2. Strengthening the representativeness of the social partners and their institutional capacity to shape labour markets through social dialogue

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1. INTRODUCTION

From the European, institutional and historical perspectives, in this chapter we, first, analyse the development of social partner representativeness during the past three decades, and the measures undertaken by public authorities and social partners to reinforce representativeness and enhance the legitimacy and effectiveness of social dialogue. Second, we assess the social partners' capacity autonomously to shape terms of employment and working conditions, and to influence public policies. Social partner representativeness and their capacity to shape the world of work vary significantly across the European Union (EU) member states and are related to the specific features of the national industrial relations system. We therefore start this chapter by identifying the main features and transformations of industrial relations systems and social dialogue during the past 30 years in Europe.

Special focus is put on the respective roles of the state or public authorities and the social partners in regulating the labour market and the dominant types of collective bargaining systems (centralized or decentralized, sectoral, cross-industry, industrial or company level, scope of agreements, collective bargaining coverage, and tripartite consultation mechanisms). The aim is also to identify the main trends in industrial relations systems and social dialogue in Europe since 2000 and the extent to which we can see some convergence or divergence in those systems. We are also concerned with the development of the power relationships between the state and the social partners in the regulation of the labour market and the world of work.

Analysis of the institutional and legal framework surrounding and characterizing national industrial relations systems and its development over time will enable us to identify the obstacles hindering the development of constructive and effective social dialogue based on powerful, representative and autonomous social partners able to play an essential role in shaping working and living conditions. In our analysis of the relationship between industrial relations systems and social dialogue, special emphasis is put on extension mechanisms, derogation possibilities, tripartite agreements and their respective impacts on social partners' roles.

According to recent empirical evidence (see OECD 2019; Vaughan-Whitehead 2018), employment performance and job quality are positively correlated with a specific type of industrial relations system, characterized by powerful and independent social partners playing a crucial role in the development of labour market norms or standards and the shaping of working and living conditions. Centralized and coordinated two-tier, multi-employer, collective bargaining systems that leave room for self-regulated and organized decentralization and are characterized by high collective bargaining coverage and high union density, together with balanced bargaining power between the two sides of industry, not only seems to favour earnings equality and social cohesion, but also to deliver better outcomes for employment, economic and productivity growth. As also shown by the Organisation for Economic Co-operation and Development (OECD 2019), the quality of the working environment appears to be higher in industrial relations systems with powerful and autonomous social partners and with, on average, a high coverage rate of collective agreements. Therefore, social partner governance of the labour market not only seems to better conciliate economic efficiency and social justice, but is even better adapted to providing an effective and fair response to the challenges of globalization, demographic and technological changes.

Even though social dialogue in Europe still plays a crucial role in shaping the terms and conditions of employment, its development during the past three decades shows a tendency towards an overall decline in union density, a decrease in employers' affiliation rates in some EU member states and a decline in collective bargaining coverage. That is, in recent decades there has been increasing evidence of a waning of the social partners' capacity to regulate the labour market and an increase in unilateral state intervention, with labour market deregulation leaving more scope for market forces and/or unilateral decision-making by employers on pay and working conditions. Against this background, another aim of this chapter is to identify how social partners and governments in Europe have addressed and responded to these trends, and to examine national strategies and policies launched in order to counteract the weakening of social partners' labour market governance.

This chapter is structured as follows. After a description of the main features and development of industrial relations systems in Europe (section 2), we discuss in section 3 the institutional prerequisites of developed and efficient social dialogue in Europe. Section 4 presents some proposals or strategies adopted by social partners and governments to strengthen their representativeness and understand the weakening of their ability to regulate the terms and conditions of employment and shape the world of work. The aim of section 4, therefore, is to identify measures aimed at revitalizing social dialogue and labour market governance based on encompassing collective agreements, negotiated compromises, consultations, democratic participation of workers in policy-making and constructive social dialogue in general. The final section provides some concluding remarks.

