at least the time worked rate minimum wage.

### Wage structure

Sectoral collective agreements generally specify a minimum wage scale for each job category. Job evaluation and classification schemes are defined in bipartite joint committees or subcommittees through sectoral collective agreements and applied in the respective sector. In addition to the qualifications and skills relevant to the occupation, the wage rate is determined by the worker's experience or the years of service with the employer (Saks 2021).

79 *Loi organique du Conseil national du Travail du 29 Mai 1952*.

80 *Revenu minimum mensuel moyen garanti* (RMMMG). The RMMMG is not exactly equivalent to a monthly minimum wage, as it includes certain sums paid during the year (Belgium, FPS Employment, n.d.-c).

81 *Convention collective de travail n° 43/16 du 9 mars 2022 modifiant la convention collective de travail n° 43 du 2 mai 1988 relative à la garantie d'un revenu minimum mensuel moyen*.

## Wage composition

Supplements to the base wage specified in collective agreements in Belgium fall largely into six categories:

- i. fixed allowances (such as holiday pay, end of year bonuses, seniority allowance);
- ii. allowances for specific working conditions (such as shift/night/weekends and holiday work);
- iii. other benefits, such as supplementary health insurance/pension;
- iv. in-kind benefits (such as meal vouchers, *eco cheques*,<sup>82,83</sup> gift/sports/culture vouchers);
- v. performance-related bonus (such as non-recurrent bonus); and
- vi. profit-sharing schemes (Belgium, FPS Employment, n.d.-f).

The payment of non-recurrent performance-related bonuses is regulated by a national interprofessional collective agreement.<sup>84</sup>

These bonuses concern the collective performance of a company, a group of companies or a well-defined group of workers, and depend on the achievement of clear, transparent, measurable and verifiable objectives that are set either in a company collective agreement or by an act of accession approved by the sectoral bipartite joint committee (Belgium, FPS Employment, n.d.-g).

## 1.3. Information that may support wage bargaining

## Information used in wage bargaining

In Belgium it is the CCE that estimates the maximum available margin for wage growth via collective bargaining every two years. The analysis conducted by the Secretariat of the CCE is laid out in a technical report that sets that upper limit based on a set of criteria arising from a logic of wage-moderating coordination. These criteria concern the overall performance and international competitiveness of the Belgian economy, as well as economic and labour market trends in neighbouring economies.<sup>85</sup> Based on the technical report, the social partners are requested to set the maximum margin for the evolution of wages under the scope of a national interprofessional agreement.

Belgium also has an indexation system for setting wages, which is based on inflation and is intended to compensate for changes in the cost of living to avoid losses of purchasing power due to inflation. This indexation is taken up in almost all sector-level collective agreements. Depending on the sector, there could be different approaches regarding the linking of wages to inflation. For example, some sectoral bipartite joint committees define a certain inflation threshold, beyond which wages are updated. Other sectors instead define the timing when the wage adjustment will be done to reflect inflation variations, which could be monthly, quarterly or (sometimes) annually. The way these adjustments are reflected in wages varies across sectors, as sometimes only the sectoral minimum wage is adjusted and other times the whole wage scale is updated. The adjustment of wages to inflation also considers the corrected health

82 The *eco cheques* were created by Collective Agreement n° 98 (*Convention Collective de travail* (CCT) n° 98) concluded within the National Labour Council on 20 February 2009. This collective agreement was first modified in December 2010 (CCT n° 98bis), and subsequently on 24 March 2015 (CCT n° 98ter), 26 January 2016 (CCT n° 98quater), 23 May 2017 (CCT n° 98quinquies), 16 July 2019 (CCT n° 98/6), 3 March 2021 (CCT n° 98/7), 13 July 2021 (CCT n° 98/8) and finally in December 2021 (CCT n° 98/9) (Belgium, FPS Employment, n.d.-e).

83 *Eco cheques* are intended for the purchase of products and services of an ecological nature. The list of products and services that can be purchased is appended to Collective Agreement n° 98 (*Convention Collective de travail* n° 98), which provides for regular assessments of this list. In last quarter of 2021 the list included four categories of products and services: (i) green products and services; (ii) sustainable mobility and leisure; (iii) reuse, recycling and waste prevention; and (iv) agricultural and horticultural products sold by farmers directly to consumers ("circuit court") (Belgium, FPS Employment, n.d.-e).

84 Collective agreement no. 90 of 20 December 2007 concerning non-recurring performance-related benefits.

85 Germany, France and the Netherlands.

index,<sup>86</sup> which is an inflation indicator based on an average measure of the Consumer Price Index (CPI) excluding the price of alcohol, tobacco, petrol and diesel.

The Federal Labour Service makes available a web-based database on the collectively agreed minimum wage scales in force in each joint (sub) committee, and this is open for public consultation. The database has gathered data on wages since 2008 and is updated as planned by the collective agreements.<sup>87</sup>

### Information disclosure at the company level

In Belgium the disclosure of economic and financial information to workers at the enterprise level – whether for the purposes of bargaining or consultation – is governed by:

- i. national collective agreements;<sup>88</sup>
- ii. specific national collective agreements implementing EU law;<sup>89</sup> and
- iii. a government regulation (royal decree) from 1973.<sup>90</sup>

These instruments have been amended and updated on several occasions, and they provide details about the types of basic, annual, periodic and occasional information that should be provided to workers. As an example, the “basic” information includes, for instance:

- ▶ the status of the company;
- ▶ the competitive position of the company in the market;

- ▶ production and productivity;
- ▶ the company’s financial structure;
- ▶ the budget and calculation of the cost price;
- ▶ personnel costs;
- ▶ the company’s programme and general prospects; and
- ▶ public aid granted to the company.

### Other criteria used in wage bargaining

In addition to the above indicators and information that are used to support wage bargaining, common interest goals that are to be considered in lower-level negotiations are identified as part of national-level collective bargaining, which takes place in the NLC. For example, the national interprofessional collective agreement of 2017–18 establishes a joint intent to address several “societal challenges” (*défis sociétaux*), including burnout, work–life balance and youth employment.

### 1.4. Measures to close gender pay gaps

The participation rate of women in Belgium’s labour force is estimated at 50 per cent (ILO 2022c).<sup>91</sup>

Social partners negotiate on measures to tackle unequal treatment between men and women in the labour market both at the national interprofessional level and at the sectoral level in bipartite joint committees (Marx and Van Cant 2018). Most of bipartite joint committees have included a clause

86 The “health index” in Belgium is obtained by subtracting certain products from the consumer price index basket, including alcoholic beverages, tobacco and fuels (except LPG), with price increases in these items not being reflected in higher wages. The corrected health index is equivalent to the arithmetic mean of the health indices for the last four months multiplied by a factor of 0.98. (Belgium, Statbel, n.d.).

87 The wages shown are the minimum wage data and not the real wages as applied in the companies. In addition to the minimum wage scales, documents setting out the committee’s powers, working hours, job classification, seniority conditions, bonuses, and allowances are also available (Belgium, FPS Employment, n.d.-h).

88 For more information, see: Belgium, CNT, “Conseils d’entreprise et comités de prevention”.

89 For more information, see: Belgium, CNT, “Implication des travailleurs – transposition de directives européennes”.

90 *Arrêté royal portant réglementation des informations économiques et financières à fournir aux conseils d’entreprises, 27 Novembre 1973.*

91 The labour force participation rate is the labour force as a percentage of the working-age population. The labour force is the sum of all persons of working age who are employed and those who are unemployed.

on non-discrimination of women in their sectoral collective agreements. Specific measures include gender-neutral job evaluation and classification schemes defined by the bipartite joint committees.

Collective agreements at the enterprise level typically include gender-neutral job classification and evaluation schemes. Companies submit a report to the works council with data on wages disaggregated by sex, and larger companies (with more than 50 employees) may develop a plan of action with a view to applying a gender-neutral wage structure (Belgium, FPS Employment, n.d.-i).

The Equal Value Project introduced in 2006 established analytical and gender-neutral job evaluation schemes supported by guidance from the Institute for Equality between Women and Men, which also provided training for employers’ and

workers’ organizations. A checklist was designed to identify gender discrimination in job classification schemes, as well as factors that ensure a gender-neutral job classification (Centre for Research in Employment and Work 2021). In addition, the Institute for Equality between Women and Men publishes an annual report on the gender pay gap that is used by social partners.<sup>92</sup>

Belgian law enforces the principle of “equal pay for equal work” and gender discrimination is a topic in the collective bargaining agenda at the national interprofessional, sectoral and enterprise levels. The technical report by the CCE that establishes the maximum available margin for wage growth includes data on the gender pay gap, which is used by social partners during wage bargaining at the sectoral level.

92 *L’écart salarial entre les femmes et les hommes en Belgique.* The 2021 edition of the report is available (in French) at: [https://igvm-iefh.belgium.be/sites/default/files/136\\_-\\_rapport\\_ecart\\_salarial\\_2021\\_0.pdf](https://igvm-iefh.belgium.be/sites/default/files/136_-_rapport_ecart_salarial_2021_0.pdf).

## 2. Chile

### 2.1. The institutional framework for wage bargaining

#### Bargaining levels

According to ILO statistics, collective bargaining coverage stands at around 21 per cent in Chile (ILO, n.d.-b).<sup>93</sup>

Chilean law establishes a regulated procedure for collective bargaining at the enterprise level,<sup>94</sup> which means that collective bargaining occurs almost exclusively at that level and in a fragmented and decentralized manner. As with other enterprise-based bargaining systems, workers in larger businesses are significantly more likely to be unionized and covered by collective bargaining. Although there are no impediments to multi-employer bargaining, this occurs very rarely and exceptionally.

#### Hierarchy between bargaining levels

Collective agreements only prevail over the legislation if they are more favourable for the worker.<sup>95</sup>

Individual employment contracts cannot be less favourable than applicable collective agreements.<sup>96</sup>

There is no provision for derogation from higher level agreements at lower bargaining levels.

#### Coordination between bargaining levels

There is no institutional coordination of wage bargaining in Chile. There is some pattern bargaining in the sense that the national public sector settlements are used as points of reference by certain private sector workers' organizations. Some workers' organizations also refer to the settlements already made by other workers' organizations in similar sectors, particularly where these involve a real wage increase.

#### Application of collective agreements

Collectively bargained terms and conditions apply by default only to workers who are trade union members at the time an agreement is signed. However, trade unions and employers can agree to apply these terms and conditions fully or partially to any worker who may join the union in the future or to all workers, even if they are not affiliated with the signatory trade union. In this latter case, non-union members are required to pay the total or a percentage of the trade union membership dues, as defined in the agreement.<sup>97</sup>

Chilean law allows for the coexistence of multiple trade unions within the same enterprise, which will each negotiate their own collective agreements at different times and under different conditions. Where this is the case, trade unions typically bargain separately on behalf of only their own members.

There is no provision for the extension of collective agreements beyond the employer(s) directly concerned.

#### Other institutional aspects

In 2017 a national tripartite social dialogue institution called the High Labour Council (*Consejo Superior Laboral*) was established. This is an advisory body made up of three representatives each of employers, workers and government. The council has a wide remit covering all aspects of the labour market and industrial relations policy. It can act on its own initiative or respond to requests for opinions from the Government.

The national minimum wage<sup>98</sup> in Chile is set by parliament on the recommendation of the Government. The Government's recommendation is made after consultation with the social partners and consideration of a series of macroeconomic indicators, including cumulative or projected inflation, GDP growth and productivity indices.

### 2.2. Key dimensions of wage bargaining

#### Wage payment system

Wages in Chile are generally paid on a time worked basis. Piece rate pay is permissible, but only as a complement to a base wage, for a certain period and subject to the statutory minimum wage.

#### Wage structure

According to the Labour Code, collective bargaining must not limit the right of managers to "organize, direct and administer" their businesses.<sup>99</sup> The same article of the Labour Code recognizes that the determination of remuneration is a key topic of collective bargaining. The outcome of the social partners' attempts to maintain their balance on this setting is that the scope of wage bargaining is on wage increases rather than on wage scales, job classification, or variable pay and underlying criteria.

Of the 18 Chilean collective agreements examined, 17 provide for a regular adjustment of wage rates triggered by inflation. In three cases this adjustment was to be made on an annual basis; in ten on a half-yearly basis; and in a further three on a quarterly basis. One agreement specifies that wages will be adjusted if inflation exceeds a certain range. The only collective agreement that does not include price indexation is indexed to the national minimum wage.

Wage scales are mostly determined by enterprise management, and would usually depend on the job post, responsibility and the worker's years of service (seniority), among other criteria.

#### Wage composition

Wages in Chile are typically composed of:

- ▶ the base wage, to which a variable pay component is sometimes added (mainly individual or group-based sales commissions);
- ▶ overtime pay (when applicable); and
- ▶ bonuses and allowances.

Allowances that can be found in collective agreements include:

- ▶ fixed allowances – such as transport, food and child education allowances, as well as attendance, punctuality or holiday bonuses;
- ▶ allowances for specific working conditions – such as for nightwork, work carried out outside the standard schedule, and working in remote areas or in difficult conditions, including in foul weather (this last allowance is particularly found in the mining and port sectors).

In-kind benefits – such as a canteen, work clothes, vouchers for special dates and transport can also be found in collective agreements.

There is also the "end of negotiation bonus" (*bono de término de negociación*), which has been extended as a practice to unblock negotiations between the parties (mainly in large companies), given the difficulty of reaching agreements on permanent remuneration. This is a lump sum payment to trade

<sup>93</sup> Includes the private sector only; the percentage provided is for 2018.

<sup>94</sup> Article 19(16) of the Constitution states: "Collective bargaining with the company where they work is a right of workers, except in cases where the law expressly does not allow bargaining."

<sup>95</sup> Código del Trabajo, article 5.

<sup>96</sup> Código del Trabajo, article 311.

<sup>97</sup> Código del Trabajo, article 322.

<sup>98</sup> Ingreso Mínimo Mensual (IMM).

<sup>99</sup> Código del Trabajo, article 306.

union members made at the end of the bargaining process.

Overtime pay greater than what is stipulated in the law is sometimes negotiated between the parties.

### 2.3. Information that may support wage bargaining

#### Information used in wage bargaining

The most relevant macroeconomic data used in collective agreements is the monthly inflation rate of the National Statistics Office (the Consumer Price Index, or CPI), according to which wages and benefits are readjusted based on the periodicity agreed by the parties.

The national minimum wage is also a reference in wage bargaining, having a “lighthouse effect”, especially on the evolution of lower wages.

Wages agreed by other workers’ organizations in the private sector as well as wages agreed in the public sector are also considered by negotiating parties.

#### Information disclosure at the company level

Chilean Law 20.940 of 2016 on Modernizing the Labour Relations System created the “right to information” for workers’ organizations.<sup>100</sup> This right consists of two parts: (i) the right to receive “periodic information” from the company; and (ii) the right to receive “specific information for collective bargaining”. The “periodic information” in the first part covers the balance sheet, income statement and audited financial statements, as well as public information that the company is due to make available to the Chilean financial regulator and supervisor. For smaller companies, they must provide information on their income and expenses for the tax period each time they submit their annual income statement. Along with this, the law provides that company trade unions may, once in

each calendar year, request from large companies information on the remuneration of their executive positions. In the case of medium-sized companies, workers’ organizations may make this request only as information prior to the negotiation.

Concerning “specific information for collective bargaining”, the company should provide the workers’ organizations with the payroll, updated value of the benefits of the current collective agreement, global labour costs of the company in the last two years, and information that affects the future investment policy of the company. If the company refuses to release this information, the workers’ organization can follow a brief administrative and/or judicial procedure. The worker organization has a duty of reserve regarding the information it receives from the company.

The law also created the Fund for Union Training and Collaborative Labour Relations,<sup>101</sup> which was established with several goals in mind, including developing the capacity of trade union leaders to use and analyse the above information through training.

#### Other criteria used in wage bargaining

As explained below, a labour law reform that came into effect in 2017 included gender equality as one of the subjects to be covered by collective bargaining through specific measures.

### 2.4. Measures to close gender pay gaps

The participation rate of women in Chile’s labour force is estimated at 46 per cent (ILO 2022c).

Specific clauses on gender in collective agreements were not common in the collective agreements from Chile analysed for this Review. When they exist, they are usually of a declaratory nature. As an example, one enterprise collective agreement in the mining sector includes a compensatory payment for a nursery that is higher than the amount regulated by the Labour Directorate. Another enterprise

<sup>100</sup> This right is regulated under articles 315–319 of the Labour Code. Further development can be found in Ordinary 5935/96 of 2016 of the Labour Directorate.

<sup>101</sup> Fondo de Formación Sindical y Relaciones Laborales Colaborativas.

collective agreement in the same sector establishes a special modality for compliance with exceptional working hours in the case of female workers who are using the permit to feed their child under 2 years of age.

The labour law reform that came into effect in 2017<sup>102</sup> included the extension of the scope of collective bargaining to address pay inequality, including reconciliation of work with family responsibilities, the exercise of parental co-responsibility, plans for equal opportunities and gender equality in the company, positive actions to correct situations of inequality, training and productive reconversion, welfare services, and dispute resolution mechanisms, among others

(Marzi 2016). The law also created a new obligation on workers’ organizations to ensure that at least 33 per cent of executive committees were made up of women and to include at least one woman in negotiating teams.<sup>103</sup> In addition, Law No. 20.348 Concerning the Right to Equal Remuneration establishes that the employer shall comply with the principle of equal remuneration between men and women who perform the same work.<sup>104</sup>

New provisions on information disclosure at the company level (see the section above) – including on remuneration – may provide for the identification of pay discrimination.



<sup>102</sup> Law 20.940 of 2016 on Modernizing the Labour Relations System, article 306 (new second paragraph).

<sup>103</sup> Articles 231(3), 272, 278(4) and 330(3–4) of the Labour Code. Further, Ord. No. 1306/31 of 2017 of the Labour Directorate (in Spanish).

<sup>104</sup> Ley no. 20.348 resguarda el derecho a la igualdad en las remuneraciones, 2009.

## 3. India<sup>105</sup>

### 3.1. The institutional framework for wage bargaining

#### Bargaining levels

According to ILO statistics, the trade union density rate is around 19.8 per cent in India (ILO, n.d.-c). It is difficult to gauge the extent of collective bargaining coverage, as no reliable estimates are available.

The dynamics of industrial relations in India transitioned from centralized bargaining to decentralized bargaining when the economy was partially liberalized in the mid-1980s. Nowadays, even though industrial relations practices vary significantly by sector and region, collective bargaining in the private sector is primarily at the enterprise or plant level. Indeed, bargaining tends to cover only a single plant or production site, rather than all plants or sites of an enterprise. There is no uniform bargaining procedure, as the process depends on the management and trade unions in the plant (ILO 2018c). Sectoral collective bargaining exists in the private sector, for example, in the cotton and ports and harbours industries, but is limited in its coverage.

#### Hierarchy between bargaining levels

The relationship between collective agreements reached at different levels is not regulated in India.<sup>106</sup>

#### Coordination between bargaining levels

There is no institutional coordination of collective bargaining in India. There is some pattern bargaining in the sense that wages set by major

sectors or companies as well as those set by the Government in the public administration, judicial awards or minimum wages have been used as points of reference in negotiations (OECD 2021a).

#### Application of collective agreements

Collectively bargained terms and conditions apply by default only to workers who are trade union members at the time an agreement is signed (Nishith Desai Associates 2019).

The extension of collective agreements to all employers in a sector is not foreseen in legislation.

#### Other institutional aspects

A recent process of labour law reform in India has sought to consolidate a large number of laws into four new labour codes:<sup>107</sup>

- i. Code on Wages;
- ii. Social Security Code;
- iii. Occupational Safety, Health and Working Conditions Code; and
- iv. Industrial Relations Code.

The Code on Wages was adopted in 2019, it consolidates laws concerning wages and bonus payments, and provides for the universal applicability of the provisions for minimum wages and timely payment of wages for all workers in India. In addition, it introduces a floor wage, yet to be implemented, which aims at reducing disparities in the minimum wage rates within and across states (ILO 2020e).

The Industrial Relations Code was adopted in 2020, consolidating and amending the laws relating to workers organizations', conditions of employment, and the investigation and settlement of industrial disputes.

<sup>105</sup> Data and analysis presented in this country dossier is the result of the collection and analysis of 13 collective agreements signed at the enterprise (plant) level in the private sector in the State of Maharashtra.

<sup>106</sup> See: ILO IRLEX, "India - 2019".

<sup>107</sup> At the time of the writing, these codes were not yet in force.

The Indian Labour Conference is the tripartite consultative committee composed of equal representation from government, employers and workers. Its role is to promote uniformity in labour legislation, laying down procedures for the settlement of industrial disputes and discussing employment-related issues (ILO 2019b).