2. MAIN FEATURES AND DEVELOPMENTS OF INDUSTRIAL RELATIONS SYSTEMS IN EUROPE AND THEIR IMPACT ON SOCIAL DIALOGUE

2.1 Industrial Relations Systems in Europe: Despite Some Common Trends, Still Wide Diversity in a Small Space

Despite some common trends during the past three decades, namely, a general decline in union density and a tendency towards weakening, decentralization and fragmentation of collective bargaining, the industrial relations landscape in Europe remains diverse and no obvious patterns of convergence towards a specific model seem to be emerging. In order to provide an overarching view of the development of industrial relations in Europe and to explore the main causes of transformation, we cluster them in broad categories, according to their institutional settings. Along the lines developed by Crouch (2017), Müller et al. (2019), OECD (2019), Visser (2011, 2012, 2019a) and Vandaele (2019b), we group the various national industrial relations systems along four dimensions:

1. Representativeness of the social partners¹ (union and employer density) and their capacity autonomously to regulate the labour market and to shape the world of work. The distinctive role of public authorities, social partners and market forces in developing labour market norms and regulations, that is, the predominant types of labour market governance – market-based, state-regulated or regulated through collective agreements.
2. The main features of the collective bargaining system, in particular the predominant bargaining regime (single- or multi-employer bargaining) and the level at which collective agreements are negotiated (national or cross-sectoral and industry or firm level), that is, the extent of centralization of the bargaining system, but also the existence, or not, of a statutory or administrative extension mechanism, *erga omnes* rules,² the possibility of derogations or opting-out which affect the coverage rate of collective agreements.
3. The extent of coordination between and within social partner organizations and the articulation between the various bargaining levels.
4. The type of labour relations: the relative bargaining power of the two sides of industry, the frequency of labour disputes and conflicts in the labour market (predominately consensual versus conflictual labour relations), the level of trust between social partners, and the quality of social dialogue, in particular the relationship between public authorities and social partners (government attitudes toward the social partners).

The clustering of EU countries relies mainly on the industrial relations literature (see Crouch 2017; Müller et al. 2019; Vandaele 2019b; Visser 2011, 2012, 2019a). The data used for grouping the various industrial relations systems in broad categories come mainly from a survey conducted in 2018 by the OECD (see OECD 2019) on the main institutional characteristic of industrial relations system in OECD countries and various indicators regarding union employer density and collective bargaining coverage, based on the Database on Institutional Characteristics of Trade Unions, Wage Setting, State

Intervention and Social Pacts (ICTWSS) of the Amsterdam Institute for Advanced Labour Studies of the University of Amsterdam (see Visser 2019b).

Table 2.1 displays the country clusters according to the four industrial relations dimensions.

As shown in Table 2.1, five broad groups of countries can be distinguished between the traditional two polar cases represented by Nordic and Eastern European countries. The Nordic countries' industrial relations systems are characterized by multi-employer bargaining, industry as the main level at which collective agreements are concluded (although organized decentralization makes it possible to adapt the content of sectoral collective agreement to local conditions), a high degree of coordination, high union and employer density and high collective bargaining coverage. The Eastern European countries are characterized by single employer bargaining, with collective agreements concluded predominantly at the company level, low coordination, low union density and relatively lower employer affiliation rates, as well as low collective bargaining coverage. Most Southern European countries are characterized by centralized, but weakly coordinated multi-employer collective agreements, concluded predominantly at the industry level with frequent resort to administrative extension mechanisms and limited possibility of derogation from industry-level collective agreements. Union density is relatively low, but employer affiliation relatively high. These countries are also characterized by frequent state intervention in labour market regulation.