### 3.2. Key dimensions of wage bargaining

#### Wage payment system

Both time worked and piece rate payment systems are to be found in India. Wage structures and especially wage rates will differ significantly between permanent and fixed-term workers.<sup>108</sup>

#### Wage structure

Wage structure in India conventionally follows the traditional set of distinctions between unskilled, semi-skilled, skilled and higher technical functions, with clerical and administrative work dealt with in separate grading structures. Each job category will usually contain different annual increments corresponding to increasing levels of seniority. In the collective agreements analysed, job classification and evaluation schemes were not a common topic of collective bargaining.

#### Wage composition

Most of the analysed collective agreements included a base wage, overtime pay, and what is known as a "dearness allowance", that is, a wage supplement intended to compensate for changes in the cost of living. In addition, there may also be a performance-related component based on individual performance or productivity or a group bonus concerning production or quality targets or the performance of the business. The proportion of the total wage represented by different types of variable pay typically ranges from 5 per cent to 20 per cent.

Beyond these elements, workers may receive a wide range of allowances paid either on a monthly or annual basis, including:

- ▶ fixed allowances (such as attendance allowances and holiday bonuses);
- ▶ allowances for specific working conditions (such as for work carried out outside the standard schedule/night-working and for hazardous work); and
- ▶ other allowances linked to the specific circumstances of an individual business.

Clauses on reimbursements of medical expenses may also be found in collective agreements (ILO 2022a, 167).

### 3.3. Information that may support wage bargaining

#### Information used in wage bargaining

Quality and reliable national data on employment, wages, productivity and hours worked are not collected on a regular basis in India (ILO 2018c, xvii).

As with other predominantly decentralized collective bargaining systems, wage bargaining tends to focus on firm-level factors. As such, employers make use of an array of firm-level data on business performance and productivity, and often use the services of consulting firms that provide wage benchmarking exercises. Workers' organizations use information such as the cost of living, the firm's capacity to pay/financial resources, and labour costs as a share of the total costs of production.

#### Information disclosure at the company level

Employers in India are not required to disclose information to workers' organizations for the purposes of collective bargaining. However, workers' organizations do make use of publicly

<sup>108</sup> A study carried out on behalf of the ILO found that in different parts of the formal manufacturing sector, the share of contract labour was between 10 and 50 per cent of the total workforce (Sundar 2011, 35).

available information, and some have been able to make use of the information disclosure terms of the *OECD Guidelines for Multinational Enterprises*.<sup>109</sup>

### Other criteria used in wage bargaining

India is estimated to have a high level of informality. About 88 per cent of workers are in this situation, many of whom work in the agricultural sector (ILO, n.d.-d). Workers' organizations have been, in recent decades, endeavouring to ensure basic rights for the various groups of workers in the informal economy, including through collective bargaining. For example, the Self-Employment Women's Association (SEWA) is a workers' organization representing poor and low-income women working in the informal economy.<sup>110</sup> In 2019, for instance, while representing women head loaders, the SEWA reached a "memorandum of settlement" (collective agreement) with the Panchkuva Cloth Merchant Association that increased the wage rates per standard weight of one parcel of 20 kgs for a period of three years. SEWA also strives for women's pay parity with men head loaders (Schmidt et al. 2023).

### 3.4. Measures to close gender pay gaps

The participation rate of women in India's labour force is estimated at 20 per cent (ILO 2022c). Research carried out in India has observed that the gender pay gap has generally narrowed over time, not only at the overall average level but also across states, industries and occupations, as well as across the different quantiles of the wage distribution. According to labour force survey data of the National Sample Survey Office, the gender pay gap declined from 48 per cent in 1993–94 to 28 per cent in 2018–19. This represents a substantial improvement, but the gap remains high by international standards and preliminary estimates from the Periodic Labour Force Survey 2020–21 show an increase to 35 per cent in 2020–21 following the effects of the pandemic (Walter and Ferguson 2022).

Several of the collective agreements analysed for this Review of Wage Setting included clauses on childcare support, paid maternity and paternity leave (including in the case of adoption), and menstrual leave. However, with regard to remuneration, the analysis of the provisions does not reveal the inclusion of any specific mechanisms to address a potential gender pay gap.

<sup>109</sup> The OECD Guidelines' chapter on disclosure calls on enterprises to be transparent in their operations and responsive to the public's increasingly sophisticated demands for information (OECD 2011).

<sup>110</sup> SEWA is a trade union registered in 1972 that represents 1.5 million women working in the informal economy across 18 states of India.

## 4. Ireland

### 4.1. The institutional framework for wage bargaining

#### Bargaining levels

The latest available ILO statistics place collective bargaining coverage in Ireland at 33.5 per cent in 2014 (ILO, n.d.-b).<sup>111</sup> Collective bargaining in the private sector takes place predominantly at the enterprise level.

#### Hierarchy between bargaining levels

Collective agreements can only improve the minimum standards set by legislation,<sup>112</sup> such as minimum rates of pay, holidays, working hours, and so on. Other instruments used for sector level wage setting, such as Sectoral Employment Orders (SEOs) and Employment Regulation Orders (EROs), can provide for higher wage floors than what have been established by legislation. The Labour Court can, however, exempt financially challenged employers from the provisions of an SEO or of an ERO after taking into consideration:

- i. possible negative impacts of the exemption on employment levels or on the sector's competition to the detriment of other employers; and
- ii. effects of an exemption on the sustainability of the employer's business.

Even with an exemption, the employer will always have to pay at least the equivalent of the national minimum wage.

#### Coordination between bargaining levels

Since the tripartite national wage agreements came to an end in 2009 there has been no institutional wage coordination in Ireland. However, the logic around wage-moderating coordination of the social partnership era (1987–2009) remains influential.

Even though there is no specific regulation or articulation of collective agreements, there has been pattern bargaining in the private sector in recent years, including in manufacturing, retail and financial services (Maccarrone, Erne, and Regan 2019). In addition, the peak workers' organization, the ICTU<sup>113</sup>, issues annual guidance to negotiators that includes a target range for wage increases, together with suggestions for other bargaining priorities.<sup>114</sup> Employers' organizations – including IBEC<sup>115</sup> – provide similar guidance to their members that engage in local bargaining (Eurofound, n.d.-a).

It is common for wage increases to be agreed between two to four years in advance through multi-year agreements. In 2019, for example, the Irish magazine Industrial Relations News reported 62 agreements covering one year or less, 35 covering between one and three years and 42 covering three years or longer.

#### Application of collective agreements

According to the Industrial Relations (Amendment) Act 2015, a registered employment agreement is a collective agreement signed between a trade union and an employer or several trade unions and several employers (or an employers' organization) that sets the pay or the conditions of employment.

<sup>111</sup> This includes both the private and public sectors; the percentage provided is for 2014.

<sup>112</sup> See ILO IRLEX, "Ireland – 2015".

<sup>113</sup> Irish Congress of Trade Unions.

<sup>114</sup> See, for example, ICTU, "Congress Guidance for Private Sector Unions on Pay Bargaining in 2022", ICTU Private Sector Bulletin, February 2022.

<sup>115</sup> Irish Business and Employers Confederation.

These agreements can be registered at the sectoral or at the company level, and they are binding only on the parties to the agreement.<sup>116</sup>

Company-level agreements are signed between a single employer and trade unions, and can cover all workers in a specific company, at a particular site or of one particular pay grade or job category (Eurofound 2019a).

Collective agreements cannot be extended to cover entire regions or sectors. Nevertheless, the Industrial Relations Act provides for other instruments for wage setting at the sectoral level, including Sectoral Employment Orders (SEOs) and Employment Regulation Orders (EROs).

SEOs are made based on a recommendation by the Labour Court<sup>117</sup> regarding pay, pension or sick pay schemes for all workers in a particular sector following a request by a substantially representative<sup>118</sup> employers or a workers' organization. After it is signed by the Minister in charge of Labour, the SEO becomes a legally binding floor. Three sectors are currently covered by SEOs: the mechanical engineering building services contracting sector (2018), the construction sector (2021) and the electrical contracting sector (2021) (Ireland, WRC, n.d.-a).<sup>119</sup>

EROs set minimum rates of pay and conditions for workers in a particular sector. EROs are agreed by joint labour committees<sup>120</sup>, adopted by the Labour Court, and signed into law by the Minister in charge of Labour for all workers in the sector (Ireland, Citizens Information, n.d.). When setting wage rates, the joint labour committees take into account factors such as competitiveness and rates

of employment and unemployment. Two EROs are currently in place: one in the cleaning sector and one in the security sector.

## Other institutional aspects

The National Economic and Social Council advises the prime minister on strategic policy issues relating to sustainable economic, social and environmental development in Ireland. Members include representatives of business and employers' organizations, trade unions, agricultural and farming organizations, community and voluntary organizations, and environmental organizations, as well as heads of government departments and independent experts (Ireland, NES, n.d.).

The minimum wage is set by the Government on the recommendation of the Low Pay Commission (LPC). The LPC is made up of eight members and an independent chair. Three members are from an employer background, three from a worker background and two are academics with relevant expertise.

## 4.2. Key dimensions of wage bargaining

### Wage payment system

Time worked pay as well as piece rate pay are allowed in Ireland. However, piece rates are rarely used. The minimum wage applies regardless of the payment system.

<sup>116</sup> Industrial Relations (Amendment) Act 2015 (updated to July 2016).

<sup>117</sup> The peak workers' and employers' organizations are represented in equal numbers in the Labour Court.

<sup>118</sup> Section 8(3) of the Industrial Relations (Amendment) Act 2015 regarding the registration of employment agreements states, "Where an application is made to the Court to register an employment agreement in the Register of Employment Agreements, the Court shall, subject to this section, register the agreement if it is satisfied that ... the trade union of workers is, or trade unions of workers are, substantially representative of the workers to whom the agreement relates, and in satisfying itself in that regard the Court shall take into consideration the number of workers to whom the agreement relates represented by the trade union or trade unions specified in the agreement that are employed by the employer or employers specified in the agreement".

<sup>119</sup> As at the time of the writing, the SEO in the electrical contracting sector has been ruled invalid by the High Court, and reconsideration by the Labour Court about their recommendation should follow.

<sup>120</sup> Joint Labour Committees include equal representation from relevant workers' and employers' organizations (appointed by the Labour Court) along with an independent chair.

## Wage structure

Collectively agreed annual wage increases in Ireland are usually percentage increases that apply to all wage rates. Private sector collective agreements will commonly specify wage scales that relate job function, skills/qualifications and experience.

Other instruments for wage setting at the sectoral level, such as SEOs, specify minimum pay rates that vary according to skill category as evidenced by formal qualifications and experience. SEOs tend to cover higher skilled and better paid sectors when compared to EROs. As an example, the SEO for the construction sector sets basic hourly pay rates and other conditions such as sick pay and pension entitlements for workers in the sector. These hourly pay rates are set for each one of the four worker classes defined in the SEO (apprentices, new entrant operatives, construction operatives and craft persons), and depend on the workers' experience and qualifications (Ireland, WRC, n.d.-b). EROs specify minimum hourly wage rates with some variation permitted for younger workers and workers new to the trades covered. As an example, the ERO for the contract cleaning sector sets the basic hourly rates of pay, with lower rates for workers under the age of 20 (Ireland, WRC, n.d.-c). EROs tend to cover low pay sectors where collective bargaining is poorly developed.

## Wage composition

In addition to the base wage, almost one-third of collective agreements include other benefits such as reduced hours/extra leave or pension-related payments (Maccarrone, Erne, and Regan 2019). Variable pay components can be found in collective agreements in Ireland, mainly at the company level. However, individual negotiation between a worker and the employer on these variable pay components has been gaining ground (Eurofound 2016, 48).

Other instruments for wage setting, such as SEOs and EROs, may also define other aspects of employment in the sectors they cover. The SEO for the construction sector, for example, also defines working hours, overtime rates, a pension scheme and sick pay scheme (and respective contributions) for all workers covered (Ireland, WRC, n.d.-b). The ERO for the contract cleaning sector, beyond setting the basic hourly rates of pay, sets additional pay (such as annual holiday and Good Friday pay), working hours, overtime and the sick pay scheme (Ireland, WRC, n.d.-c).

## 4.3. Information that may support wage bargaining

### Information used in wage bargaining

The Private Sector Committee of the peak workers' organization issues guidance each year in which it typically refers to income and earnings, including income distribution, labour costs in international comparison, productivity, various measures of employment and unemployment, inflation, profitability, GDP growth, domestic demand, housing costs, the living wage, and major foreseeable events likely to have an impact on the Irish economy, notably the United Kingdom's exit from the European Union (ICTU 2022). IBEC, the peak employer organization, publishes a quarterly economic outlook report that covers aspects such as domestic demand, GDP growth, expectations on inflation and interest rates, and prospects for international economic growth, which can be used to support wage bargaining.<sup>121</sup>

There is no government agency or tripartite body in Ireland that is charged with maintaining a consensus on criteria for wage formation. Nevertheless, information provided by bodies such as the Central Statistical Office,<sup>122</sup> the National Economic and Social Council, the Economic

<sup>121</sup> See, for example, IBEC, "Quarterly Economic Outlook Q3", 2022.

<sup>122</sup> The Central Statistical Office publishes a wide range of relevant information on competitiveness (including productivity), the economy more generally, wage rates and other labour market information.

and Social Research Institute,<sup>123</sup> and the Nevin Economic Research Institute<sup>124</sup> are of relevance to wage bargaining, although they do not undertake work that is specifically intended to support such negotiations.

### Information disclosure at the company level

The Employees (Provision of Information and Consultation) Act of 2006 gives effect to European Union Directive 2002/14/EC Establishing a General Framework for Informing and Consulting Employees in the European Community (see box 10 above) by providing a general framework with minimum requirements for the right to information and consultation of workers in companies with at least 50 workers on matters that directly affect them (with a duty of confidentiality). The Irish Congress of Trade Unions (ICTU) has published a guide to the Act that makes detailed suggestions about the specific kinds of information that could fall under the general categories set out in the EU Directive (ICTU 2008). IBEC, the peak employers' organization, also provides information to its members concerning the scope of the Act of 2006, including on options for employers, the employee threshold, safeguards for employers, and disputes and enforcement (IBEC, n.d.).

### Other criteria used in wage bargaining

No evidence was found for the purposes of this Review of Wage Setting that additional indicators or information other than the ones covered above are of significant influence in wage bargaining in Ireland.

## 4.4. Measures to close gender pay gaps

The participation rate of women in Ireland's labour force is estimated at 56 per cent (ILO 2022c).

Even though the gender pay gap has not been a common subject in collective bargaining at the enterprise level in Ireland (Eurofound 2010), it is expected that the degree of priority given to this issue will increase following the introduction of the Gender Pay Gap Information Act 2021 in March 2022, which requires companies with more than 250 workers to report on their hourly gender pay gap. According to the Act, employers will provide data on the:

- ▶ mean and median hourly wage gap;
- ▶ bonus pay;
- ▶ mean and median pay gaps for part-time workers and for workers on temporary contracts; and
- ▶ proportions of male and female workers in the lower, lower-middle, upper-middle and upper quartile pay bands (Ireland, Department of Children, Equality, Disability, Integration and Youth 2022).

IBEC has carried out work to support companies in their calculations and action plans under the scope of the required gender pay gap reporting, including through the publication of several guides.<sup>125</sup> In 2004, the ICTU had developed a toolkit entitled *Negotiating for Equality – Gender and Pay*, which aimed at better preparing officials from workers' organizations in their wage negotiations through the provision of practical guidelines, including a "model gender clause". The Services Industrial Professional and Technical Union (SIPTU) recently unanimously passed a motion committing its members to using collective bargaining to close the gender pay gap.<sup>126</sup>

123 The Economic and Social Research Institute produces independent research with the objective of informing policies that support a healthy economy and promote social progress (ESRI, n.d.).

124 The Nevin Economic Research Institute is a research organization specialised on wages, incomes and the labour market which has a vision of the achievement of a better, fairer society (NERI, n.d.).

125 See, for example, IBEC, *Mind the Gap: An Introduction to Gender Pay Gap Reporting*, 2022.

126 The motion was passed in the Biennial Delegate Conference in March 2022.

## 5. Japan

### 5.1. The institutional framework for wage bargaining

#### Bargaining levels

According to the latest ILO statistics, collective bargaining coverage in Japan is 16.8 per cent (ILO, n.d.-b).<sup>127</sup> Collective bargaining is decentralized at the enterprise level.

#### Hierarchy between bargaining levels

The relationship between collective agreements and the law is not regulated in Japan. There are also no legal provisions regarding the relationship between collective agreements reached at different levels.<sup>128</sup> Collective agreements prevail over workplace rules<sup>129</sup> and individual employment contracts.

#### Coordination between bargaining levels

The key components of the Japanese wage bargaining system are a cooperative relationship between trade unions and employers along with annual enterprise-level wage bargaining.

Wage bargaining has historically been strongly coordinated via the "*shunto*", which started in 1955 and is translated as the "spring wage offensive". Under the *shunto*, following consultations with sectoral trade union federations, the trade union congress issues guidelines with targets for wage increases, which are used as the basis for negotiations for wages, bonuses and working

conditions by enterprise-level unions. Through the *shunto*, the sectoral-level trade unions support their enterprise-based unions by:

- ▶ providing information;
- ▶ consolidating demands on working conditions, including wages and working hours at the industry level; and
- ▶ coordinating negotiation strategies on aspects such as wage rates, bonuses and bargaining timing (Oh 2006).

On the side of the employers, the peak employer organizations, in particular Keidanren, lead the negotiation with the trade unions and communication with employers/businesses on how to deal with trade union demands. After large enterprises in leading sectors reach an agreement on wage increase, a pattern is set for other medium and small enterprises, in which trade unions consider the situation of each individual company (Jung, n.d.). In addition to wage increases, the negotiation of bonuses is a significant aspect of the *shunto*.

#### Application of collective agreements

Collective agreements in Japan are binding on the signatory parties. There is provision in the law for the application of collective agreements under certain conditions to all workers of the same category in a particular factory/workplace or to all workers of the same category (and their employers) within a particular territory.<sup>130</sup> However, the use of

127 This includes both the private and public sectors; the percentage provided is for 2019.

128 See ILO IRLEX, Japan – 2019.

129 Workplace rules define aspects such as working conditions, working hours, holidays, and disciplinary procedures for the workplace. These rules must exist in establishments with ten or more employees. An employer seeking to establish or amend workplace rules shall ask the opinion of a workers' representation structure.

130 According to the Labour Union Act, a collective agreement covering at least three-quarters of workers of the same kind in a factory/workplace will also apply to the remaining workers of the same kind in that factory/workplace. Under the same Act, a collective agreement covering a majority of workers of the same kind in a locality can be extended to the remaining workers of the same kind in the same locality and to their employers (following a request of one of the parties and pursuant to a resolution of the Labour Relations Commission) (ILO 2019c).



these instruments is not common in Japan (Hayter and Visser 2018, 8; Eurofound, n.d.-d).

## Other institutional aspects

The Regional Minimum Wage Councils set wages based on recommendations of the Central Minimum Wage Council. This body issues an annual report in which it recommends minimum wage rates divided into four bands, taking into account the cost of living in different regions. Regional minimum wages include a basic minimum as well as higher minimums that are applied to six specified industries. Workers' and employers' organizations are represented in equal numbers on Regional Minimum Wage Councils, and minimum wages cannot be set unless both sides agree (Ohashi 2011, 19).

## 5.2. Key dimensions of wage bargaining

### Wage payment system

Time worked pay is the most traditional pay system in Japan. Piece rate pay is possible, but the employer shall guarantee a fixed amount of wage proportionate to hours of work.<sup>131</sup>

### Wage structure

In Japan, annual enterprise-level collective bargaining focuses on two aspects of wages: the base wage and bonuses. The base wage may be: (i) increased equally for all workers; (ii) increased at an average rate with room for local negotiation; or (iii) a percentage increase may be set with reference to a "model" employee with certain characteristics (Kato 2016, 8).

Traditionally, the wage structure in Japan has been based on the number of years of continuous work for the same company, also known as worker seniority (Kubo 2019). Worker seniority-based

wage structures – as well as other characteristics of Japanese employment relations, such as life-long employment – can vary according to factors such as firm size, the existence of enterprise trade unions, gender and sector. Such wage structures have generally covered more saliently male, full-time employees in larger firms (Morris, Delbridgem and Endo 2018, 608–609). Although enterprises seek to make greater use of individual performance-related pay and promotion based on appraisal rather than seniority; the concept of worker seniority remains influential, especially within larger unionized firms. Outside the unionized sector, conditions are more variable.

### Wage composition

In addition to the base wage, several other wage components can be found in collective agreements in Japan, including a range of different allowances (such as housing allowances or retirement allowances), annual bonuses (which can amount to one or more months' wages) and overtime pay. Other benefits such as non-statutory compensation for industrial injuries or in-kind benefits such as physical check-ups are also negotiated (Oh 2006).

## 5.3. Information that may support wage bargaining

### Information used in wage bargaining

As an enterprise-based system, Japanese wage bargaining is closely focused on firm performance. This is a particularly important factor for employers. The annual Survey on Wage Increases carried out by the Ministry in charge of Labour shows that employers have historically considered firm performance to be the most important criterion for wage rates – placing it above other factors including labour market conditions, recruitment and retention, prices, and stable industrial relations.

However, the coordinated negotiation campaigning underlying the logic of the *shunto* is less focused on individual firms and more geared towards overall levels of industrial and economic performance. This may reflect the impact of the work of the Japan Productivity Center (JPC). The JPC advocates for the relevance of productivity growth and its compatibility with distributional justice, as well as promoting the importance of using evidence-based data like its own productivity index to support wage bargaining (for further details see box 9 above).

In Japan, wage bargaining coordination under the *shunto* has focused on wage moderation over the past three decades, but the need for a closer alignment between wage rates and productivity while also considering economic slowdown has been voiced as a general concern.

In 2022, large firms in leading sectors, including automakers and electronics firms, accepted pay demands by trade unions under the *shunto* and decided to offer higher wage increases along with significant bonus as they recovered from the COVID-19 pandemic within a context of high inflation. Steelmakers and heavy-machinery manufacturers also decided on wage rises after one or two years without any increases. It remained uncertain whether smaller companies would be able to follow these developments by offering similar wage increases.

### Information disclosure at the company level

Although employers in Japan are not subject to any legal duty to disclose information, in practice extensive information-sharing is carried on in the context of workers' representation structures, such as labour management committees at the enterprise level. These committees enable consultation and information sharing between management and workers under a cooperative approach that promotes alignment between the two parties (Kato 2016).

## Other criteria used in wage bargaining

One of the three goals of the Japan Productivity Center is promoting the fair distribution of the fruits of productivity improvement combined with increasing employment and enhancing cooperation and discussions between labour and management.

## 5.4. Measures to close gender pay gaps

The participation rate of women in Japan's labour force is estimated at 53 per cent (ILO 2022c).

Despite the Japanese law establishing the principle of gender equality, Japan had the third-largest gender pay gap (22.5 per cent) among OECD countries in 2020 (OECD, n.d.).

According to research, a larger proportion of women in non-regular job posts could explain about 36 per cent of the gender pay gap, as non-regular employees are paid lower wages than regular employees who benefit from wage increases related to years of service (seniority) throughout their career. However, the main factor behind the gender pay gap in Japan would be related to full-time regular employment. Among regular employees very few women progress to management positions, as this promotion is associated with the practice of long working hours. Gendered occupation segregation is another main cause of the gender pay gap, as women are significantly underrepresented in high-status professions (Yamaguchi 2019).

As an example of measures being taken by social partners addressing gender equality, the country's main employers' association<sup>132</sup> has exhorted its members to increase the presence of female executives to at least 30 per cent by 2030. Japan's largest confederation of trade unions<sup>133</sup> addressed the gender pay gap as a priority area in its action policies for 2022–23 with measures such as promoting gender equality and women's participation in trade unions through eliminating bias and discrimination based on socially and culturally created gender distinctions.

<sup>131</sup> Labour Standards Law, article 27.

<sup>132</sup> Keidanren, Japan Business Federation.

<sup>133</sup> RENGO, National Confederation of Trade Unions.

## 6. North Macedonia

### 6.1. The institutional framework for wage bargaining

#### Bargaining levels

According to statistics from the Government, the collective bargaining coverage rate at sector level was 33 per cent in 2018 (North Macedonia, Ministry of Labour and Social Policy 2019, 85).<sup>134</sup>

Collective agreements may be concluded at the national interprofessional level (“General Collective Agreements”), at the sector level (“specific collective agreements”) and at the enterprise level. Nevertheless, collective bargaining is carried out predominantly at the national interprofessional level, where the basic terms and conditions for workers are set.

The lack of an institutional framework that promotes the regular renegotiation of collective agreements and the possibility for employers to avoid the provisions of sectoral agreements by withdrawing from employers’ associations may have contributed to the limited dynamics of sectoral wage bargaining in North Macedonia.<sup>135</sup>

#### Hierarchy between bargaining levels

The favourability principle is enshrined in the law: individual employment contracts cannot be less favourable than collective agreements; enterprise agreements cannot be less favourable than applicable sectoral agreements; sectoral agreements cannot be less favourable than the national interprofessional collective agreement; and no collective agreement can be less favourable than the law.

North Macedonian labour legislation does not explicitly provide for derogation that would allow parties of collective agreements to deviate from the norms set by law and introduce less favourable rights for employees. Nevertheless, collective agreements in North Macedonia allow employers facing financial hardship to temporarily reduce the lowest base wage (Petreski and Ristovski 2021, 6).

#### Coordination between bargaining levels

The national interprofessional collective agreement in North Macedonia establishes a wage setting mechanism that tends to be used to set wages in sectoral collective agreements while allowing for some flexibility. It has been the practice for sectoral collective agreements to be renegotiated every two to three years.

#### Application of collective agreements

The national interprofessional collective agreement applies to all employers and workers in the private sector. Sectoral collective agreements apply to the members of the signatory workers’ and employers’ organizations and to incoming members of these workers’ and employers’ organizations. Enterprise-level agreements apply to the entire company and to all workers of that employer, including those who are not members of the signatory workers’ organization.

There is no provision in the current Labour Relations Law for the extension of collective agreements to all enterprises in a sector.<sup>136</sup>

### Other institutional aspects

The social partners participate in broader policymaking on work and employment via the tripartite Economic and Social Council. This body, founded in 2010, advises the Government on a range of policy issues, including industrial relations. The Council is made up of four government nominees together with four representatives of employers and four representatives of workers.

A national minimum wage was introduced in 2012. It is revised annually based on a formula that includes prices, average earnings and GDP. It is set by the Government, and it must first be validated by the Economic and Social Council.

### 6.2. Key dimensions of wage bargaining

#### Wage payment system

The base wage in North Macedonia is set based on a time worked basis.

#### Wage structure

The national interprofessional collective agreement does not specify wage rates, but it does include a wage setting mechanism that in practice resembles a national job evaluation scheme, as it relates levels of job complexity to a base wage multiplier through a “coefficient”. Consequently, wage structures in North Macedonia are heavily influenced by this complexity coefficient system, which specifies nine levels of complexity ranging from “simple, repetitive and dependent tasks” at the lowest level to “specialized creative and independent tasks” at the highest. A coefficient ranging from 1.0 to 3.0 is attached to each level and acts as a multiplier for the lowest wage paid in each enterprise. Therefore, the base wage for a worker in the highest pay grade is three times that of workers in the lowest pay grade.

This scheme tends to be used in lower-level collective agreements, while still allowing flexibility for higher coefficients of complexity to be defined. Several collective agreements analysed in this Review of Wage Setting had different ranges of coefficients, with some reaching as high as 5.5.

Collective agreements specify that the base wage is payable to workers who deliver “normal work-related performance”. Normal performance is generally not defined in detail in collective agreements, but it may be specified in the company’s work rules. Workers who do not achieve this level of performance may have their pay temporarily reduced, subject to it remaining above the national minimum wage. However, trade unions may initiate a re-examination of what “normal performance” means if a certain percentage of workers in a particular branch of activity do not meet the established standard (Ristovski 2022).

The national interprofessional collective agreement also specifies that the base wage should increase by 0.5 per cent for every year of an employee’s service (seniority allowance). This provision is repeated in most sectoral agreements.

#### Wage composition

Wages in North Macedonia normally have three components: (i) the base wage; (ii) a series of different allowances; and (iii) a performance-related component. This may be further augmented by overtime pay, where applicable. Allowances paid include:

- ▶ fixed allowances (such as years of service allowance);
- ▶ allowances for specific working conditions (such as night shifts, triple shifts or work on weekends/holidays; work in adverse environments; exposure to hazardous conditions; and work that involves the use of personal protective equipment); and
- ▶ allowances for work-related costs (including for food, travel and accommodation), which the collective agreements may allow to be provided in kind or in cash.

There are two types of performance-related components: one is related to business performance or profitability, and the other is related to individual worker performance. The collectively bargained criteria for measuring individual performance vary little between sectoral agreements. The factors normally specified include: work volume, quality, creativity and inventiveness, productivity, savings in the work process, and efficiency. As an example, the collective agreement in the hospitality sector regulates the payment of work-related performance

<sup>134</sup> The latest available ILO statistics on collective bargaining coverage in North Macedonia (2013) place the figure at 49 per cent, and includes both the private and public sectors (ILO, n.d.-b).

<sup>135</sup> At the time of the writing of this Review of Wage Setting, no sectoral collective agreements had been concluded since 2016 for either extension, amendment or supplementation.

<sup>136</sup> Labour Relations Law (Official Gazette No.27/2016), articles 205 and 208.

according to several individual criteria (for further details see box 6 above). The supplement for overtime work found in collective agreements is usually set at 35 per cent of the base wage.

### 6.3. Information that may support wage bargaining

#### Information used in wage bargaining

Since its introduction in 2012, the national minimum wage has become one of the key points of reference for sectoral minimum wages, particularly since collective agreements at the sector level are not regularly renegotiated. The national minimum wage has replaced the collectively bargained minimum in several sectors, as it has surpassed the levels set in the respective sectoral agreements. Given the existence of the complexity coefficient system, the renegotiation of the minimum wage for a sector automatically has the same percentage impact on all wages above the minimum.

Another key element that is considered in wage bargaining is inflation. In addition, workers' organizations also consider the average wage in the branch of activity or sector; while employers consider the heterogeneity of performance among different enterprises.

The national interprofessional collective agreement specifies a series of factors that should be considered in revising collectively bargained wage rates. These usually include GDP growth rates, the cost of living, average earnings, productivity, profitability, social benefits, and other economic and social factors.

At the enterprise level, the starting point for wage negotiations is the wage defined in the sectoral collective agreement (where such exists) or the national interprofessional collective agreement.

#### Information disclosure at the company level

According to North Macedonian Labour Relations Law, an employer is obliged to inform and consult their employees about general trends in the activity of the business, their economic situation, likely trends of recruitment and any planned measures.<sup>137</sup> However, the law does not require employers to disclose information to workers' organizations for bargaining purposes.

Several sectoral collective agreements specify the types of information that are to be shared by the employer, including annual financial results, reports and plans for development, and organizational changes, among others (Ristovski 2022).

#### Other criteria used in wage bargaining

No evidence was found for the purposes of this Review of Wage Setting that additional indicators or information other than the ones covered above are of significant influence in wage bargaining in North Macedonia.

### 6.4. Measures to close gender pay gaps

The participation rate of women in the labour force of North Macedonia is estimated at 44 per cent (ILO 2022c).

A recent analysis found collective agreements that prohibit employers from placing specific groups of workers into another job outside the headquarters, including pregnant workers, female workers with children under age three, single parents, single parents with children up to seven years old, and parents of severely disabled children (Ristovski 2022). Nevertheless, the collective agreements analysed for this Review of Wage Setting do not contain specific clauses or measures on gender equality. The complexity coefficient system that is part of the national interprofessional collective agreement is not based on a gender-neutral methodology either. The Labour Relations Law contains an article on equal remuneration of male and female employees.<sup>138</sup>

<sup>137</sup> Labour Relations Law, article 94-a.

<sup>138</sup> Labour Relations Law, article 108.

## 7. Republic of Korea

### 7.1. The institutional framework for wage bargaining

#### Bargaining levels

As per ILO statistics, collective bargaining coverage stands at 15.6 per cent (ILO, n.d.-b).<sup>139</sup> The predominant level of bargaining remains the enterprise level.

#### Hierarchy between bargaining levels

The relationship between collective agreements and the law is not regulated in the Republic of Korea. Individual employment contracts and workplace rules that are less favourable or otherwise incompatible with applicable collective agreements are automatically invalid.<sup>140</sup>

#### Coordination between bargaining levels

Despite there being a low degree of coordination between bargaining levels, the two national confederations of trade unions<sup>141</sup> do play a role by proposing yearly guidance for wage increases at the enterprise level. Similarly, the national employers' association<sup>142</sup> provides enterprises with guidelines for wage negotiations (Jeong 2003). There has been some pattern bargaining, including in the automobile industry and metals industries where wage increases paid in large firms have tended to be taken up by other firms. This practice has declined in recent years, with pattern bargaining limited to larger firms (Bae 2006, 25).

#### Application of collective agreements

A collective agreement is binding on the signatory parties. When at least 50 per cent of workers of the same category at a given workplace/business are covered by a collective agreement, that agreement will also apply to the remaining workers of the same category in that workplace/business, including unorganized workers. When two-thirds or more of the workers of the same category in an area are covered by a collective agreement, the Labor Relations Commission may decide – upon a request of either of the parties – to apply that agreement to the remaining workers of the same category and their employers in the respective area.<sup>143</sup>

#### Other institutional aspects

The 1997 financial crisis prompted the founding of the Korea Tripartite Commission, a social dialogue body that has since been renamed the Economic, Social and Labor Council (ESLC). The ESLC is composed of 18 members, including 5 representing workers, 5 representing employers, 2 representing the government and 4 representing public interests. The ESLC is an advisory body to the Government that proposes and reviews measures on labour, economic, industrial and social policy. For example, it issued advice on how to protect healthcare workers during the COVID-19 pandemic. The ESLC also concludes social pacts.

The minimum wage in the Republic of Korea applies to all workers, regardless of their employment status, and has wide coverage, being the wage paid to almost 21 per cent of the workforce. The Minimum Wage Commission is a tripartite body with equal representation from workers' and employers' organizations (nine commissioners each) as well as a number of independent "public

<sup>139</sup> This includes both the private and public sectors; the percentage provided is for 2019.

<sup>140</sup> See: ILO IRLEX, "Republic of Korea – 2019".

<sup>141</sup> Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU).

<sup>142</sup> Korea Enterprises Federation (KEF).

<sup>143</sup> See: ILO IRLEX, "Republic of Korea – 2019".

interest” commissioners (a further nine) appointed by the Minister in charge of Labour (Republic of Korea, Minimum Wage Commission, n.d.).

## 7.2. Key dimensions of wage bargaining

### Wage payment system

Time worked pay prevails as the pay system in the Republic of Korea, even though piece rate pay is allowed. According to the Labour Standards Act, the employer shall guarantee a certain amount of wage to workers on piece rate pay in proportion to their work hours.

### Wage structure

As in other Asian countries, the traditional emphasis in the Republic of Korea’s wage structure system has been on wage progression via seniority. However, in recent years both public and private sector employers have been attempting to shift away from seniority towards wage structures that reflect individual abilities and performance (Park and Park 2011).

### Wage composition

Wage composition in the Republic of Korea is made of a base wage supplemented by fixed allowances (including fixed bonuses, family allowances and meal allowances). Variable bonuses such as performance-related ones are also possible, but have a lower weight in total remuneration than fixed bonuses. Overtime premiums can also be found in collective agreements.

## 7.3. Information that may support wage bargaining

### Information used in wage bargaining

Both workers’ and employers’ organizations make extensive use of the research and statistical publications of the Korea Labor Institute (KLI). The KLI is a government-funded research organization founded in 1988 that conducts systematic research and analyses in the field of employment and labour. Through monthly and quarterly publications, the KLI provides information, data and analysis, including on domestic and foreign labour markets, labour–managerial relationships and wages, employment policies, labour law, industrial relations, human resources management and social security. It also runs training programmes aimed at the social partners (KLI, n.d.).

### Information disclosure at the company level

The Act on the Promotion of Employee’s Participation and Cooperation<sup>144</sup> regulates the establishment of labour–management councils, which are compulsory in businesses with 30 or more employees and the role of which is to promote information sharing, consultation and trust among workers and employers. Matters under the scope of information sharing and consultation include the improvement of productivity and distribution of results, production plans and results, manpower plans, and the economic and financial conditions of the enterprise, among others. Even though the above Act states that it does not affect collective bargaining or any other activity by a trade union (article 5), consultations on the improvement of payment modes, systems, structures, and so on are part of the functions of the labour–management councils (article 20). Discussions on wages in labour–management councils are likely to take place in companies where there are no trade unions (Bae 2006).

### Other criteria used in wage bargaining

Collective agreements in the Republic of Korea often include language establishing the joint intent of workers and employers to improve working conditions and the quality of jobs, in addition to improving business performance.

## 7.4. Measures to close gender pay gaps

The participation rate of women in the labour force of Republic of Korea is estimated at 53 per cent (ILO 2022c).

The gender pay gap in the Republic of Korea is the highest (31.5 per cent in 2020) in the OECD countries (OECD, n.d.). While collective agreements differ from company to company, there are some common gender-related issues that can be found, such as clauses addressing parental leave, maternity leave, protection measures for pregnant

women, occupational health and safety provisions addressing female workers, as well as clauses aiming at preventing sexual harassment and other forms of violence against women. The OECD has indicated that pay transparency measures, tackling non-compliance with non-discriminatory workplace practices, fostering the use of maternity and parental leave, provision of childcare services, flexibility in the workplace for better work–life balance as well as promoting women’s return to work after an absence – often after childbirth – could contribute to tackling the gender pay gap in the Republic of Korea (OECD 2021b).



144 Act on the Promotion of Employee’s Participation and Cooperation (Act No. 10339), 2010.

## 8. Senegal

### 8.1. The institutional framework for wage bargaining

#### Bargaining levels

Collective bargaining coverage reaches 10 per cent in Senegal, according to the ILO (n.d.-b).<sup>145</sup> Nine out of ten workers are in informal employment and 97 per cent of businesses are in the informal sector, which may limit collective bargaining coverage (ILO 2020f).

The Senegalese Labour Code envisages four possible levels of collective bargaining: (i) interprofessional, (ii) sectoral, (iii) enterprise and (iv) establishment. In practice it is at the national sectoral level that collective bargaining predominantly takes place.

#### Hierarchy between bargaining levels

The favourability principle is enshrined in the Labour Code (article L87). Collective agreements may not be less favourable than the law, and lower-level agreements cannot be less favourable than higher-level agreements.

#### Coordination between bargaining levels

The national interprofessional collective agreement that sets the framework for bargaining in lower levels was originally agreed in 1982, and was revised for the first time in 2019.<sup>146</sup> This agreement applies

compulsorily to all workers in the private sector, and it sets out the basic minimum terms and conditions of work, including working time, holidays, overtime rates and other allowances.

According to the Labour Code, the Minister in charge of Labour convenes bipartite joint committees on its own initiative or following a request by the most representative<sup>147</sup> workers' or employers' organizations to negotiate and conclude a collective agreement in one or more sector at the national, regional or local level.<sup>148</sup> Several new sectoral collective agreements were adopted in recent years, including for the cleaning (2015), private education (2018), press (2018), private security (2019), oil and gas (2019), and bakery (2021) sectors.

Collective agreements at the enterprise level may define specific methods for applying the wage increases decided in a sectoral or interprofessional collective agreement. Whatever method is defined, however, the increase in total wage costs in the respective enterprise must be similar to the wage increases agreed in the sectoral/interprofessional collective agreement.<sup>149</sup>

#### Application of collective agreements

Collective agreements are binding on the signatory parties. They may be extended to all employers and workers within the occupational and territorial scope of the agreement following a request of one of the most representative trade unions or on the initiative of the Minister in charge of Labour after consultation "with professional organizations and all interested persons".<sup>150</sup>

145 This includes both the private and public sectors; the percentage provided is for 2019.

146 *Convention collective nationale interprofessionnelle du Sénégal (2019)*.

147 According to article 85(4) of the Labour Code, "The representative character of a trade union or a professional group is determined by the Minister in charge of Labour who will bring together all the elements of appreciation after consulting the Labour and Social Security Inspectorate within the jurisdiction. The elements of assessment will include in particular: the workforce and the results of the elections of staff representatives; independence; trade union fees; the trade union's experience, scope and nature of its activity. The decision of the Minister is subject to appeal before the Council of State."

148 *Code du Travail, Loi no. 97-17, Decembre 1997*, article 85.

149 *Code du Travail, Loi no. 97-17, Decembre 1997*, article 92.

150 *Code du Travail, Loi no. 97-17, Decembre 1997*, articles 88 and 91.

### Other institutional aspects

The National Plan for Strengthening Social Dialogue 2021–2024 stresses the need to revitalize sectorial collective bargaining.<sup>151</sup> The Head of State reiterated that goal in 2022 by mentioning the importance of updating existing collective agreements and of reaching agreements in emerging sectors and sectors that not currently covered by collective agreements (Senegal, Council of Ministers 2022).

No fewer than 15 trade union federations signed in April 2014 the National Pact for Social Stability and Economic Emergence (PNSSEE),<sup>152</sup> along with the main employers' organizations and the Government. The PNSSEE committed the social partners to a revival of social dialogue. It gave rise to a revalorization of the minimum wage, new sectoral collective agreements, and an update of the national interprofessional agreement. The secretariat of the PNSSEE is the High Council for Social Dialogue<sup>153</sup>. This Council is a tripartite body that is also charged with mediation, the promotion of social dialogue, and carrying out research and training on industrial relations.