Our main objective is not just to describe the major developments and transformations of industrial relations systems in recent decades in Europe, but also to analyse the relationship between the type of system, as described previously, and current trends. Have some industrial relations systems shown more stability and resilience? Is the tendency towards the decentralization of collective bargaining more significant in systems that are already more decentralized and less coordinated? That is, during the past three decades have the prevailing trends of a decline in union density, the weakening of collective bargaining and the increasing role of unilateral state intervention in the labour market been more pronounced in some industrial relations systems, or have some of them been more resilient in the face of market forces (globalization and increased competition) or unilateral state regulation or intervention, or technological change (digitalization)? Are we seeing any convergence towards a specific model of industrial relations in Europe or is the industrial relations landscape, its diversity and heterogeneity, still the same despite common trends?

Analysis of the development of industrial relations systems in Europe also allows us to identify whether the social partners and public authorities are aware of the nature of the problems characterizing their industrial relations systems, and the degree of their political will to strengthen social dialogue. Hence, this analysis makes it possible to identify the policy responses and strategies, if any, implemented by public authorities and social partners to strengthen the representativeness of the two sides of industry, as well as to enhance social partners' capacity to shape the labour market in order to meet the major challenges confronting modern economies (globalization, demographic, technological and environmental changes).

The current heterogeneity of industrial relations in Europe, in particular regarding the extent of social partner representativeness and their role in regulating the employment relationship and working conditions, imply that the need for institutional reforms and

Table 2.1 *Collective bargaining systems and clustering of countries*

	Dominant bargaining regimes	Predominant level at which collective agreement are concluded	Degree of centralization or decentralization	Extent of coordination	Trade union density (%)	Employer density (%)	Collective bargaining coverage rate (%)
<i>A. Nordic and Ghent system countries</i>							
Finland	MEB	Industry	Organized decentralization	High	60-70	60-70	80-90
Denmark	MEB	Industry	Organized decentralization	High	50-60	60-70	80-90
Sweden	MEB	Industry	Organized decentralization	High	60-70	80-90	More than 90
Belgium	MEB	Industry	Organized decentralization	High	50-60	70-80	90
<i>B. Eastern European Countries</i>							
Estonia	SEB	Company	Decentralized	No	< 5	20-30	15-20
Lithuania	SEB	Company	Decentralized	No	5-10	15-20	5-10
Latvia	SEB	Company	Decentralized	No	5-10	40-45	10-15
Poland	SEB	Company	Decentralized	No	5-10	5-10	15-20
Hungary	SEB	Company	Decentralized	No	5-10	15-20	20-30
Czech Republic	SEB	Company	Decentralized	No	10-15	40-45	25-30
Bulgaria	Mixed	Industry or company	Partially decentralized	No	10-15	25-30	20-25
Romania	Mixed	Industry or company	Disorganized decentralization	No	15-20	10-15	20-25
<i>C. English-speaking liberal market oriented and company bargaining level countries</i>							
United Kingdom	Mixed	Company	Partially decentralized	No	10-20	30-40	20-30
Ireland	Mixed	Company	Organized decentralization	No	20-30	60-70	40-50
Malta	Mixed	Industry or company	Partially decentralized	No	40-45	55-60	45-50

<i>D. Southern European countries</i>									
Spain	MEB	Industry	Disorganized decentralization	Low	10–20	70–80	70–80		
Portugal	MEB	Industry	Disorganized decentralization	Low	10–20	60–70	60–70		
Italy	MEB	Industry	Organized decentralization	Low	20–30	60–70	80–90		
France	MEB	Industry	Organized decentralization	Low	5–10	70–75	90 or more		
Slovenia	MEB	Industry	Organized decentralization	No	10–20	50–60	60–70		
Croatia	Mixed	Industry or company	Partially decentralized		15–20	50–55	45–50		
Cyprus	Mixed	Industry or company	Disorganized decentralization		40–45	60–65	40–45		
Greece	SEB	Company	Disorganized decentralization	No	10–20	50–60	40–50		
<i>E. Northern and Central European countries</i>									
Germany	MEB	Industry	Organized decentralized	High	10–20	60–70	50–60		
Netherlands	MEB	Industry	Organized decentralized	High	10–20	80–90	80–90		
Austria	MEB	Industry	Organized decentralized	High	20–30	90 or more	90 or more		
Luxembourg	Mixed	Industry or company	Partially decentralized	No	20–30	80–90	50–60		
<i>F. Other countries</i>									
Turkey	Mixed	Company	Decentralized	No	Less than 5	–	5–10		

Note: MEB – multi-employer bargaining; SEB – single employer bargaining.

Source: Müller et al. (2019), OECD (2019), Vandaele (2019b), Visser (2019b) and author's calculations.

strategies for promoting social dialogue and strengthening social partners' capability to shape the labour market will differ significantly among EU member states.

2.2 Main Development in Industrial Relations in Europe: A Weakening of Social Partners' Labour Market Governance?

Since 2000, there has been a declining trend in EU trade union membership. Total union membership in 2000 was around 44 million and it had fallen to around 40 million by 2017 (see Vandaele 2019b; Visser 2019b).³ Large cross-country differences in union membership development can also be noted: the fall in membership has been particularly pronounced in Eastern Europe but much less marked in the Nordic countries. In a limited number of member states, membership has been stable (Spain) or has increased slightly, as in France and, more significantly, in Belgium, Luxembourg and Italy.

Looking at the development of union density in the EU as a whole we see generally the same tendencies. The overall rate of union density went from around 26 per cent in 2000 to 21 per cent in 2017. As shown by the OECD (2019), the fall in union density can hardly be ascribed only to demographic changes affecting the age composition of the labour force or to the employment structure (for example, the decline of employment in manufacturing or the public sector owing to deregulation, privatization and/or budget consolidation and the growth of private services) or the growth of small and medium-sized enterprises, which are less willing to permit unionization or become members of employer federations. Furthermore, recent empirical evidence for OECD countries (OECD 2019), does not seem to confirm that the decline in union density is linked to a declining propensity to unionize across generations, but instead testifies to a transformation of the world of work (increased duality in the labour market owing to the increase of marginal part-time, short-term contracts, solo and/or bogus self-employment, temporary agency jobs and platform work). For example, in the EU young people's trust in trade unions is on average higher than among adults (see Figure 2A.9 in the Appendix to this chapter).

Looking at the collective bargaining coverage rate for the EU as a whole, around 45 per cent of workers were covered by a collective agreement in 2017 (representing around 115 million workers) concluded at the national, industry or company level. This indicates the central role of collective bargaining in the regulation of pay and working conditions in the EU (see Visser 2019b). Declining union density in Europe has been accompanied by a reduction in the share of workers covered by collective agreements, but as this decline in coverage rates has varied across EU member states.

It is interesting to note (see Figure 2A.7 in the Appendix) that, despite these common trends, countries' rankings regarding union density and coverage rates has remained almost unchanged. The distance between countries with high coverage rates and union density and countries with low density and coverage rates remains the same, implying some stability in the industrial relations landscape in Europe and some form of path dependency.

Also, during the past three decades we have seen a trend towards a decentralization⁴ of collective bargaining at lower levels, involving a shift from multi-employer to single-employer bargaining regimes, but again with substantial variation across EU member states (Müller et al. 2019; Visser 2016).

The global trends described here, however, mask large differences among EU member states and our group of countries, as well as between the various causes explaining the decline of union density and collective bargaining coverage and the trend towards collective bargaining decentralization. Figures 2.1 and 2.2 show the long-term development of

Source: OECD (2019) and Visser (2019b) ICTWSS database on trade union density.

Figure 2.1 Trends in union density by group of countries, in percentage of dependent employees

Source: OECD (2019) and Visser (2019b) ICTWSS database on trade union density.

Figure 2.2 Trends in bargaining coverage rates by group of countries, as a percentage of employees with the right to bargain

union density and collective bargaining coverage in our five groups of countries classified in accordance with the main characteristics of their industrial relations systems.