It is also worth mentioning that there are two national minimum wages in Senegal: a guaranteed interprofessional minimum wage (SMIG) and a guaranteed agricultural minimum wage (SMAG).

### 8.2. Key dimensions of wage bargaining

#### Wage payment system

Wage payment systems are usually time worked based. Piece rate pay is foreseen, but the minimum wage applies regardless of the payment system.

#### Wage structure

Wage scales and wage increases by work category in the different sectors of the private sector

are determined in bipartite joint committees chaired by the Minister in charge of Labour.<sup>154</sup> Workers are classified according to professional classifications found in the annexes of the sectoral collective agreements. These agreements often define four basic professional classes across: (i) blue collar workers, (ii) white collar workers, (iii) supervisors and technicians, and (iv) engineers, managers and related categories. These classes are divided into several pay grades, which in turn are subdivided into several pay steps. The wage scale is ranked according to the education certificate or qualification required for the job. Annual wage progression is achieved by means of a seniority allowance. The national interprofessional agreement specifies that disagreements about job classification at the enterprise level must be resolved by a joint classification committee.<sup>155</sup>

#### Wage composition

Wages are composed of the base wage plus a series of allowances, including:

- ▶ fixed allowances (such as seniority, attendance and housing or food allowances);
- ▶ allowances for specific working conditions (including for difficult or hazardous work or for handling cash); and
- ▶ overtime pay.

### 8.3. Information that may support wage bargaining

#### Information used in wage bargaining

Although evidence on wage rates from neighbouring countries was used in discussions that led to the revalorization of the national minimum

151 *Plan national de Renforcement du Dialogue social 2021–2024*.

152 *Pacte National de Stabilité Sociale et d'Emergence Economique* (PNSSEE), 2014. See here

153 Haut Conseil du Dialogue Social.

154 At the time of the writing of this Review of Wage Setting, the latest wage scales had been negotiated in 2019 and entered into force on 1 January 2020. See: *Nouveaux barèmes des salaires catégoriels dans le secteur privé à partir du 1er janvier 2020*.

155 These committees have five members: two worker representatives, two employer representatives and a labour inspector (who chairs the committee).

wages in 2018, it is usually national-level data that is considered in private sector wage bargaining. Information that is usually considered to support these negotiations include:

- ▶ inflation and cost of living related to the cost of essential products like rice, oil, sugar, milk, gas for cooking and other costs (including electricity, water, housing, children's school fees, healthcare, transport, and so on);
- ▶ the level of unemployment;
- ▶ the level of the national minimum wage;
- ▶ the overall level of productivity; and
- ▶ the general economic situation of employers.

### Information disclosure at the company level

Enterprises with 50 or more employees are obliged to produce a social report each year called the "bilan social", which is a tool of communication and dialogue that may facilitate collective bargaining. This report includes information on employment, wages, social security payments, occupational safety and health, and training, as well as information about consultation and dialogue bodies within the establishments.<sup>156</sup>

### Other criteria used in wage bargaining

The recovery of purchasing power and improved job stability have been among the priority demands in wage bargaining in recent years (Sud Quotidien 2022). The reduction of inequalities or a certain wage compression underlies the new wage scales agreed between the workers' and employers' organizations in Senegal in the end of 2019. This general wage increase in the private sector was weighted in favour of lower-paid workers, with an 8 per cent wage increase applied to workers in lower pay grades (1st, 2nd, and 3rd categories) and a 5 per cent wage increase applied to workers in higher pay grades (executives and supervisors).<sup>157</sup>

### 8.4. Measures to close gender pay gaps

The participation rate of women in Senegal's labour force is estimated at 34 per cent (ILO 2022c).

The 2019 national interprofessional collective agreement has integrated the gender dimension by incorporating clauses that protect the health and safety of pregnant or breastfeeding workers while preventing a negative impact on their wages.

<sup>156</sup> *Decret no 2009-1411 du 23 décembre 2009 fixant les modalités d'élaboration du bilan social et de la déclaration annuelle de la situation de la main-d'œuvre des entreprises et établissements.*

<sup>157</sup> *Nouveaux barèmes des salaires catégoriels dans le secteur privé à partir du 1er janvier 2020.*

## 9. Serbia

### 9.1. The institutional framework for wage bargaining

#### Bargaining levels

Collective bargaining coverage is reported to be 30 per cent (Ladjevac 2017).<sup>158</sup>

Collective bargaining in Serbia has been decentralized from the national and sectoral levels to the enterprise level, where it predominantly takes place.

Serbian labour law envisages both a national interprofessional collective agreement ("general collective agreement") and sectoral collective agreements ("special collective agreements"). A national interprofessional collective agreement can be concluded at the state level and is applicable to all employers and employees in Serbia. However, there is currently no national interprofessional collective agreement in force.

In the private sector only two sectoral agreements – for road construction and music and entertainment – remain in place.

#### Hierarchy between bargaining levels

Collective agreements cannot be less favourable than the law. A sectoral collective agreement can only improve the terms of the national interprofessional collective agreement, and an enterprise-level collective agreement can only improve those of a sectoral collective agreement.

An employer or an employers' organization may make a request to the Minister in charge of Labour for derogation from an extended collective agreement based on financial and business results (Kulić, Milošević, and Baturan 2018).

<sup>158</sup> This includes both the private and public sectors.

<sup>159</sup> The minimum wage for 2022 was set by the Government after no consensus was reached in the Social Economic Council.

### Coordination between bargaining levels

Bargaining typically takes place once a year. In practice there is no coordination of wage setting. First, because collective bargaining takes place almost exclusively at the enterprise level. Second, because neither goal-oriented coordination of enterprise wage bargaining nor pattern bargaining and/or coordinated negotiations campaigns have developed at this stage.

### Application of collective agreements

National interprofessional collective agreements and sectoral collective agreements are binding on the signatory parties.

The extension of sectoral collective agreements to non-signatory employers remains possible. However, since 2014 an amendment to the Labour Code has made such an extension conditional on the signatory employers representing more than 50 per cent of the workforce in the relevant sector.

### Other institutional aspects

The social partners participate in tripartite dialogue in the Social and Economic Council, the role of which is to give general advice on policymaking but also to agree the minimum price of labour that is used each year to calculate the minimum wage. In the absence of an agreement by the Council, the Ministry in charge of Labour can set the minimum hourly price of labour unilaterally (Eurofound, n.d.-e).<sup>159</sup> In 2021, several criteria were considered to set that minimum hourly price of labour through consideration of the consumer's basket, the employment market, and average wages. The minimum wage equals the minimum hourly price of labour multiplied by daily working hours (8 hours) and by the number of working days in the month.

In the context of ongoing talks about Serbia's accession to the European Union, a reform of the Labour Code has been planned to commence in mid-2023. The EU's latest report on Serbia concludes that "social dialogue remains weak" and that "Serbia still needs to adjust the legal framework and strengthen the capacity of social partners to foster the use of collective bargaining" (European Commission 2020, 95).

## 9.2. Key dimensions of wage bargaining

### Wage payment system

Collectively bargained wage payment systems in Serbia are based on time worked.

### Wage structure

The focus of annual bargaining is mostly about base wage rates through the determination of coefficients, food allowances and holiday pay. Nevertheless, discussions of wider scope also occur, including about work processes, productivity and wage composition.

Wage structures in Serbia are generally based on a small number of pay grades or job categories, typically six to ten. Collective agreements may specify a base wage for each category as a gross sum. In other cases, a range of coefficients are attached to the different categories. These coefficients are determined via collective agreements at the enterprise level, and they may reflect expertise, job complexity, responsibilities, skills and experience required to perform a specific job, and so on. Multiplying this coefficient by the "minimum price of labour" gives the base wage for each category, which should be equal to or higher than the minimum wage. The lowest coefficient defined at the enterprise level is usually equal to 1, which in practice means that workers in categories with a coefficient of 1 will be paid the minimum wage.

In almost all cases, collective agreements specify that the base wage is payable to workers who deliver a "normal level of performance". Normal performance is generally not defined in detail in collective agreements, but may be specified in the company's work rules. Workers who do not achieve

this level of performance may have their pay temporarily reduced. Workers who achieve a higher level may have their base wage increased.

Most collective agreements also specify that the base wage should increase by a small percentage for every year of an employee's service (seniority). In some cases, seniority is calculated as years of service with the current employer; in other cases, all relevant work experience is counted.

### Wage composition

Wages in Serbia are typically composed of a base wage, a performance-related bonus, and a series of allowances. Allowances usually include:

- ▶ fixed allowances (such as food or holiday allowance);
- ▶ allowances for specific working conditions (such as for work carried out outside the standard schedule and night work); and
- ▶ overtime premia.

The individual performance-related supplement has a significant impact on total pay. In some cases, workers may also receive a profit-related bonus.

## 9.3. Information that may support wage bargaining

### Information used in wage bargaining

The principal criteria for decision-making in wage bargaining are firm performance and price inflation, as measured by the price of the "minimal consumer basket".

Workers' organizations will regularly present a case for wage adjustments based on:

- ▶ wage trends in similar sectors;
- ▶ the evolution of the minimum wage;
- ▶ levels of unemployment;
- ▶ welfare benefits; and
- ▶ in the case of businesses with operations in other countries, the rates paid by the business to workers abroad.

## Information disclosure at the company level

The Labour Code regulates the right to information.<sup>160</sup> An employer shall enable access to the data and information necessary for performing trade union activities to the trade union that represents their workers. In addition, workers – through their representatives – are entitled to consultation and to information regarding essential issues in the sphere of work (Council of Europe 2018).<sup>161</sup>

### Other criteria used in wage bargaining

No evidence was found for the purposes of this Review of Wage Setting that additional indicators or information other than the ones covered above are of significant influence in wage bargaining in Serbia.

## 9.4. Measures to close gender pay gaps

The participation rate of women in Serbia's labour force is estimated at 46 per cent (ILO 2022c).

The collective agreements analysed for this Review of Wage Setting do not refer to gender equality. A study from 2012 reached the same conclusion (Eurofound 2012).

The (New) Law on Gender Equality,<sup>162</sup> which came into force in 2021, explicitly prohibits unequal pay for work of equal value (article 34). It requires trade unions – as well as other actors – to enact action plans (as per article 48) that contain specific measures to promote gender equality and balanced gender representation (understood in article 6 as at least 40 per cent participation of women in managing and steering bodies). The Law also requires public authorities and employers, as well as bodies for gender equality, to prepare reports with disaggregated data by sex about several subjects, including remuneration, training and executive positions (article 65). The labour code also establishes equal wage for the same work or work of equal value.<sup>163</sup>

<sup>160</sup> Labour Code, articles 209 and 210.

<sup>161</sup> See also, Labour Code, articles 13 and 210.

<sup>162</sup> *Закон о родној равноправности: 52/2021-7.*

<sup>163</sup> Labour Code, article 104.

## 10. South Africa

### 10.1. The institutional framework for wage bargaining

#### Bargaining levels

The latest ILO figure for collective bargaining coverage in South Africa is 30 per cent (ILO, n.d.-b).<sup>164</sup>

The 1995 Labour Relations Act established a system of sectoral “bargaining councils”.<sup>165</sup> Collective agreements signed in a bargaining council cover wages and conditions of employment in the sector covered by that council. Bargaining councils can also solve labour disputes – if accredited by the Commission for Conciliation, Mediation and Arbitration – and comment on labour policies and laws (South Africa, Government of South Africa, n.d.). The geographical scope of a bargaining council depends on the parties to the council. Some councils cover a single city; others may be national or regional. For example, there is a single national bargaining council for the chemical industry, but six for the building industry, each covering a different region. Within national bargaining councils there may be different “chambers” that deal with different subsectors within the industry.

Multi-employer collective bargaining of wages outside the bargaining council structures exists in the shape of multi-employer forums, most notably in the gold and coal-mining sectors and in automobile assembly. Collective bargaining may also take place at the plant level or at the enterprise level involving one employer. Nevertheless, collective bargaining mostly takes place at the sectoral level in bargaining councils or in multi-employer forums (ILO 2022a).

#### Hierarchy between bargaining levels

Labour legislation states that standards in a collective agreement will take precedence over statutory provisions when the agreement offers better conditions. An individual employment contract will also play a subordinate role to a collective agreement.<sup>166</sup>

However, there is some provision for exemptions from certain aspects of bargaining council collective agreements. There are two types of exemptions. First, some councils have introduced a blanket exemption for certain categories of business, in particular micro or new businesses as defined by the council. Second, the law requires that if a bargaining council wants its agreements to be extended, it must have a procedure by which non-party employers can apply for exemptions. Councils usually set out a procedure and establish a subcommittee to decide on the application of the exemption. There must be an independent body to hear non-party appeals for exemption and the criteria to be used by the independent body to judge these appeals must be published in the collective agreement (Godfrey, Theron, and Visser 2007).

#### Coordination between bargaining levels

There is no institutional coordination between different bargaining councils in South Africa. There are a few examples of pattern bargaining, whereby wage agreements in related sectors are points of reference in other negotiating settings. For example, negotiators in the contract cleaning bargaining council take note of wages agreed in the public sector, because the Government is a major customer of contract cleaning companies.

In the past, the Congress of South African Trade Unions (COSATU) held bargaining conferences every year or second year. This would be a source of information for member trade unions and a means to develop a coordinated wage strategy (Budlender 2009). Employers hold bargaining conferences or pre-negotiation meetings/workshops at some bargaining forums. The employers’ confederation BUSA (Business Unity South Africa) conveys information on macroeconomic and social policy affairs to their members and consolidates member inputs on various policy development processes.

#### Application of collective agreements

A collective agreement is binding on the parties to that agreement, but the Labour Relations Act allows the parties to request the Minister in charge of Labour to apply it to all employers and employees falling within the scope of the bargaining council. This is done via publication in the Government Gazette. However, certain criteria must be met, the most important of which is that one or other of the parties must be representative (Hayter and Visser 2018). Collective agreements reached in bargaining councils must be extended by order of the Minister in charge of Labour when it has been determined that more than 50 per cent of the workers in the sector covered by the bargaining council are either members of the trade union parties or are employed by the employer parties. The Minister may still extend the agreement if it has determined that the parties are “sufficiently representative” and certain other conditions have been met.<sup>167</sup>

#### Other institutional aspects

In South Africa, social dialogue regarding employment, social and economic policy takes place at the National Economic Development and Labour Council (NEDLAC), which includes representatives from the Government, organized business, and organized labour in equal numbers on all chambers and on the executive council

(NEDLAC 1995, para. 3.2).

A national minimum wage was introduced in South Africa in 2019 after negotiations in NEDLAC. The national minimum wage is set by the National Minimum Wage Commission, which was established by the National Minimum Wages Act in 2019. The Minister in charge of Labour after consultation with NEDLAC appointed the chairperson of the Commission and three independent experts, who are joined by the members nominated by organized business, organized labour, and organized community (South Africa, Department of Employment and Labour, n.d.).

There are also additional instruments called “sectoral determinations”, which are a series of government-mandated basic terms and conditions, including minimum wages, that apply to all workers and employers in defined sectors where most vulnerable or unorganized workers are employed (DPRU 2010). Sectoral determinations are made on the basis of recommendations that are issued by the National Minimum Wage Commission after investigation of the situation within a given sector. At present there are 12 sectoral determinations in force, applying to a range of sectors, including domestic work, taxi services, contract cleaning, farm workers and the hospitality sector.

The national minimum wage and sectoral determinations are set at the national level.

### 10.2. Key dimensions of wage bargaining

#### Wage payment system

Most collectively bargained wage payment systems are based on time worked. Hourly, daily, weekly and monthly payment systems are all currently used. Piece rate pay is permissible under the condition that the payment the worker receives cannot be lower than the minimum wage stipulated for the employee in the relevant bargaining council agreement or the national minimum wage.

<sup>164</sup> This includes both the private and public sectors; the percentage provided is for 2019.

<sup>165</sup> Section 27 of the Labour Relations Act No 66 of 1995 states, “One or more registered trade unions and one or more registered employers’ organizations may establish a bargaining council for a sector and area.”

<sup>166</sup> See: ILO IRLX, “South Africa – 2019”.

<sup>167</sup> The Labour Relations Act, 1995 (No. 66) does not define what constitutes “sufficiently” representative, but a common practice in South Africa has led to the general view that 30 per cent membership by a trade union in a bargaining unit would be considered sufficiently representative. However, in order to avoid the exclusion of minority trade unions by applying a rigid threshold for representativity, the labour courts and labour tribunals in South Africa have interpreted what is “sufficient” on a case by case basis (ILO 2019e).



## Wage structure

The most important factor in the wage structure in both bargaining council agreements (and sectoral determinations) and those agreed in enterprise-level bargaining is the job/occupational category or pay grade. Seniority is generally not recognized in bargaining council agreements, but often it will be recognized by enterprise management through pay increases over and above the minimum wage rates. The same would apply to more productive workers.

Regardless of whether wage bargaining takes place in a council or within an enterprise, the outcome is typically a percentage or cash increase applying to all wage rates.

## Wage composition

For most workers in South Africa, pay is made up of the base wage plus overtime pay (when applicable). Nevertheless, allowances can supplement the base wage. In cases where they exist, these would include:

- ▶ fixed allowances (such as transport, housing, years of service allowance); and
- ▶ allowances for specific working conditions (such as for night work, shift work and on-call work).

Other benefits, such as contributions to the provident fund, can also be found in collective agreements, although they are less common. Performance-related pay is rare, although there is a commission system in the fishing industry and a framework for productivity incentive schemes in the clothing manufacturing industry.

## 10.3. Information that may support wage bargaining

### Information used in wage bargaining

A Consumer Price Index (CPI) in the form of the monthly figures issued by Statistics South Africa is the most important indicator used in wage bargaining. A survey of actual wage rates across a sample of collective agreements and sectoral

determinations shows that most of the wage increases across sectors fall within a band of variation of between 1 per cent to 2 per cent above the inflation rate (LRS 2019).

Agreements recently reached in other relevant bargaining groups and data on the overall state of the economy are also referenced in decision-making on pay. Some sectors use specific types of information and evidence to support their wage negotiations.

### Information disclosure at the company level

The Labour Relations Act in South Africa includes a provision for disclosure of information for the purpose of collective bargaining. Section 16 provides that an employer has a duty to disclose all relevant information to a trade union representative that will allow them to engage effectively in bargaining. The employer is not required to disclose information in cases where:

- ▶ the information is legally privileged;
- ▶ disclosing it would be in contravention of a law or court order;
- ▶ it is confidential, and disclosure would cause substantial harm to an employer or employee; or
- ▶ it is private personal information relating to an employee.

If there is a dispute concerning the disclosure of information, it can be taken to the Commission for Conciliation, Mediation and Arbitration for conciliation followed, if necessary, by arbitration.

As with bargaining councils and sector-level bargaining forums, negotiations in large corporations are usually preceded by meetings or workshops at which there is sharing of information by the management and trade unions. At these workshops, the two sides present their data and answer questions and queries. In some cases, independent experts and mediators may be invited to give an overview of the state of the economy with a focus on the sector in which the bargaining arrangement is located.

## Other criteria used in wage bargaining

In the specific context of South Africa, a key issue has been addressing the “apartheid wage gap”, that is, the gap between wage rates of supervisory and skilled occupations (which had been dominated by white employees) versus those for semi-skilled, operatives and unskilled occupations (which had been dominated by black employees). This is one of the reasons why across-the-board increases have been popular, as an increase of a monetary amount across the board automatically translates into a higher percentage increase for those in lower pay grades and therefore contributes for closing the wage gap. However, it appears that there have been some issues concerning pay increases in recent years, with the result that, in some cases, increases are being given as either a percentage increase or a fixed increase, whichever is higher. This generally means that those in the lower pay grades get the fixed increase and those in the higher pay grades get the percentage increase – a situation that has a limited impact on closing the wage gaps between ranks (Burger, Jafta, and von Fintel 2016; Godfrey et al. 2010).

## 10.4. Measures to close gender pay gaps

The participation rate of women in South Africa’s labour force is estimated at 47 per cent (ILO 2022c).

There are a few examples of measures that have been taken under the scope of collective bargaining to address gender inequality. For instance, even though it is not required by law that employers pay workers during their four months of maternity leave, a report published in 2019 has found that collective agreements provided a median of four-months paid maternity leave and a median of 45 per cent of the base wage (LRS 2019). The same report mentions that many collective agreements contain language about workplace violence.

According to another study (Bassier 2021), the fact that wages set in bargaining councils are in the upper-middle parts of the wage distribution is associated with the fact that there are fewer female workers in companies that are part of such councils, and that this explains over one-third of the overall gender wage gap in formal sector wages.<sup>168</sup>

The Employment Equity Act provides mechanisms for addressing gender discrimination of all types.

<sup>168</sup> Bassier (2021) notes that companies in South Africa that are part of bargaining councils have a lower proportion of women workers (30 per cent) than companies that are not part of such councils (50 per cent).