As shown by Figure 2.1 (see also Figure 2A.2 in the Appendix) the decline in union density and collective bargaining coverage (see Figure 2.2 and Figure 2A.6 in the Appendix) has been particularly marked in Eastern Europe. In contrast to other EU member states, collective bargaining was absent during the state socialist era. As mentioned by Müller et al. (2019, p. 625), there were attempts to build up collective bargaining systems in the early 1990s:

The perceived imperative of EU membership in central and eastern European countries after 1990 was associated with attempts to establish collective bargaining systems. Although the rhetoric accompanying these processes focused on systems based on industrial bargaining, the results tended to rely on company bargaining and, compared with western Europe, relatively low bargaining coverage. ... While the pursuit of neoliberal policy agendas certainly limited the development of industrial bargaining in central and eastern European countries, employers' reluctance to engage in such bargaining and/or to establish viable employers' associations compounded their effects.

Almost all EU member states have experienced a decline in union density. Some exceptions are worth noting, such as Belgium and Italy, which have had relatively stable union density at a relatively high level, and in France and Spain, albeit at a much lower level of union density. As further shown by Figure 2.1, the timing of this decline differs considerably across countries. While the reduction of union density started at the end of the 1960s in Northern and Central Europe (with the exception of Germany, where the decline coincided with reunification), and around the mid-1980s in English-speaking and Southern European Countries, the Nordic countries managed to maintain a high and growing union density until the late 1990s. The diversity in the timing and magnitude of the fall in union density indicates that the development and transformation of industrial relations systems at the country level depends essentially on specific political and historical factors. There are many causes of the decline in union density and no single story explains it. To illustrate this, the decline in union density in the United Kingdom is related to Margaret Thatcher's neoliberal policy reforms in the early 1980s, which severely reduced trade unions' scope of action, dismantled tripartite institutions, and favoured market solutions and unilateral employer decisions on the terms and condition of employment. Similarly, but more recently, the intervention of the European Commission, European Central Bank and International monetary Fund (IMF) 'Troika' – which considered multi-employer collective bargaining and trade unions as institutional rigidities hindering market-driven economic adjustment processes – in countries such as Greece, Ireland and Portugal, explains the tendency towards collective bargaining decentralization and the pronounced decline in collective bargaining rates. Similarly, but on the positive side, we may also explain the persistence of high union density and high bargaining coverage in the Nordic countries (and to some extent in Italy and Austria) in relation to the mutual support of both sides of industry for the prevailing coordinated and centralized multi-employer bargaining systems. They consider these systems to be fair, flexible and efficient instruments for regulating the labour market, and better adapted to cope with a global economic crisis and the challenges linked to globalization and technological change. As already mentioned and noted by the OECD (2019), the fall in union density can hardly

be attributed to an overall decline in the propensity to join the union or solely to changes in the demographic composition of the labour force or common structural factors (such as modifications of the employment structure). It appears that the changes in the world of work – in particular, the growth of atypical forms of employment such as temporary agency work, fixed-term contracts, zero-hour contracts, marginal part-time, bogus self-employment and new forms of employment, such as platform and crowd work – may have contributed to the decline of union density, particularly among workers with a limited attachment to workplaces, thereby reducing workers' opportunities to join a union and unions' opportunities to recruit them.