## 11. Sweden

### 11.1. The institutional framework for wage bargaining

#### Bargaining levels

According to ILO statistics, Sweden has a collective bargaining coverage of 90 per cent (ILO, n.d.-b).<sup>169</sup> In Sweden, the Industrial Agreement (explained below) could be considered as a first level of collective bargaining. The second level of collective bargaining takes place at the sectoral level. The third level takes place at the enterprise level (local level).

#### Hierarchy between bargaining levels

Labour law in general allows for derogations through a collective agreement both to the benefit or detriment of individual employees but not by an individual contract between the employer and the worker (Rönmar 2014, 4–5).

#### Coordination between bargaining levels

Wage bargaining is strongly coordinated around the overall wage increase agreed in the Industrial Agreement which even though has no regulatory force, it embodies in practice a national level of collective bargaining (Eurofound, n.d.-b). There is also strong articulation between trade unions within the industry.

In the Industrial Agreement workers' and employers' organizations from the internationally exposed sectors of mining and manufacturing agree on an overall wage increase that sets the "mark" for the evolution of wages for the rest of the labour market (Kjellström 2019; Swedish Unions within Industry 2016a; Eurofound, n.d.-b; Eurofound 2009a). Afterwards, that "mark" is taken up at the sectoral

level where the Industrial Agreement is negotiated by workers' and employers' organizations in sectoral collective agreements. These agreements cover wages, working time, pensions, employment conditions among others and they also set the framework and define the topics that can be modified through local level collective bargaining. At local level the parties to collective bargaining are the workplace trade union representatives and the employer who adapt the sectoral collective agreement to the conditions of the workplace and agree on further improvements regarding what has been agreed at the national level. Finally, even if uncommon there can be also company agreements that take place between a national trade union and an individual employer (Eurofound 2019a).

In recent years, it has become more frequent for sectoral agreements not to include specified wage increases for white collar workers and the academic sector (Fulton 2021). In these cases, wage increases are usually negotiated at the enterprise level, academic institution or even by individual agreement between the worker and the employer. Nevertheless, collective agreements in the respective sector or field of work typically include agreed criteria for initial pay setting and regular reviews.

#### Application of collective agreements

Collective agreements in Sweden are legally binding. Employers who have signed a collective agreement must apply it to their employees whether they are members of a trade union or not.

The extension of collective agreements by decree or legislation is not possible. However, there is the possibility of a voluntary extension agreement between a national trade union and unorganized employers (i.e., employers who are not members of an employers' organization) which is in practice an extension of a sectoral-level agreement.<sup>170</sup>

<sup>169</sup> This includes both the private and public sectors; the percentage provided is for 2019.

<sup>170</sup> See: ILO IRLEX, "Sweden – 2019".

### Other institutional aspects

Sweden does not have a statutory minimum wage. Collective agreements are used as the only mechanism for setting minimum wages.

### 11.2. Key dimensions of wage bargaining

#### Wage payment system

The dominant payment system is the time worked one. Although piece work is permitted and does occur in Sweden, it is mostly used as a type of performance-related pay. In the case of piece rate pay, the minimum hourly rate in the group to which the worker belongs is guaranteed.

#### Wage structure

The structure of wages found in Sweden's collective agreements depends on aspects such as age, years of service (seniority), the job or occupational category and vocational qualification (Hällberg and Kjellström 2019, 1).

#### Wage composition

In addition to the base wage the following wage components are also found in Sweden: fixed allowances (such as parental pay and child allowances); allowances for specific working conditions (such as for work outside the normal schedule); in kind benefits (such as subsidized lunches and health club memberships); variable pay including results-based (such as commissions and piece rate pay); performance related pay (such as bonuses); and overtime pay (Eurofound 2019a). Around two-thirds of white-collar workers in the private sector are covered by collective agreements with significant possibilities for performance related pay (Eriksson, Larsson, and Adolffson 2020).

### 11.3. Information that may support wage bargaining

#### Information used in wage bargaining

The Industrial Agreement sets a "mark" for the rest of the labour market based on a wage moderation logic that has created stability in Swedish wage formation (Kjellström 2019).

There is a broad consensus in Sweden about the criteria that should guide decision-making on wages. These criteria are set out in what the Swedish National Mediation Office calls the 'governing dimensions' of wage formation, which include international competitiveness of the Swedish trade and industry and real wage increases combined with high levels of employment (Sweden, National Mediation Office, n.d.-a). The workers' and employers' organizations that take part in the Industrial Agreement take inflation, productivity, domestic labour market conditions and international competitiveness into account in fixing the wage level, as well as considering the wage rates and overall labour costs in competing economies in Europe.

#### Information disclosure at the company level

In Sweden the duty of employers to disclose information specifically for the purposes of collective bargaining is established in the 1976 Act on Co-determination in Working Life.<sup>171</sup> In a summarized manner this act says that an employer is obliged to regularly inform a workers' organization regarding the business's development, production, and finance as well as the personnel policy. In case an employer is bound by a collective agreement, that employer shall also provide the respective workers' organization an opportunity to examine books, accounts, and other business-related documents.

<sup>171</sup> Employment (Co-Determination in the Workplace) Act (1976:580), sections 19, 19 a, and 22.

In addition, where such can be accomplished without unreasonable cost or inconvenience, the employer shall assist the workers' organization with any analysis required. People who, on behalf of a workers' organization have received information are subject to a duty of confidentiality under the act.

### Other criteria used in wage bargaining

The reduction of labour market conflicts is among the 'governing dimensions' of pay setting established by the Swedish National Mediation Office.

### 11.4. Measures to close gender pay gaps

The participation rate of women in Sweden's labour force is estimated at 62 per cent (ILO 2022c).

In Sweden the Discrimination Act of 2008 fosters prevention and correction of unjustified differences in terms of employment conditions between men and women. The National Mediation Office publishes annual data on the gender pay gap.<sup>172</sup>

Pay transparency measures include pay auditing duties for employers and a cooperation duty for social partners on equal pay (Veldman 2017). Employers cooperate with trade unions in the collection, analysis, and dissemination of pay surveys whose development and implementation is based on participation of both parties. Legislation specifies that data on wages shall be provided to employees if they wish to analyse the application of the principle of equal pay for work of equal value. Cases of discrimination can be reported to the Equality Ombudsman which is also responsible for supporting and following up on pay surveys.

<sup>172</sup> See, for example: Sweden, Swedish National Mediation Office, *Gender Pay Gap 2020*, 2021.

## 12. Switzerland

### 12.1. The institutional framework for wage bargaining

#### Bargaining levels

Collective bargaining coverage in Switzerland is at 47.7 per cent, according to statistics from the ILO (n.d.-b).<sup>173</sup>

National sectoral bargaining is the predominant level of collective bargaining, although there is also a significant amount of regional sectoral bargaining and some enterprise-level bargaining, mostly in larger enterprises. According to available data, 84 per cent of workers covered by bargaining are subject to national or regional sectoral agreements, with the remaining 16 per cent subject to enterprise agreements. Nearly one-third of covered workers (32 per cent) are covered by the three largest national sectoral agreements (Switzerland, Federal Statistical Office 2016a). Some enterprise-level decision-making on wages takes place within works councils.

#### Hierarchy between bargaining levels

In Switzerland there is the primacy of law and of extended collective agreements. Collective agreements tend to have a clause that states their relationship to other relevant agreements. In certain cases, derogations from higher level collective agreements can be jointly authorized by the social partners. Individual employment contracts cannot contradict standards in collective agreements (LawMedia, n.d.).

#### Coordination between bargaining levels

There is no formal institutional system of wage coordination between different bargaining levels in Switzerland. Nevertheless, the Swiss Federal Statistical Office (2016a) has observed that overall wages in sectors where sectoral collective agreements exist closely follow the evolution of bargained wage rates. What is more, overall wage developments in the economy follow the evolution of collectively bargained rates, although slightly less closely.

#### Application of collective agreements

Collective agreements are applied within the companies that are members of the signatory parties. At the request of signatory parties, a collective agreement may be extended by the relevant public authorities to the entire sector in one canton,<sup>174</sup> in several cantons or even the whole national territory<sup>175</sup> if certain legal conditions are met. Cantonal governments have the power to extend collective agreements to all employers in the canton. The Federal Government has the power to extend collective agreements to all employers in Switzerland. As an example, the canton of Geneva has a cantonal collective agreement that covers the parks, gardens, plant nursery and arboriculture sector. Another example is scaffolding enterprises, which are covered by a federal collective agreement (Switzerland, EAER, n.d.).

In general, national sectoral agreements prevail in the services sector, including hotels and catering, security, temporary work, building trades and artisanal trades. Fewer such agreements exist in manufacturing industry (Baumann 2014).

<sup>173</sup> This includes both the private and public sectors; the percentage provided is for 2018.

<sup>174</sup> Cantonal collective agreement. Switzerland is a federal state made up of 26 cantons.

<sup>175</sup> Federal collective agreements

The federal and cantonal governments can issue regulations known as model employment contracts (contrats-types de travail) that establish basic terms and conditions of employment in sectors not covered by a collective agreement, and in which wages have historically been low. These model employment contracts may or may not contain minimum wages (Switzerland, EAER, SECO, n.d.).<sup>176</sup> The overwhelming majority of model contracts with obligatory minimum wages (25 out of 26) apply at the cantonal level (Switzerland, Federal Statistical Office 2020). There is only one federal model contract, and it applies to domestic workers.

### Other institutional aspects

There is no national minimum wage in Switzerland, but 5 of the 26 cantons have set cantonal minimum wages. In certain sectors covered by collective agreements, minimum wages are set for most job roles.

## 12.2. Key dimensions of wage bargaining

### Wage payment system

The predominant payment system in Switzerland is time worked pay. Piece rate payment systems are allowed, but these remain in all cases subject to any applicable provisions in terms of minimum wage rates. Piece work is considered to be a form of performance-related pay.

### Wage structure

Out of the 581 collective agreements currently in force in Switzerland, 503 specify minimum wages, although in 5 cases these are recommended rather than obligatory minimums (Switzerland, Federal Statistical Office 2020, 2). In collective agreements that apply in more than one canton, it is common for there to be regional variations in minimum rates. The application of different minimum rates depends predominantly on age, experience and level of professional or vocational qualification. Minimum

wages are intended to be paid to unqualified workers, and collective agreements frequently specify that wages for qualified and experienced workers must be appropriately higher.

Wages higher than the minimum are explicitly permitted in many collective agreements. It is common to find clauses mentioning that the monthly or hourly wage of each worker is to be fixed individually by the employer and the worker, with the essential criteria being the job role, the worker's personal contribution and the level of responsibility.

### Wage composition

In addition to the base wage, an additional month's wage is very common and paid once a year, usually in December. Other wage components commonly specified in collective agreements include:

- ▶ fixed allowances (such as family allowances and allowances for cleaning of uniforms);
- ▶ allowances for specific working conditions (such as for night or holiday work or being "on call"); and
- ▶ overtime.

Collective agreements may also include clauses on variable pay,<sup>177</sup> as well as clauses that address the payment of wages in the event of illness or maternity or during military service (Switzerland, EAER, n.d.).

## 12.3. Information that may support wage bargaining

### Information used in wage bargaining

As with most other aspects of industrial relations in Switzerland, the economic and financial criteria that guide decision-making on wages are to be found in collective agreements. Typically, collective agreements cite inflation, the overall economic situation, the state of the labour market in the sector concerned, the competitiveness of enterprises in

<sup>176</sup> Of the 77 contracts that are currently in force, 44 do not specify minimum wages, 7 specify recommended minimums and 26 specify obligatory minimums.

<sup>177</sup> Enterprise collective agreement, air transportation (ground staff), 2018.

the sector, and any relevant changes to tax and social security policy. Unlike in Belgium and Sweden, it is uncommon to see references to wage rates and economic performance in neighbouring countries.

There is no government agency or research institution that has direct responsibility to produce information for collective bargaining. However, the Federal Statistical Office produces detailed information on wages, as well as on collective agreements, overall economic performance and the productivity of capital and labour (including international comparisons). For example, the Swiss trade union confederation<sup>178</sup> bases its wage comparison tool on official statistics gathered in the biennial Swiss Survey of the Structure of Earnings (SES) (USS, n.d.).

## Information disclosure at the company level

Switzerland's legislation on workers' right to information – the 1993 Federal Law on Information and the Consultation of Workers in Enterprises – is similar to the right to information laws in place in most EU countries.<sup>179</sup> The Law specifies certain categories of information that workers have the right to be given by their employer, either as individuals or via representatives (trade union or non-union). Such information should be needed for the proper exercise of the representatives' functions, and once per year the employer should provide information on the impact of its economic activity on the workforce. Collective agreements may also contain clauses to the effect that relevant information will be supplied by the employer(s) to

the trade union(s) involved. Agreements may also set out how the parties intend to ensure that the 1993 Federal Law will be put into effect.

## Other criteria used in wage bargaining

Swiss sectoral collective agreements often include clauses establishing the intention to pursue certain public interest goals. The machinery, electrical equipment and metal sectoral collective agreement, for example, specifies that pay equality, non-discrimination and the integration of foreign workers at the enterprise level are shared goals of employers and workers.<sup>180</sup>

## 12.4. Measures to close gender pay gaps

The participation rate of women in Switzerland's labour force is estimated at 62 per cent (ILO 2022c).

In Switzerland, the Federal Constitution and the Equality Act call for respect of the principle of equal pay for work of equal value. Companies with 50 employees or more need to undergo a pay audit and to remove any discriminatory part of the pay gap that may exist in order to become eligible to bid for public tenders. Since 2020, according to the revised Equality Act, companies with 100 employees or more are required to carry out an equal pay analysis within one year (Switzerland, FDHA, FOG, n.d.-a). For that purpose, the Swiss Federal Office for Gender Equality has made publicly available a free and anonymous online equal pay self-assessment tool for companies, which is called Logib.<sup>181</sup>

<sup>178</sup> Union Syndicale Suisse (USS).

<sup>179</sup> *Loi fédérale sur l'information et la consultation des travailleurs dans les entreprises (Loi sur la participation) du 17 décembre 1993 (Etat le 1er janvier 2011).*

<sup>180</sup> *Convention collective de travail de l'industrie des machines, des équipements électriques et des métaux, 2018.*

<sup>181</sup> Logib has two modules available: a first module based on a statistical method that is more adapted to larger companies (with 50 employees or more), and second module adjusted to the needs of smaller enterprises (with fewer than 50 employees) (Switzerland, FDHA, FOG, n.d.-b).

## 13. Tunisia

### 13.1. The institutional framework for wage bargaining

#### Bargaining levels

Collective bargaining coverage in Tunisia is about 63 per cent, as per the ILO (n.d.-b).<sup>182</sup>

Collective bargaining in the country may take place at three levels:

- i. at the national interprofessional level, where the most representative employers' and workers' organizations agree on minimum standards that must be respected in all enterprises in the private sector and negotiate subjects common to all occupations.
- ii. at the sectoral level, where the collective agreements signed apply to all enterprises at the national level in a specific sector or branch of activity. These agreements may include base wage, bonuses and allowances for all occupational categories, which then represent the minimum standards that must be respected by all employers in that sector.<sup>183</sup>
- iii. at the enterprise level, even though this comes as a secondary or supplementary bargaining level and is rarely used.<sup>184</sup>

Even though all three of the above levels of collective bargaining are possible, it is at the national

interprofessional level that negotiations in Tunisia predominantly take place with annual or triennial regularity and largely focus on an across-the-board percentage wage increase that applies to all wages in all sectors.

The first national interprofessional framework collective agreement of 1973 in the non-agricultural sector<sup>185</sup> (convention collective-cadre) was followed by a series of sectoral agreements, most of which still remain in force.<sup>186</sup> The national interprofessional framework collective agreement has been previously revised in 1984, 1992, 2004 and 2008. In January 2022, the two main workers' and employers' organizations<sup>187</sup> signed an agreement to increase base wages in the private sector, with this agreement covering the years 2022, 2023 and 2024 (Jelassi 2022).

#### Hierarchy between bargaining levels

The favourability principle is written into the Labour Code, the effect being that individual employment contracts cannot be less favourable than applicable laws or collective agreements, and lower-level collective agreements cannot be less favourable than higher-level collective agreements.<sup>188</sup> There is no provision for employers to apply for temporary exemption from the terms of collective agreements or government decrees.<sup>189</sup>

<sup>182</sup> This includes both the private and public sectors; the percentage provided is for 2019.

<sup>183</sup> In sectors that are not covered by collective agreements, established wage rates are adjusted by government decree after consultation with the social partners. The usual practice is for these rates to be adjusted by the same amount as the SMIG.

<sup>184</sup> According to article 44 of the Labour Code (*Code du travail*), enterprises operating in sectors not regulated by collective agreements may also negotiate and sign collective agreements after prior authorization of the Minister in charge of Labour.

<sup>185</sup> The first national framework collective agreement for the agricultural sector was signed in 2015. This agreement does not define wage scales or allowances.

<sup>186</sup> At the time of the writing of this Review of Wage Setting, there were 55 sectoral collective agreements in force.

<sup>187</sup> Tunisian Union of Industry, Commerce and Handicrafts (UTICA) and the Tunisian General Labour Union (UGTT).

<sup>188</sup> *Code du travail*, articles 31, 44 and 381 bis.

<sup>189</sup> See: ILO IRLEX, "Tunisia – 2019".

### Coordination between bargaining levels

Agreements at the sectoral level follow the framework set by the national interprofessional agreement, and usually add some specificity and small variations to cater for the circumstances of particular sectors. Collective bargaining at the sectoral level enables workers' and employers' organizations to guide their negotiators. It is at the central level of these organizations that the main orientations are prepared and communicated to the sectoral professional levels (Lamoury 2020).

### Application of collective agreements

A collective agreement is binding on all employers and all workers in the occupational categories covered by its scope of application (ILO 2019g).

### Other institutional aspects

The National Council for Social Dialogue<sup>190</sup> was one of the outcomes of a 2013 "social pact" agreed by the Government, employers, and workers with support from the ILO. The Council was formally established in 2018. There are two national minimum wages:

- i. the Guaranteed Interprofessional Minimum Wage (SMIG),<sup>191</sup> which applies in all sectors other than agriculture; and
- ii. the Guaranteed Minimum Agricultural Wage (SMAG),<sup>192</sup> which applies to workers and employers in the agriculture sector.

Both the SMIG and SMAG are set approximately annually by government decree following consultation with the social partners.

<sup>190</sup> Conseil National du Dialogue Social.

<sup>191</sup> Salaire Minimum Interprofessionnel Garantie.

<sup>192</sup> Salaire Minimum Agricole Garantie.

### 13.2. Key dimensions of wage bargaining

#### Wage payment system

Most wage payment systems in Tunisia are time worked systems. Workers are paid either hourly or on a monthly rate based on a 40- or 48-hour week. Piece rates are explicitly permitted in law, although the minimum wage applies in all cases.

#### Wage structure

Wage structures in Tunisia are typically based on a wage scale organized around job categories, with the respective pay grades further divided into pay steps. These categories often reflect a basic distinction between ordinary workers (*agents d'exécution*), supervisors (*agents de maîtrise*) and managers (*cadres*). Progression across pay steps is automatic and based on years of service (at the rate of one to three years for each step). Promotion from category to category usually relies on criteria such as education, skills, aptitude and performance. Job evaluation and classification schemes are not generally used.

#### Wage composition

For most workers in Tunisia, base wage plus guaranteed allowances and bonuses add up to practically the whole of regular take-home pay. Allowances found in collective agreements include:

- ▶ fixed allowances (such as transport, lunch and child allowances, as well as holiday/festival bonuses); and
- ▶ allowances for specific working conditions (such as for work in high-risk or difficult environments, and for work involving the manipulation of large sums of cash).

One particularity of workplace practice in Tunisia is that most sectoral collective agreements allow for individual performance payments (*primes de rendement*). Workers are in principle awarded a score from 0 to 20 on the basis of their performance. This score in turn acts as a multiplier for a bonus fixed as a percentage of the base wage. In practice, however, the performance bonus is paid almost automatically to all workers.

The law also provides for the possibility of indexing part of the wage to productivity by virtue of agreements concluded within the enterprise between the employer and the workers' representatives. These agreements can include measures adopted for performance improvement as well as measures likely to increase production and quality.<sup>193</sup> Even though this linkage between wages and productivity is still rarely found in practice in Tunisia, an example of such an agreement is the enterprise collective agreement in the foundry, metallurgy, and mechanical construction sector mentioned in box 5 above.

### 13.3. Information that may support wage bargaining

#### Information used in wage bargaining

As in several other industrial relations systems, an important criterion in decision-making on wage adjustment is price inflation. The main argument put forward by the workers' peak organization UGTT is that the cost of living has increased and that wages must be increased to compensate. A second argument is often the gap between public and private sector wages. For their part, the employers tend to focus on two arguments. One is the costs that firms must bear simply to stay in business, like electricity, water and raw materials. The other is the scarcity of links between collectively bargained wages and business performance, in particular productivity.

The evolution of the SMIG – which in turn is closely influenced by inflation – is also a key reference point for wage bargaining at the national level.

<sup>193</sup> *Code du travail*, article 134-3.

<sup>194</sup> *Code du travail*, articles 157 and 161.

#### Information disclosure at the company level

The Labour Code requires the establishment of a “company advisory committee” in companies with more than 40 employees, made up of worker representatives and company representatives – that is, a bipartite joint committee. This committee can be consulted on questions such as those related to the organization of work, professional promotion, training and disciplinary files. The employer shall inform the committee of the economic and social situation of the company and about the company's future programmes.<sup>194</sup>

It is worth mentioning that the website of the Ministry of Economy and Planning calls on enterprises to communicate to workers' representatives the information necessary for constructive negotiations on terms and conditions of employment and to provide workers and their representatives with information enabling them to form an accurate and correct view of the activity and the results of the company or business entity.

#### Other criteria used in wage bargaining

No evidence was found for the purposes of this Review of Wage Setting that additional indicators or information other than the ones covered above are of significant influence in wage bargaining in Tunisia.

### 13.4. Measures to close gender pay gaps

The participation rate of women in Tunisia's labour force is estimated at 26 per cent (ILO 2022c).

Almost all the existing sectoral collective agreements include an article guaranteeing that men and women workers will not be treated differently on the grounds of sex, which, although it is declaratory in nature, is relevant to the extent that it informs and raises awareness on the subject.<sup>14</sup>

## 14. Uruguay<sup>195</sup>

### 14.1. The institutional framework for wage bargaining<sup>196</sup>

#### Bargaining levels

According to ILO statistics, collective bargaining coverage in Uruguay in 2018 was almost 95 per cent (ILO, n.d.-b).<sup>197</sup>

After years without collective bargaining, the sectoral collective bargaining model created in 1943 was restored in 2005.

For the private sector, the Collective Bargaining Law No. 18.566 establishes negotiations at three levels:

- i. the Tripartite High Council,<sup>198</sup> which decides the national minimum wage, determines the sectoral groups into which collective bargaining will be organized and advises on matters related to bargaining;<sup>199</sup>
- ii. collective bargaining at the sector level under the scope of tripartite wage councils or through bipartite negotiations;<sup>200</sup> and
- iii. enterprise-level collective bargaining.

Collective bargaining takes place predominantly at the sectoral level at the specific branch of activity and is organized into tripartite wage councils.<sup>201</sup> Each tripartite wage council covers all workers in a particular branch of activity or sector of the economy. Tripartite wage councils set minimum wages by work category for each branch of activity, wage adjustments during the validity of the agreement and working conditions. Out of the 24 tripartite wage councils, 20 cover industry, commerce and services; 3 cover agriculture; and 1 covers domestic workers. The tripartite wage councils are further divided into a total of 227 negotiating tables.<sup>202</sup>

Bargaining may also take place at the enterprise level, but this usually concerns performance and incentive pay.

#### Hierarchy between bargaining levels

Lower-level agreements cannot reduce minimum standards adopted at a higher level, unless specified by the respective wage council.<sup>203</sup>

<sup>195</sup> The Uruguayan Chamber of Industries (CIU), the National Chamber of Commerce and Services of Uruguay (CNCS) and the International Organisation of Employers (IOE) submitted a claim to the ILO in 2009 alleging that at the instance of the Government, a series of labour laws were passed without taking account of the contributions of the employers' side; in addition, they objected to the content of the Collective Bargaining Act (Law No. 18566) and consider that it violates Conventions Nos 98 and 154 (CFA, *Case No. 2699 (Uruguay) – Report No. 256*, 2010). Further information can be found in ILO, *Report of the Committee of Experts on the Application of Conventions and Recommendations*, ILC.108/III(A) (2019). Details of the discussion on the case at the 108th Session of the International Labour Conference and the recommendations of the ILO can be found (in Spanish) in ILO, *Comisión de Aplicación de Normas de la Conferencia*, 2019.

<sup>196</sup> A bill that modifies some aspects of the Collective Bargaining Act (Law No. 18566) was presented by the Government of Uruguay in May 2022, was still under discussion at the time of writing this Review of Wage Setting.

<sup>197</sup> This includes both the private and public sectors; the percentage provided is for 2018.

<sup>198</sup> Consejo Superior Tripartito.

<sup>199</sup> *Ley No 18.566, Sistema de negociación colectiva (2009)*, article 10.

<sup>200</sup> *Ley No 18.566, Sistema de negociación colectiva (2009)*, article 11.

<sup>201</sup> Tripartite wage councils (Consejos de salarios) are organized in 24 “groups” (Uruguay, Ministry of Labour and Social Security, n.d.).

<sup>202</sup> That is, 227 “subgroups”.

<sup>203</sup> *Ley No 18.566, Sistema de negociación colectiva (2009)*, article 15.

## Coordination between bargaining levels

There is a high degree of institutional coordination in the Uruguayan wage system. Sectoral negotiation is carried out in the aforementioned tripartite wage councils, which are convened by the Government, which also sets guidelines regarding wage adjustments. Negotiations on wage adjustments in almost all sectors take place in simultaneous bargaining rounds on average every two years, when most of the collective agreements signed in the previous round are about to expire.

At the start of each bargaining round the Government presents to the Tripartite High Council (composed of nine government nominees and six representatives each from the workers' and employers' representatives) the general guidelines prepared by the Ministry in charge of Labour and the Ministry in charge of the Economy, which are framed by the Government's macroeconomic objectives. This is not exactly an instance of negotiation, but rather of exchange of opinions. Although in some cases, based on this exchange, adjustments have been made to the original guidelines.

## Application of collective agreements

The collective agreements negotiated by the tripartite wage councils are binding on all workers and employers of the relevant sectors once registered and published by the Government.

## Other institutional aspects

The national minimum wage is determined by the Government and presented to the employers' and workers' representatives in the Tripartite High Council, who can suggest modifications, but generally any changes are minimal. The national

minimum wage operates as a floor, including for low-paid workers in the formal sector and for informal workers.

## 14.2. Key dimensions of wage bargaining

### Wage payment system

The Uruguayan wage payment system is mostly based on time worked and in some cases on piece rate pay. Time worked rates may be paid on a daily, weekly or monthly basis. Employers of workers on piece rate pay are obliged to ensure that these workers earn at least the minimum wage in a normal working month.

### Wage structure

In the more common time worked system, the wage structure is classified principally according to job role. For example, in the construction sector there are 12 wage categories for day labourers in three geographical zones, four categories of supervisors, and 23 categories of monthly-paid administrative and technical staff.<sup>204</sup> By contrast, in the beer and non-alcoholic beverages sector there is a much simpler wage structure of four wage categories for factory workers (hourly paid), two categories for administrative staff and one category for salespeople (monthly paid).<sup>205</sup>

Where piece rates for different types of work are used, these are specified in collective agreements. As an example, the collective agreement for the fishing sector bases the wage on the kilograms of fish caught per trip. The wage structure relies on four to seven job categories defined among the crew (such as, sailor, cook, ship's foreman, and so on) depending on the type of fishing vessel. An advance payment is paid to all crewmembers and a final settlement is done usually between 9 to 15 days after arriving back in port. The wage varies on each trip according to the amount of fish caught,

the species caught and the international price of these species at that time. A productivity bonus for freezer vessels is paid in food vouchers.<sup>206</sup>

## Wage composition

Collectively bargained wages in Uruguay are typically composed of the base wage plus a series of allowances. These include:

- ▶ fixed allowances (such as attendance and seniority allowances, medical allowances, child education allowances and holiday bonuses);
- ▶ allowances for specific working conditions (including for nightwork); and
- ▶ in-kind benefits (such as sets of school supplies and end-of-year baskets).

There are not many collective agreements with variable pay. Nevertheless a few examples at the enterprise level can be found, including in the beverage sector, where a collective agreement includes a variable pay component in the shape of a productivity-based bonus (for further details see box 5 above). Another example is an enterprise collective agreement in the banking sector that includes a performance-related variable pay component (for further details see box 6 above).

## 14.3. Information that may support wage bargaining

### Information used in wage bargaining

The general guidelines presented by the Government at the start of each bargaining round typically define the inflation compensation corrections that will be applied to maintain the real value of wages. In some years the guidelines also

included a real wage recovery with higher recovery figures for very low wages.

Since 2018, the Ministry in charge of Labour has prepared, at the request of the negotiating tables, a file with annual information on activity, sales, results and workers in each subgroup under the respective wage councils. This information is prepared by the statistical unit of the Ministry based on information from the Social Security Bank, the General Tax Directorate, and Uruguay XXI<sup>207</sup> (data on exports) as well as data from the National Institute of Statistics for the manufacturing industry.

During the COVID-19 pandemic, "bridge" agreements were negotiated for one year (July 2020 to June 2021) wherein the actors in the High Tripartite Council agreed on wage adjustments below inflation with the commitment to recover real wage loss as of 2022. The ninth round of negotiations began in 2021, and the Government's guidelines for wage adjustments included inflation corrections to wages based on: expected inflation plus a recovery component of the purchasing power; the periodicity of these corrections; and the duration of the agreements. The guidelines provided varied according to the size of the company and on how much the sector had been affected by the pandemic.

Workers' organizations have their own research institute whose personnel sometimes participate as advisers in bargaining; while employers' organizations typically have technical teams that conduct research and policy analysis and provide training for negotiators.

### Information disclosure at the company level

The Law establishes that the parties shall share the necessary information to facilitate the collective bargaining process, subject to a duty of confidentiality.<sup>208</sup>

204 See: Uruguay, Ministry of Labour and Social Security, "Consejos de Salarios y Negociación Colectiva – 9 Industria de la construcción y actividades complementarias – 1 Industria e instalaciones de la Construcción".

205 See: Uruguay, Ministry of Labour and Social Security, "Consejos de Salarios y Negociación Colectiva – 1 Procesamiento y conservación de alimentos, bebidas y tabaco – 9.1 Bebidas sin alcohol y cervezas".

206 *Convenio colectivo entre CAPU y SUNTMA (2019)*.

207 Uruguay XXI is the agency responsible for the promotion of exports, investments, and country image.

208 Ley No 18.566, Sistema de negociación colectiva (2009), article 4.

## Other criteria used in wage bargaining

Article 17 of the 1943 law that established the wage councils sets out five basic criteria that should guide wage setting: (i) workers' capacities or qualifications; (ii) the danger to workers' health; (iii) economic conditions; (iv) purchasing power; and (v) the business performance of employers.<sup>209</sup>

### 14.4. Measures to close gender pay gaps

The participation rate of women in Uruguay's labour force is estimated at 55 per cent (ILO 2022c).

In 2008, Uruguay's Tripartite Commission for Equal Opportunities and Equal Treatment in Employment

promoted the inclusion of a programmatic clause in collective agreements, which reaffirmed the principle of equal opportunities, treatment, and equity at work without distinction of race, sex, sexual orientation, creed, and other forms of discrimination. Approximately half of the collective agreements have this type of clauses, which, although they are declaratory in nature, are relevant to the extent that they inform and raise awareness on the subject. About a third of collective agreements contain more concrete clauses that promote co-responsibility in care and benefits, with the purpose of protecting biological reproduction without negative effects on women as workers. For example, the dairy industry collective agreement establishes, among other gender clauses, a reduction in the working day for female workers who are breastfeeding, without impacting their remuneration (Irigoyen 2017).



<sup>209</sup> Law 10.449 (1943), article 17.

## Conclusions

This Review of Wage Setting through Collective Bargaining outlines examples of how employers' and workers' organizations in most countries take into account the needs of workers and their families as well as economic factors when setting wages through collective bargaining in order to distribute the benefits from the gains generated. The Review illustrates a wide diversity in the practice of wage bargaining in a selected group of countries and systematizes the key dimensions of wage provisions in a set of collective agreements.

Elements of that diversity have been identified in this Review of Wage Setting, including within the hierarchies that may be established to regulate interactions between collective agreements reached at different bargaining levels, as well as within the coordination approaches between these levels. Also observed is the relevance of a conducive framework for wage bargaining in which public authorities play a supportive role and social partners work to coordinate between bargaining levels and/or guide their members in the wage bargaining process.

The basic principles and methods that relate work to remuneration and that define a wage payment system based on time worked, piece rates or a mix of the two have also been exemplified in this Review of Wage Setting as subjects on which employers' and workers' representatives may negotiate and agree. Wage bargaining can also establish the wage structure within an enterprise or sector by specifying jobs through job evaluation and classification schemes, and by defining both a wage scale and how wage increases are reflected throughout that scale. In many of the collective agreements studied, the number of years of service was a criterion frequently reflected in wage structures, but – as explained in Chapter 7 – this focus on seniority may be one of the aspects contributing to the gender pay gap.

Typical wage compositions negotiated through collective bargaining – including fixed pay components and supplementary variable pay components have also emerged. In settings where variable pay exists, wage bargaining may be used to tie these variable components to a set of transparent and fair criteria previously agreed between the parties.

This Review of Wage Setting illustrates how wage bargaining has been used to respond to challenges of different natures, including fluctuating demand and production capacity throughout the economic cycle and the enterprise life cycle. Social partners have been able to tackle the effects of crises such as the global financial crisis, the COVID-19 pandemic, and more recently, widespread inflation through joint responses that supported wages and preserved enterprises and jobs. The Review also enumerated examples of how wage bargaining and broader measures aimed at tackling the gender pay gap have sought to preventing gender biases in payment systems, including through gender neutral job evaluation and classification schemes.

Access to credible information is shown throughout the Review to be an enabler of informed negotiations, that supports good faith and strengthens the link between wages and productivity growth. In most systems analysed, inflation and the maintenance of workers' purchasing power are indicators considered in wage bargaining, as are other economic factors such as productivity growth and enterprise performance. Examples have also been provided of countries in which wage bargaining follows guidance that is either based on criteria agreed between social partners or, in some cases, produced by mutually accepted sources.

This Review of Wage Setting through Collective Bargaining contributes to the expansion of knowledge regarding the wage-related components of collective agreements across selected countries as well as the dynamics of the wage bargaining process itself.



## References

- Anxo, Dominique. 2018. "Flexicurity, Industrial Relations and Inequality: The Swedish Experience." *In Reducing Inequalities in Europe: How Industrial Relations and Labour Policies Can Close the Gap*, edited by Daniel Vaughan-Whitehead. 519–554. Cheltenham: Edward Elgar Publishing and Geneva: ILO.
- Bae, Kiu-Sik. 2006. *Collective Bargaining in Korea*. ILO.
- Bassier, Ihsaan. 2021. "The Impact of Centralized Bargaining on Spillovers and the Wage Structure in Monopsonistic Labour Markets", SA-TIED Working Paper No. 195.
- Baumann, Hans. 2014. "Switzerland: Collective Bargaining", available at: <https://www.worker-participation.eu/National-Industrial-Relations/Countries/Switzerland/Links>.
- Belgium, CCE (Central Council of the Economy). n.d. "Missions, composition et fonctionnement interne", available at: <https://www.ccecrb.fgov.be/p/fr/757/missions-composition-et-fonctionnement-interne>.
- Belgium, CNT (Conseil National du Travail). n.d.-a. "Conseils d'entreprise et comités de prévention", available at: <https://cnt-nar.be/fr/documents/cct-par-theme?f%5B0%5D=theme%3AConseils%20d%27entreprise%20et%20comit%C3%A9s%20de%20pr%C3%A9vention>.
- . n.d.-b. "Implication des travailleurs - transposition de directives européennes", available at: <https://cnt-nar.be/fr/documents/cct-par-theme?f%5B0%5D=theme%3AImplication%20des%20travailleurs%20-%20transposition%20de%20directives%20europ%C3%A9ennes>.
- Belgium, FPS Employment (Federal Public Service Employment, Labour and Social Dialogue). n.d.-a. "Commission paritaire 1210000: NETTOYAGE", Banque de données Salaires minimums database. Available at: <https://www.salairesminimums.be/document.html?jcid=20510841d8cf4cb2aea2af7c490522fb&date=09/03/2022>.
- . n.d.-b. "Institution et composition des commissions paritaires", available at: <https://emploi.belgique.be/fr/themes/commissions-paritaires-et-conventions-collectives-de-travail-cct/commissions-paritaires-1>.
- . n.d.-c. "Salaire", available at: <https://emploi.belgique.be/fr/themes/remuneration/salaire>.
- . n.d.-d. "Durée du travail et temp de repos", available at: <https://emploi.belgique.be/fr/themes/reglementation-du-travail/duree-du-travail-et-temps-de-repos>.
- . n.d.-e. "Ecochèque", available at: <https://emploi.belgique.be/fr/themes/remuneration/ecocheque>.
- . n.d.-f. "Rémunération", available at: <https://emploi.belgique.be/fr/themes/international/detachement/conditions-de-travail-respecter-en-cas-de-detachement-en-2>.
- . n.d.-g. "Avantages non récurrents liés aux résultats / Plans bonus", available at: <https://emploi.belgique.be/fr/themes/remuneration/avantages-non-recurrents-lies-aux-resultats-plans-bonus>.
- . n.d.-h. "Information concernant la banque de données Salaires minimums", available at: <https://emploi.belgique.be/fr/themes/remuneration/salaires-minimums-par-sous-commission-paritaire/information-concernant-la>.
- . n.d.-i. "Égalité Femmes-Hommes: l'écart salarial", available at: <https://emploi.belgique.be/fr/themes/egalite-et-non-discrimination/egalite-femmes-hommes-lecart-salarial>.
- Belgium, Statbel (Statistics Belgium). n.d. "Indice des prix à la consommation", available at: <https://statbel.fgov.be/fr/themes/prix-la-consommation/indice-des-prix-la-consommation#documents>.
- Anne Bucher, et al. 2021. *Les résultats des négociations sur l'égalité professionnelle entre les femmes et les hommes en France - L'exemple de dix entreprises de l'Eurométropole de Strasbourg*. ILO.
- Budlender, Debbie. 2009. "Industrial Relations and Collective Bargaining: Trends and Developments

in South Africa", ILO DIALOGUE Working Paper No. 2.

- Burger, Rulof, Rachel Jafta, and Dieter von Fintel. 2016. "Affirmative Action Policies and the Evolution of Post-Apartheid South Africa's Racial Wage Gap", WIDER Working Paper 2016/66.
- Centre for Research in Employment and Work. 2021. *International Mechanisms to Revalue Women's Work: Research Exploring and Evaluating International Mechanisms that Aim to Revalue or Result in the Revaluation of Women's Work*. Government of Scotland.
- Council of Europe. 2018. *National Report on the implementation of the European Social Charter submitted by Serbia*, RAP/RCha/SRB/7(2018)."
- DPRU (Development Policy Research Unit, University of Cape Town School of Economics). 2010. *Addressing the Plight of Vulnerable Workers: The Role of Sectoral Determinations*.
- Eriksson, Ylva Ulfsdotter, Bengt Larsson, and Petra Adolfsen. 2021. "Under the Surface of Individual and Differentiated Pay in Sweden: A Zero-Sum Game of Performance-Based Pay?" *British Journal of Industrial Relations* 59 (2): 398–417.
- ESRI (Economic and Social Research Institute). n.d. "About the ESRI", available at: <https://www.esri.ie/about>.
- Eurofound. 2009a. "Sweden: Wage Formation", available at: <https://www.eurofound.europa.eu/publications/report/2009/sweden-wage-formation>.
- . 2009b. "Belgium: Wage Formation", available at: <https://www.eurofound.europa.eu/publications/report/2009/belgium-wage-formation>.
- . 2010. "Addressing the Gender Pay Gap: Government and Social Partner Actions – Ireland", available at: <https://www.eurofound.europa.eu/publications/report/2010/addressing-the-gender-pay-gap-government-and-social-partner-actions-ireland>.
- . 2012. *Serbia: Industrial Relations Profile*.
- . 2016. *Changes in Remuneration and Reward Systems*.
- . 2019a. *Collective Agreements and Bargaining Coverage in the EU: A Mapping of Types, Regulation and First Findings from the European Company Survey 2019*.
- . 2019b. "Information and Consultation", available at: <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/information-and-consultation>.
- . n.d.-a. "Living and Working in Ireland", available at: <https://www.eurofound.europa.eu/country/ireland#collective-bargaining>.
- . n.d.-b. "Living and Working in Sweden", available at: <https://www.eurofound.europa.eu/country/sweden#collective-bargaining>.
- . n.d.-c. "Living and Working in Belgium", available at: <https://www.eurofound.europa.eu/country/belgium#collective-bargaining>.
- . n.d.-d. "Living and Working in Japan", available at: <https://www.eurofound.europa.eu/country/japan#collective-bargaining>.
- . n.d.-e. "Living and Working in Serbia", available at: <https://www.eurofound.europa.eu/country/serbia#pay>.
- European Commission. 2020. Serbia 2020 Report, SWD(2020) 352 final.
- . n.d.-a. "Employment Involvement – Framework on Information and Consultation", available at: <https://ec.europa.eu/social/main.jsp?catId=707&intPageId=210&langId=en>.
- . n.d.-b. "Best Practices in EU Countries: Social Dialogue and Collective Agreements", available at: [https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/equal-pay/best-practices-eu-countries\\_en](https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/equal-pay/best-practices-eu-countries_en).
- European Commission, IMF (International Monetary Fund), OECD (Organisation for Economic Co-op-

eration and Development), United Nations and World Bank. 2009. System of National Accounts 2008.

Fulton, Lionel. 2021. *National Industrial Relations: An Update*. Labour Research Department and ETUI.

Finland, Ministry of Social Affairs and Health. 2006. "Striving for Gender Equality in Finland", Ministry of Social Affairs and Health Equality Brochure No. 1.

Gammage, Sarah. 2015. "Labour Market Institutions and Gender Equality." In *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century*, edited by Janine Berg. 315–339. Cheltenham: Edward Elgar Publishing and Geneva: ILO.

Gautier, Erwan. 2022. "Negotiated Wage Rises for 2022: The Results So Far" *Banque de France Eco Notepad Blog*, 13 May.

Godfrey, Shane, Trenton Elsley, and Michelle Taal. 2016. *Sectoral Collective Bargaining, Productivity and Competitiveness in South Africa's Clothing Value Chain: Manufacturers between a Rock and a Hard Place*. ILO.

Godfrey, Shane, Johann Maree, Darcy Du Toit and Jan Theron. 2010. *Collective Bargaining in South Africa: Past, Present – and Future?* Cape Town: Juta.

Godfrey, Shane, Jan Theron, and Margareet Visser. 2007. "The State of Collective Bargaining in South Africa: An Empirical and Conceptual Study of Collective Bargaining", DPRU Working Paper 07/130.

Hällberg, Petter, and Christian Kjellström. 2019. "Collective Agreements and Minimum Wages". Swedish National Mediation Office.

Hayter, Susan, and Jelle Visser. 2018. "The Application and Extension of Collective Agreements: Enhancing the Inclusiveness of Labour Protection." In *Collective Agreements: Extending Labour Protection*, edited by Susan Hayter and Jelle Visser. 1–31. ILO.

IBEC (Irish Business and Employers Confederation). n.d. "Industrial Relations Legal Framework: Options for Employers".

ICTU (Irish Congress of Trade Unions). 2004. *Toolkit: Negotiating for Equality – Gender and Pay*.

———. 2008. *The Employees (Provision of Information and Consultation) Act 2006: A Guide to the New Information and Consultation Processes for Unions*.

———. 2022. "Congress Guidance for Private Sector Unions on Pay Bargaining in 2022", ICTU Private Sector Bulletin, February.

IFIC (Institut de Classification de Fonctions). 2021. *Manuel de la classification de fonctions IFIC*.

IG Metall (Industrial Union of Metalworkers). 2022. "Press Release on Verhandlungsergebnis: Entgelterhöhung in zwei Stufen plus 3000 Euro", 18 November 2022.

ILO. 1973. Resolution concerning an integrated system of wages statistics, adopted by the 12th International Conference of Labour Statisticians.

———. 2004. "Work-sharing and Job-sharing", ILO Conditions of Work and Employment Programme Information Sheet No. WT-17, August.

———. 2008. *Promoting Equity: Gender-neutral Job Evaluation for Equal Pay: A Step-by-Step Guide*.

———. 2012. *Giving Globalization a Human Face*, ILC.101/III/1B.

———. 2013. *Collective Bargaining in the Public Service: A Way Forward*, ILC.102/III/1B.

———. 2015a. *Collective Bargaining: A Policy Guide*.

———. 2015b. "Ireland – 2015", available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:IRL,,2015:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:IRL,,2015:NO).

———. 2016. "Negotiating for Gender Equality", ILO Labour Relations and Collective Bargaining Issue Brief No. 4, October.

———. 2018a. *Freedom of Association: Compilation of Decisions of the Committee on Freedom of Association*, sixth edition.

———. 2018b. *Global Wage Report 2018/19: What Lies behind Gender Pay Gaps*.

———. 2018c. *India Wage Report: Wage Policies for Decent Work and Inclusive Growth*.

———. 2019a. "Belgium – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:BEL,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:BEL,,2019:NO).

———. 2019b. "India – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:IND,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:IND,,2019:NO).

———. 2019c. "Japan – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:JPN,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:JPN,,2019:NO).

———. 2019d. "Republic of Korea – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:KOR,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:KOR,,2019:NO).

———. 2019e. "South Africa – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:ZAF,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:ZAF,,2019:NO).

———. 2019f. "Sweden – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:SWE,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:SWE,,2019:NO).

———. 2019g. "Tunisia – 2019", ILO IRLEX database. Available at: [https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100\\_ISO\\_CODE3,P1100\\_SUBCODE\\_CODE,P1100\\_YEAR:TUN,,2019:NO](https://www.ilo.org/dyn/irlex/en/f?p=14100:1100:0::NO:1100:P1100_ISO_CODE3,P1100_SUBCODE_CODE,P1100_YEAR:TUN,,2019:NO).

———. 2020a. *Driving Up Productivity: A Guide for Employer and Business Membership Organizations*.

———. 2020b. "Negotiating COVID-19 Related Collective Agreements in the German Metal and Electrical Industry", ILO Labour Relations and COVID-19 Background Note, October.

———. 2020c. "Negotiated Income Support and Job Security in Tunisia", ILO Labour Relations and COVID-19 Background Note, October.

———. 2020d. "Employers and Workers Negotiating Measures to Prevent the Spread of COVID-19, Protect Livelihoods and Support Recovery: A Review of Practice", ILO Brief, July.

———. 2020e. "Wage Code and Rules – Will They Improve the Welfare of Low-paid Workers in India?", ILO Discussion Paper, August.

———. 2020f. *Diagnostic de l'économie informelle au Sénégal*.

———. 2021a. *Working from Home: From Invisibility to Decent Work*.

———. 2021b. *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*.

———. 2022a. *Social Dialogue Report 2022: Collective Bargaining for an Inclusive, Sustainable and Resilient Recovery*.

———. 2022b. *Global Wage Report 2022–23: The Impact of Inflation and COVID-19 on Wages and Purchasing Power*.

———. 2022c. "Labour Force Participation Rate by Sex and Age – ILO Modelled Estimates, Nov. 2022 (%) – Annual", ILOSTAT database. Available at: [https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EAP\\_2WAP\\_SEX\\_AGE\\_RT\\_A](https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EAP_2WAP_SEX_AGE_RT_A).

———. n.d.-a. "Q&As on Business, Wages and Benefits", available at: [https://www.ilo.org/empent/areas/business-helpdesk/tools-resources/WCMS\\_DOC\\_ENT\\_HLP\\_WAG\\_FAQ\\_EN/lang-en/index.htm#F14](https://www.ilo.org/empent/areas/business-helpdesk/tools-resources/WCMS_DOC_ENT_HLP_WAG_FAQ_EN/lang-en/index.htm#F14).

———. n.d.-b. "Collective Bargaining Coverage Rate (%) – Annual", ILOSTAT database. Available at: [https://www.ilo.org/shinyapps/bulkexplorer29/?id=ILR\\_CBCT\\_NOC\\_RT\\_A&latestyear=TRUE&add-notes=TRUE](https://www.ilo.org/shinyapps/bulkexplorer29/?id=ILR_CBCT_NOC_RT_A&latestyear=TRUE&add-notes=TRUE).

———. n.d.-c. "Statistics on Union Membership", available at: <https://ilostat.ilo.org/topics/union-membership/>.

- . n.d.-d. "Statistics on the Informal Economy", available at: <https://ilostat.ilo.org/topics/informality/>.
- Institute for the Equality of Women and Men, and Belgium, FPS Employment (Federal Public Service Employment, Labour and Social Dialogue). 2021. *L'écart salarial entre les femmes et les hommes en Belgique*.
- Ireland, Citizens Information. n.d. "Employment Agreements and Orders", available at: [https://www.citizensinformation.ie/en/employment/employment\\_rights\\_and\\_conditions/industrial\\_relations\\_and\\_trade\\_unions/employment\\_regulation\\_orders\\_and\\_registered\\_employment\\_agreements.html](https://www.citizensinformation.ie/en/employment/employment_rights_and_conditions/industrial_relations_and_trade_unions/employment_regulation_orders_and_registered_employment_agreements.html).
- Ireland, Department of Children, Equality, Disability, Integration and Youth. 2022. "Press Release on Minister O'Gorman Announces Introduction of Gender Pay Gap Reporting in 2022", 8 March 2022.
- Ireland, NESC (National Economic and Social Council). "Our Organisation", available at: <https://www.nesc.ie/our-organisation/>.
- Ireland, WRC (Workplace Relations Commission). n.d.-a. "Sectoral Employment Orders", available at: [https://www.workplacerelations.ie/en/what\\_you\\_should\\_know/hours-and-wages/sectoral%20employment%20orders/](https://www.workplacerelations.ie/en/what_you_should_know/hours-and-wages/sectoral%20employment%20orders/).
- . n.d.-b. "Construction Sector", available at: [https://www.workplacerelations.ie/en/what\\_you\\_should\\_know/hours-and-wages/sectoral%20employment%20orders/construction-sector/](https://www.workplacerelations.ie/en/what_you_should_know/hours-and-wages/sectoral%20employment%20orders/construction-sector/).
- . n.d.-c. "Contract Cleaning", available at: [https://www.workplacerelations.ie/en/what\\_you\\_should\\_know/hours-and-wages/employment%20regulation%20orders/contract-cleaning/](https://www.workplacerelations.ie/en/what_you_should_know/hours-and-wages/employment%20regulation%20orders/contract-cleaning/).
- Irigoyen, Valentina Alles. 2017. *¿La igualdad de género se negocia? Análisis de las cláusulas de género en la quinta ronda de consejos de salarios*. Universidad de la República Uruguay and CIEDUR
- Izquierdo, Mario, and Isabel Soler. 2022. "Box 6. An Initial Analysis of the Impact of Inflation on Collective Bargaining in 2022." *Banco de España Economic Bulletin* 1: 39–41.
- Jelassi, Mohamed Khalil. 2022. "Augmentations salariales dans le secteur privé : Une lueur d'espoir dans un contexte de crise." *La Presse*, 3 January.
- Jeong, Jin-Ho. 2003. *Wages in Korea*. Korea Labor Institute.
- JPC (Japan Productivity Center). n.d.-a. "Labour Productivity Statistics", available at: <https://jpc.jpc-net.jp/statistics/kaisetsu.html>.
- . n.d.-b. "Productivity Statistics", available at: <https://jpc.jpc-net.jp/eng/stats/index.html>.
- . n.d.-c. "Our Mission", available at: <https://jpc.jpc-net.jp/eng/mission/index.html>.
- Jung, Liliane. n.d. "National Labour Law Profile: Japan", available at: [https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS\\_158904/lang--en/index.htm](https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158904/lang--en/index.htm).
- Kato, Takao. 2016. "Productivity, Wages and Unions in Japan", ILO Conditions of Work and Employment Series No. 73.
- Kjellström, Christian. 2019. "The 'Brand' and the Industrial Agreement." Swedish National Mediation Office.
- KLI (Korean Labor Institute). n.d. "Objectives", available at: [https://www.kli.re.kr/kli\\_eng/contents.do?key=388](https://www.kli.re.kr/kli_eng/contents.do?key=388).
- Kubo, Katsuyuki. 2019. "Changes in the Labour Market and Employment Relationships in Japan." In *Trade Unions and Labour Movements in the Asia-Pacific Region*, edited by Byoung-Hoon Lee, Ng Sek-Hong, and Russell D. Lansbury. 148–165. Abingdon and New York: Routledge.
- Kulić, Živko, Goran Milošević, and Luka Baturan. 2018. "Labour Market and Collective Bargaining in the Republic of Serbia." *Зборник радова Правног факултета у Нишу* 78.
- La Región*. 2022. "El metal deconvoca la huelga en Ourense con una subida de hasta el 18%." 19 October.

- Ladjevac, Bojan. 2017. *Trade Unions in Serbia on the Move?* Friedrich-Ebert-Stiftung.
- Lamouri, Hamed. 2020. *Le dialogue social en Tunisie après 2011: défis et perspectives dans une conjoncture de transition démocratique*. Friedrich-Ebert-Stiftung.
- LawMedia. n.d. "Fondements juridiques", *Droit du travail blog*, available at: <https://droit-du-travail.ch/generalites-sur-le-contrat-de-travail/fondements-juridiques>.
- LRS (Labour Research Service). 2019. 2019 *Bargaining Indicators*.
- Maccarrone, Vincenzo, Roland Erne, and Aidan Regan. 2019. "Ireland: Life after Social Partnership." In *Collective Bargaining in Europe: Towards an Endgame, Volume I*, edited by Torsten Müller, Kurt Vandaele, and Jeremy Waddington. 315–336. Brussels: ETUI.
- Marzi, Daniela. 2016. "Perspectiva de Género, Cuotas en las Directivas y Nuevos Objetos de Negociación: Un camino lento hacia el poder." In *Reforma al Derecho Colectivo del Trabajo, Examen crítico de la ley N° 20.940*, edited by Pablo Arellano, Juan Pablo Severin, and María Ester Feres. Santiago: Thomson Reuters.
- Marshall, Adriana. 2016. "La relación salarios-productividad: incentivos salariales en los convenios colectivos industriales." *Trabajo y Sociedad* 26: 5–22.
- Mazzuchi, María Graciela. 2022. "Ciclo de Conversatorios sobre Negociación Colectiva: El caso de Uruguay". 19 April 2022. Available at: <https://www.youtube.com/watch?v=1kil0ckh2qM>.
- Marx, Ive, and Lien Van Cant. 2018. "Belgium: Robust Social Concertation Providing a Buffer against Growing Inequality?" In *Reducing Inequalities in Europe: How Industrial Relations and Labour Policies Can Close the Gap*, edited by Daniel Vaughan-Whitehead. 116–167. Cheltenham: Edward Elgar Publishing and Geneva: ILO.
- Morris, Jonathan, Rick Delbridge, and Takahiro Endo. 2018. "The Layering of Meso-Level Institutional Effects on Employment Systems in Japan: Meso-Level Institutional Effects on Japanese Employment Systems." *British Journal of Industrial Relations* 56 (3): 603–630.
- National Bargaining Council for the Clothing Manufacturing Industry. 2020. "Press Release on Clothing Bargaining Council Makes Historic COVID-19 Lockdown Agreement for the Clothing Industry Public", 26 March 2020.
- NEDLAC (National Economic Development and Labour Council). 1995. *NEDLAC Founding Declaration*.
- NERI (Nevin Economic Research Institute). n.d. "About the Nevin Economic Research Institute", available at: <https://www.nerinstitute.net/about>.
- Nishith Desai Associates. 2019. *India: Trade Unions and Collective Bargaining*.
- North Macedonia, Ministry of Labour and Social Policy. 2019. *Revised Employment and Social Reform Programme 2022*.
- OECD (Organisation for Economic Co-operation and Development). 2011. *OECD Guidelines for Multi-national Enterprises*.
- . 2021a. "India: Main Indicators and Characteristics of Collective Bargaining".
- . 2021b. *Inclusive Growth Review of Korea: Creating Opportunities for All*.
- . 2022a. "Minimum Wages in Times of Rising Inflation", OECD Brief, December.
- . 2022b. *OECD Employment Outlook 2022: Building Back More Inclusive Labour Markets*.
- . n.d. "Gender Wage Gap", available at: <https://data.oecd.org/earnwage/gender-wage-gap.htm>.
- Oh, Hak-Soo. 2006. *Collective Bargaining in Japan*. Japan Institute for Labour Policy and Training (JILPT) and ILO
- Ohashi, Isao. 2011. "The Minimum Wage System in Japan: In Light of Circumstances in the United States and Europe." *Japan Labor Review* 8 (2): 4–23.

- Olivares, Raquel Serrano, Pilar Carrasquer Oto, and Núria Sánchez Mira. 2019. "El papel de la regulación convencional en la caracterización sectorialmente específica de la brecha salarial de género." *Anuario IET de trabajo y relaciones laborales* 6: 37–64.
- Oliver, Juan. 2022. "La huelga de los trabajadores del metal de Ourense logra subidas de salario del 5% este año, 5,5% en 2023 y 4,5% en 2024." *Público*, 18 October.
- Park, Joon-Sung, and Eui-Kyoung Park. 2011. *Pay in Korea - An Introductory Guide*. Korea Labor Institute.
- Petreski, Marjan, and Aleksandar Ristovski. 2021. *Country Review on the Setting of Wages through Collective Bargaining in North Macedonia*. ILO.
- Republic of Korea, Minimum Wage Commission. n.d. "Minimum Wage System", available at: <https://www.minimumwage.go.kr/english/introduce/about.do>.
- Ristovski, Aleksandar. 2022. *Collective Bargaining in North Macedonia - An Analysis*. ILO.
- Rönmar, Mia. 2014. *Intergenerational Bargaining: Towards Integrated Bargaining for Younger and Older Workers in EU Countries: Sweden - Country Report*. iNGenBar.
- Saks, Y. 2021. "Wage Differentiation in Belgium According to SILC Data." In *Economic Review June 2021*. National Bank of Belgium.
- Schmidt, Verena, Edward Webster, Siviwe Mhlana, and Kally Forrest. 2023. "Negotiations by Workers in the Informal Economy", ILO Working Paper No. 86.
- Senegal, Council of Ministers. 2022. "Press Release on Le Président de la République, Son Excellence Macky SALL a présidé le Conseil des Ministres, ce mercredi 04 mai 2022, au Palais de la République", 4 May 2022.
- South Africa, Department of Employment and Labour. n.d. "National Minimum Wage Commission Impact Reports", available at: <https://www.labour.gov.za/national-minimum-wage-commission-impact-reports>.
- South Africa, Government of South Africa. n.d. "Register a Bargaining Council", available at: <https://www.gov.za/services/trade-unions/register-bargaining-council>.
- Sud Quotidien. 2022. "Remise des cahiers de doléances 2022: Macky s'engage et menace." 4 May.
- Sundar, K.R. Shyam. 2011. "Non-Regular Workers in India: Social Dialogue and Organizational and Bargaining Strategies and Practices", ILO DIALOGUE Working Paper No. 30.
- Sweden, National Mediation Office. n.d.-a. "About Us", available at: <https://www.mi.se/english/about-us/>.
- . n.d.-b. "Väl fungerande lönebildning", available at: <https://www.mi.se/forhandling-avtal/val-fungerande-lonebildning/>.
- Swedish Unions within Industry. 2016a. *The Swedish Unions within Industry and the Industrial Agreement*.
- . 2016b. "What Should Be Our Demands?", available at: <http://www.fackeninomindustrin.se/wp-content/uploads/2016/07/What-Should-be-our-Demands.pdf>.
- Switzerland, EAER (Federal Department of Economic Affairs, Education and Research). n.d. "The Usefulness of Collective Bargain Agreements", available at: <https://www.kmu.admin.ch/kmu/en/home/concrete-know-how/personnel/employment-law/contractual-aspects/collective-bargaining-agreements.html>.
- Switzerland, EAER (Federal Department of Economic Affairs, Education and Research). n.d. "The Usefulness of Collective Bargain Agreements", available at: <https://www.kmu.admin.ch/kmu/en/home/concrete-know-how/personnel/employment-law/contractual-aspects/collective-bargaining-agreements.html>.
- Switzerland, EAER (Federal Department of Economic Affairs, Education and Research), SECO (State Secretariat for Economic Affairs). n.d. "Contrats-types de travail - Confédération", available at:

- [https://www.seco.admin.ch/seco/fr/home/Arbeit/Personenfreizugigkeit\\_Arbeitsbeziehungen/normalarbeitsvertraege/Normalarbeitsvertraege\\_Bund.html](https://www.seco.admin.ch/seco/fr/home/Arbeit/Personenfreizugigkeit_Arbeitsbeziehungen/normalarbeitsvertraege/Normalarbeitsvertraege_Bund.html).
- Switzerland, FDHA (Federal Department of Home Affairs), FOGE (Federal Office for Gender Equality). n.d.-a. "Loi sur l'égalité", available at: <https://www.ebg.admin.ch/ebg/fr/home/themes/droit/loi-sur-l-egalite.html>.
- . n.d.-b. "Analyse Equal Pay - Simply and Securely with Logib", available at: <https://www.ebg.admin.ch/ebg/en/home/services/logib-triage.html>.
- Switzerland, Federal Statistical Office. 2016a. *Accord salariaux conclus pour 2015 dans les domaines conventionnels*.
- . 2016b. "Conventions collectives de travail selon le type, la taille et le secteur économique", available at: <https://www.bfs.admin.ch/bfs/fr/home/statistiques/travail-remuneration/conventions-collectives-travail-partenariat-social.assetdetail.272358.html>.
- . 2020. *Enquête sur les conventions collectives de travail en Suisse 2018*.
- Uruguay, Ministry of Labour and Social Security, n.d. "Consejos de Salarios y Negociación Colectiva", available at: <https://www.gub.uy/ministerio-trabajo-seguridad-social/tematica/grupos-industria-comercio-actividades-general>.
- USS (Union Syndicale Swiss). n.d. "Calculateur de salaire - La méthode", available at: <https://www.salaire-uss.ch/home/method>.
- Vaughan-Whitehead, Daniel (ed.). 2018. *Reducing Inequalities in Europe: How Industrial Relations and Labour Policies Can Close the Gap*. Cheltenham: Edward Elgar Publishing and Geneva: ILO.
- Veldman, Albertine. 2017. *Pay Transparency in the EU: A Legal Analysis of the Situation in the EU Member States, Iceland, Liechtenstein and Norway*. European Commission.
- Venter, Irma. 2022. "Vehicle Manufacturers, Numsa Sign Wage Deal." *Creamer Media's Engineering News*, 19 October.
- Walter, Dagmar, and Susan Ferguson. 2022. "The Gender Pay Gap, Hard Truths and Actions Needed." *The Hindu*, 19 September.
- Yamaguchi, Kazuo. 2019. "Japan's Gender Gap." *Finance & Development*, March.

## Annexes

---

### Annex 1. Collective agreements analysed in the Review of Wage Setting through Collective Bargaining

#### Argentina

1. Sectoral collective agreement, manufacture of textiles, 2010 (updated in 2021)
2. Collective agreement for the Public Administration, 2006

#### Belgium

3. National interprofessional collective agreement, 2017–2018
4. National collective agreement, guarantee of a minimum average monthly income, 2022
5. Sectoral collective agreement, cleaning (*121 Commission paritaire pour le nettoyage*), 2019
6. Sectoral collective agreement, specialized construction activities (*111 Commission paritaire des constructions métallique, mécanique et électrique*), 2018
7. Sectoral collective agreement, accommodation (*302 Commission paritaire de l'industrie hôtelière*), 2018
8. National collective agreement, non-recurring performance-related benefits, 2007
9. National collective agreement regarding *eco cheques*, 2009

#### Chile

10. Enterprise collective agreement, manufacture of food and cleaning products, 2020
11. Enterprise collective agreement, manufacture of food products, 2019
12. Enterprise collective agreement, supermarket retail, 2019
13. Enterprise collective agreement, home goods retail, 2018
14. Enterprise collective agreement, pharmacy retail, 2019
15. Enterprise collective agreement, water transport, 2020
16. Enterprise collective agreement, water transport, 2020
17. Enterprise collective agreement, tourism services, 2019
18. Enterprise collective agreement, financial and insurance activities, 2018
19. Enterprise collective agreement, warehousing and support activities for transportation, 2019
20. Enterprise collective agreement, warehousing and support activities for transportation, 2018
21. Enterprise collective agreement, warehousing and support activities for transportation, 2019
22. Enterprise collective agreement, mining and quarrying, 2019
23. Enterprise collective agreement, mining and quarrying, 2017

24. Enterprise collective agreement, mining and quarrying, 2018
25. Enterprise collective agreement, mining and quarrying, 2018
26. Enterprise collective agreement, mining and quarrying, 2017
27. Enterprise collective agreement, food services, 2017

#### France

28. Enterprise collective agreement, manufacture of motor vehicles, 2009

#### Germany

29. Sectoral collective agreement in the metal and electrical sector, 2020
30. Sectoral collective agreement in the metal and electrical sector, 2022

#### India

31. Enterprise (plant) collective agreement, construction material manufacture, 2018
32. Enterprise (plant) collective agreement, capital goods manufacture, 2018
33. Enterprise (plant) collective agreement, manufacture of chemicals and chemical products, 2017
34. Enterprise (plant) collective agreement, manufacture of fabricated metal products, 2016
35. Enterprise (plant) collective agreement, manufacture of machinery and equipment, 2017
36. Enterprise (plant) collective agreement, manufacture of tobacco products, 2017
37. Enterprise (plant) collective agreement, manufacture of machinery and equipment, 2018
38. Enterprise (plant) collective agreement, manufacture of machinery and equipment, 2019
39. Enterprise (plant) collective agreement, manufacture of electrical equipment, 2015
40. Enterprise (plant) collective agreement, manufacture of motor vehicles, trailers and semi-trailers, 2020
41. Enterprise (plant) collective agreement, manufacture of motor vehicles, trailers and semi-trailers, 2018
42. Enterprise (plant) collective agreement, manufacture of machinery and equipment, 2019
43. Enterprise (plant) collective agreement, manufacture of basic metals, 2020

#### North Macedonia

44. National interprofessional collective agreement (General Collective Agreement), Official Gazette of the Republic of Macedonia No. 115/2014
45. Sectoral collective agreement, leather and footwear, Official Gazette of the Republic of Macedonia No. 220/2015
46. Sectoral collective agreement, agriculture and food, Official Gazette of the Republic of Macedonia No. 3/16 (consolidated text), 2015

- 47. Sectoral collective agreement, protective associations, Official Gazette of the Republic of Macedonia No. 151/2014
- 48. Sectoral collective agreement, chemical, Official Gazette of the Republic of Macedonia No. 10/2013
- 49. Sectoral collective agreement, tobacco, Official Gazette of the Republic of Macedonia No. 137/2016, consolidated text
- 50. Sectoral collective Agreement, accommodation and food service activities, Official Gazette of the Republic of Macedonia No. 2/2008
- 51. Enterprise collective agreement, manufacture of tobacco products, 2019
- 52. Enterprise collective agreement, manufacture food products, 2017

## Portugal

- 53. Sectoral collective agreement, footwear, 2017

## Senegal

- 54. National interprofessional collective agreement, 2019
- 55. Sectoral collective agreement, extraction of crude petroleum and natural gas, 2019
- 56. Sectoral collective agreement, private security, 2019
- 57. Sectoral collective agreement, private education, 2018
- 58. Sectoral collective agreement, media, 2018
- 59. Sectoral collective agreement, cleaning, 2014
- 60. Sectoral collective agreement, accommodation, 1996 (update)
- 61. Sectoral collective agreement, trade, French West Africa (Afrique Occidentale Française, AOF), 1996 (update)
- 62. Enterprise collective agreement, scientific research and development, 2018
- 63. Enterprise collective agreement, banking sector, 2014

## Serbia

- 64. Enterprise collective agreement, manufacture of pharmaceutical products, 2019
- 65. Enterprise collective agreement, manufacture of beverages, 2017
- 66. Enterprise collective agreement, construction, 2020
- 67. Enterprise collective agreement, manufacture of food products (meat production and processing), 2020
- 68. Enterprise collective agreement, manufacture of textiles, 2019

## South Africa

### Bargaining councils (national sectoral):

- 69. National Bargaining Council for the Clothing Manufacturing Industry (Non-Metro Areas Agreement), 2016
- 70. National Bargaining Council for the Civil Engineering Sector, 2018

### National sectoral bargaining forums:

- 71. National Bargaining Forum (Automobile Assemblers), 2016
- 72. National Gold Mining Sector Bargaining Forum (under auspices of the Minerals Council of South Africa), 2018

### Bargaining council (regional sectoral)

- 73. Bargaining Council for the Contract Cleaning sector (KwaZulu-Natal), 2017

### Single employer (business entity or corporate level) bargaining:

- 74. Enterprise collective agreement, supermarket retail, 2020
- 75. Enterprise collective agreement, construction material manufacture, 2020

## Spain

- 76. Sectoral collective agreement, chemical, 2021
- 77. Sectoral collective agreement, construction, 2017
- 78. Enterprise collective agreement, manufacture of motor vehicles, 2016
- 79. Sectoral collective agreement, banking, 2021

## Sweden

- 80. Sectoral collective agreement, engineering, 2017

## Switzerland

- 81. National sectoral collective agreement, accommodation and food service activities, 2019
- 82. National sectoral collective agreement, manufacture of electrical equipment, metals and machinery, 2018
- 83. Regional sectoral collective agreement, building cleaning, Suisse Romande, 2018
- 84. Enterprise collective agreement, supermarket retail, 2018 and 2022
- 85. National sectoral collective agreement, manufacture of watchmaking and microtechnology, 2017
- 86. Enterprise collective agreement, air transportation (ground staff), 2018

## Togo

87. Sectoral collective agreement, media, 2022

## Tunisia

88. Sectoral collective agreement, agriculture, 2015.  
 89. Sectoral collective agreement, manufacture of food products, 2018 (update)  
 90. Sectoral collective agreement, manufacture of beverages, 2018 (update)  
 91. Sectoral collective agreement, manufacture of textiles, 2018 (update)  
 92. Sectoral collective agreement, manufacture of electrical and electronic equipment, 2018 (update)  
 93. Sectoral collective agreement, land transport, 2018 (update)  
 94. Sectoral collective agreement, childcare services, 2011 (update)  
 95. Sectoral collective agreement, pharmacy retail, 2019 (update)  
 96. Sectoral collective agreement, financial and insurance activities, 2018 (update)  
 97. Enterprise collective agreement in the foundry, metallurgy, and mechanical construction sector

## Uruguay

98. Sectoral collective agreement, manufacture of food products (dairy) (G1.sg1.c1), 2018  
 99. Sectoral collective agreement, manufacture of food products (meat processing and refrigeration) (G2 sg1), 2017  
 100. Sectoral collective agreement, domestic service (G21), 2019  
 101. Sectoral collective agreement, construction (G9 sg1), 2018  
 102. Sectoral collective agreement, manufacture of beverages (G1.sg9.c1), 2018  
 103. Enterprise collective agreement, manufacture of beverages, 2009  
 104. Enterprise collective agreement, manufacture of beverages, 2012  
 105. Sectoral collective agreement, financial and insurance activities (G14.sg1), 2018  
 106. Enterprise collective agreement, financial and insurance activities, 2013  
 107. Enterprise collective agreement, financial and insurance activities, 2017  
 108. Sectoral collective agreement, fishing and sea workers (G3 sg.1), 2019  
 109. Sectoral collective agreement, manufacture of food products (olive oil) (G1.sg8.c1), 2018

## Annex 2. Sources for the examples provided in table 3

### Economic indicators

#### Inflation

##### Consumer Price Index

##### Tunisia

Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

##### Chile

Country review on the setting of wages through collective bargaining in Chile prepared for the ILO, 2020.

##### Uruguay

Country review on the setting of wages through collective bargaining in Uruguay prepared for the ILO, 2020.

##### Argentina

Adriana Marshall, “La relación salarios-productividad: incentivos salariales en los convenios colectivos industriales”, *Trabajo y Sociedad*, No. 26 (2016), 5–22.

##### Senegal

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

##### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

##### Ukraine

ILO, *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*, 2021.

##### Ireland

ICTU, “Congress Guidance for Privates Sector Unions on Pay Bargaining in 2022”, Private Sector Bulletin, February 2022.

##### South Africa

Country review on the setting of wages through collective bargaining in South Africa prepared for the ILO, 2020.

##### India

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

##### Belgium

Belgium, Statbel (Statistics Belgium), “Indice des prix à la consommation”.

##### Producer Price Index (PPI)

##### South Africa

Country review on the setting of wages through collective bargaining in South Africa prepared for the ILO, 2020.

Corrected health index**Belgium**

Belgium, Statbel (Statistics Belgium), “Indice des prix à la consommation”.

Inflation target (set by Central Banks)**Germany**

Inflation target set by the European Central Bank.

ILO, [Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine](#), 2021, Annex A.

**Sweden**

Inflation target set by Riksbank, the Central Bank of Sweden.

Swedish Unions within Industry, “What Should Be Our Demands?”, 2016.

**Economic situation**

---

Economic growth**Tunisia**

Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

**Senegal**

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

**International competitiveness**

---

Wages in sectors exposed to international competition**Sweden**

Swedish National Mediation Office, “Väl fungerande lönebildning”.

Wages and labour costs in main (European) competitor countries**Sweden**

Swedish Unions within Industry, “What Should Be Our Demands?”, 2016.

Hourly labour costs in neighbouring economies (Germany, France and the Netherlands).

**Belgium**

Eurofound, “Belgium: Wage Formation”, 2009.

**Cost of living**

---

Cost of basic foodstuffs and other costs**Senegal**

Cost of basic foodstuffs including rice, oil, sugar, milk, bread, butane gas, and so on.

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

Cost of consumption basket**North Macedonia**

Marjan Petreski and Aleksandar Ristovski, [Country Review on the Setting of Wages through Collective Bargaining in North Macedonia](#) (ILO, 2021).

**Serbia**

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

**Ukraine**

ILO, [Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine](#), 2021.

**Labour market characteristics (by sex)****Employment**

---

Employment rate**Sweden**

Swedish National Mediation Office, “Väl fungerande lönebildning”.

**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

**Unemployment**

---

Unemployment rate**South Africa**

Country review on the setting of wages through collective bargaining in South Africa prepared for the ILO, 2020.

**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.



## Wages

---

### Collectively agreed minimum wages

#### Belgium

Belgium, FPS Employment. “La base de données salaires”.

### Wage increases in public sector/other workers’ organizations in the productive sector

#### Chile

Country review on the setting of wages through collective bargaining in Chile prepared for the ILO, 2020.

### Statutory minimum wage

#### Tunisia

Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

#### North Macedonia

Marjan Petreski and Aleksandar Ristovski, *Country Review on the Setting of Wages through Collective Bargaining in North Macedonia* (ILO, 2021).

#### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

#### Chile

Country review on the setting of wages through collective bargaining in Chile prepared for the ILO, 2020.

#### India

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

### Latest wage increases

#### Senegal

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

### General earnings in the economy

#### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

#### Ireland

ICTU, “Congress Guidance for Privates Sector Unions on Pay Bargaining in 2022”, Private Sector Bulletin, February 2022.

### Wage share as a percentage of GDP

#### Ireland

ICTU, “Congress Guidance for Privates Sector Unions on Pay Bargaining in 2022”, Private Sector Bulletin, February 2022.

## Difference in public/private sector wages

#### Tunisia

Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

## Productivity

---

### Labour productivity

#### Ireland

ICTU, “Congress Guidance for Privates Sector Unions on Pay Bargaining in 2022”, Private Sector Bulletin, February 2022.

### Productivity

#### Sweden

Swedish Unions within Industry, “What Should Be Our Demands?”, 2016.

## Sectorial context

## Economic performance

---

### Profits and turnover

#### North Macedonia

Marjan Petreski and Aleksandar Ristovski, *Country Review on the Setting of Wages through Collective Bargaining in North Macedonia* (ILO, 2021).

#### Uruguay

Country review on the setting of wages through collective bargaining in Uruguay prepared for the ILO, 2020.

### No. employed people or employees

#### Uruguay

Country review on the setting of wages through collective bargaining in Uruguay prepared for the ILO, 2020.

#### Germany

Gesamtmittel, *Zahlen 2022: De Metall- und Elektro-Industrie in der Bundesrepublik Deutschland*, 2022.

ILO, *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*, 2021, Annex A.

Incoming orders, Variation of production**Germany**

Gesammetall, *Zahlen 2022: De Metall- und Elektro-Industrie in der Bundesrepublik Deutschland*, 2022.

ILO, *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*, 2021, Annex A.

Capacity utilization**Germany**

Gesammetall, *Zahlen 2022: De Metall- und Elektro-Industrie in der Bundesrepublik Deutschland*, 2022.

ILO, *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*, 2021, Annex A.

**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

**Wages**Average wage in the industry/sector/branch of activity**North Macedonia**

Marjan Petreski and Aleksandar Ristovski, *Country Review on the Setting of Wages through Collective Bargaining in North Macedonia* (ILO, 2021).

**Serbia**

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

Wage increases in other sectors/sister firms**South Africa**

Country review on the setting of wages through collective bargaining in South Africa prepared for the ILO, 2020.

**Costs**Labour cost per hour, Changes in other costs**Tunisia**

Country review on the setting of wages through collective bargaining in Tunisia prepared for the ILO, 2020.

**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

**Productivity**Output per amount of labour input**Japan**

Japan Productivity Center website. See here, here and here.

Average aggregate productivity, Productivity increase in different economic sectors**Germany**

ILO, *Collective Bargaining in Germany and Ukraine: Lessons Learned and Recommendations for Ukraine*, 2021, Annex A.

**Gender pay gap**Gender bias in job classification scheme**Belgium**

Centre for Research in Employment and Work, *International Mechanisms to Revalue Women's Work: Research Exploring and Evaluating International Mechanisms that Aim to Revalue or Result in the Revaluation of Women's Work* (Government of Scotland, 2021).

Direction Générale Relations collectives de travail du Service Public Fédéral Emploi, Travail et Concertation sociale.

Institute for the Equality of Women and Men, and Belgium, FPS Employment, L'écart salarial entre les femmes et les hommes en Belgique, 2021.

**Other wage inequalities**Difference between minimum wages and median wages in the sector**Switzerland**

*Convention collective de travail (CCT) des industries horlogere et microtechnique Suisses*, 2017.

**Enterprise context****Economic performance**Profits and turnover**India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

## Financial situation

---

### Enterprise's debt

#### Senegal

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

### Capital employed, Return on capital employed

#### India

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

### Labour costs

#### Senegal

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

#### Chile

Law 20.940 of 2016 provides that company trade unions may request from the enterprise information on labour costs.

### Share of labour costs in total revenues, total cost of production or value added

#### India

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

#### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

## Wages

---

### Wage defined in the (relevant) collective agreement

#### North Macedonia

Marjan Petreski and Aleksandar Ristovski, *Country Review on the Setting of Wages through Collective Bargaining in North Macedonia* (ILO, 2021).

#### Chile

Law 20.940 of 2016 provides that company trade unions may request from the enterprise information on the updated value of all benefits that are part of the current collective instrument.

### Wages in companies of the branch of activity

#### Senegal

Analysis on the setting of wages through collective bargaining in Senegal prepared for the ILO, 2020.

### Wages in competitor companies

#### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

## Productivity

---

### Annual volume of production vs. number of employees

#### Serbia

Analysis on the setting of wages through collective bargaining in Serbia prepared for the ILO, 2020.

### Capital output ratio

#### India

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

### Real output per employee, Output per employee

#### South Africa

Real output per employee (index based on the figures of the base year).

Output per employee (thousands South African rand)

Shane Godfrey, Trenton Elsley, and Michelle Taal, *Sectoral Collective Bargaining, Productivity and Competitiveness in South Africa's Clothing Value Chain: Manufacturers between a Rock and a Hard Place* (ILO, 2016).

### Production volumes and/or participation in training schemes

#### Argentina

Production volumes weighted by other factors (such as, quality, waste, customer satisfaction, accident rate) and/or participation in training schemes (often adjusted to the attendance and/or punctuality).

Adriana Marshall, "La relación salarios-productividad: incentivos salariales en los convenios colectivos industriales", *Trabajo y Sociedad*, No. 26 (2016), 5–22.

### Group/individual performance indicators

#### Uruguay

Country review on the setting of wages through collective bargaining in Uruguay prepared for the ILO, 2020.

## Gender pay gap

---

### Unjustifiable gaps in pay between women and men

#### Sweden

Albertine Veldman, *Pay Transparency in the EU: A Legal Analysis of the Situation in the EU Member States, Iceland, Liechtenstein and Norway* (European Commission, 2017).

### Index on equal pay between men and women

#### France

Anne Bucher, et al. *Les résultats des négociations sur l'égalité professionnelle entre les femmes et les hommes en France - L'exemple de dix entreprises de l'Eurométropole de Strasbourg* (ILO, 2021).

## Other wage inequalities

---

### Remuneration of executive positions

#### **Chile**

Law 20.940 of 2016 provides that company trade unions may, once in each calendar year, request from large companies information on the remuneration of their executive positions.

## Human resources

---

### Total employee numbers

#### **India**

Country review on the setting of wages through collective bargaining in India prepared for the ILO, 2020.

### Localized worker demands

#### **Germany**

Assessed through online surveys, interviews with workers, and so on.

In 2017, IG Metall used the data retrieved from its own online-survey, which covered 680,000 employees in 7,000 companies, to support their demand on working time options. See IG Metall, "Das wollen die Beschäftigten", 2017.



**ilo.org**

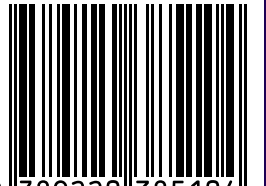
---

[inwork@ilo.org](mailto:inwork@ilo.org)

**International Labour Organization**

Route des Morillons 4  
CH - 1211 Geneva 22  
Tel. +41 22 799 6754

ISBN: 978-92-20385-10-4



9 789220 385104