The development of collective bargaining (see Figure 2.2, and Figure 2A.6 in the Appendix) has been less dramatic, showing some stability over time, with the exception of Eastern European countries. The latter have experienced a sharp decline in both union density and coverage (falls ranging between around 5 percentage points in Latvia and almost 80 percentage points in Romania between 2000 and 2017; see Figure 2A.6 in the Appendix). Also worth mentioning is the decrease in collective bargaining coverage in the English-speaking countries and in Germany since the mid-1990s, and the dramatic fall in Greece (almost 75 percentage points between 2000 and 2017; see Figure 2A.6 in the Appendix). The decline of bargaining coverage in the United Kingdom is related to the decentralization of collective bargaining, first to intermediate level (1987–93), then to the company level. In Germany, the decrease in collective bargaining coverage coincides with the introduction in the early 1990s of the first hardship agreement and restructuring clauses and German reunification, while the dramatic fall in Greece is related to the 2011 reform, involving radical decentralization of wage bargaining. Although Greece has experienced a dramatic transformation in its industrial relations system during the past ten years, from a relatively centralized multi-employer system towards a decentralized system, the development in Germany, with a decline in both union density and coverage rate, can be characterized as a transition from a Nordic system of social partnership towards a hybrid system of social partner or state governance of the labour market, as illustrated by the recent introduction of a statutory minimum wage.

The resilience of a system of labour market governance based on collective agreements, as indicated by the relative stability of employer density and the associated high coverage of collective agreement in most western European member states, contrasts with the almost ubiquitous fall in union density. This development indicates a shift, in resources and bargaining power between the two sides of industry, in favour of employers. There are strong reasons to think that part of the growing wage inequality and increasing share in gross domestic product (GDP) enjoyed by capital owners in many countries is related to this development.⁵

It should also be noted that the overall decline in union density and the tendency to decentralization of collective bargaining at the company or workplace since 2000 has also coincided with a weakening of tripartite concertation and social dialogue, and a decline in the ability of tripartite bodies to affect the labour market and the regulation of employment relations. This weakening has been particularly marked in Eastern Europe, where tripartite social dialogue, which in some cases generated general agreements on the terms and conditions of employment, has been relegated to a mainly consultative process (see Müller et al. 2019).

3. INSTITUTIONAL PREREQUISITES FOR A DEVELOPED, CONSTRUCTIVE AND EFFECTIVE SOCIAL DIALOGUE

The capacity of the social partners to shape the labour market and to respond to the major challenges of modern societies are closely linked to the institutional configuration and architecture of their industrial relations systems. This capacity appears to be stronger in countries with well-established industrial relations systems, characterized by autonomous, powerful and all-encompassing employer and employee organizations, strong consultative mechanisms, and centralized and coordinated multi-employer bargaining systems, playing a key role in the regulation of employment relationships, working conditions and pay (see OECD 2019; Vaughan-Whitehead 2018). High membership and density of workers' and employers' organizations not only guarantees representativeness, legitimacy, autonomy vis-à-vis the public authority and their long-term sustainability (regarding, among other things, their financial and power resources, as well as their mobilization capacity), but it also conditions their ability to produce societal and labour market norms to regulate employment relationships, working conditions and wage formation. In effect, the higher the union density and companies' rate of affiliation to employer organizations, the higher the scope and coverage rate of collective agreements. The main features of the collective bargaining system, in particular the predominant bargaining level at which collective agreements are negotiated, will also affect social partners' ability to regulate the labour market. Compared with decentralized industrial relations systems, more centralized and coordinated collective bargaining systems, at the industry or sectoral level, involve a larger share of workers and companies, and therefore lead to higher collective bargaining coverage rates. Industrial relations systems characterized by high trade union density and employers' affiliation rates and multiple-employer bargaining display higher collective bargaining coverage, as in the Nordic countries, despite the absence of legal extension mechanisms. As stressed by Müller et al. (2019), however, in multi-employer bargaining systems, employers' affiliation rates seem to be more important than union density, and in several EU countries collective agreement coverage far exceeds union density (see Figure 2A.6 in the Appendix to this chapter). Over the past three decades, bargaining coverage, as a rule, has proved to be much more stable than union density. In multi-employer bargaining systems, the determining role of employers' affiliation rates as regards collective bargaining coverage can be attributed to, usually, agreement terms and conditions that apply to all workers, even those who are not unionized. A large discrepancy between union and employer density, however, affects trade union bargaining power and the outcome of collective bargaining.⁶ A continuous decline in union density also raises the problem of trade unions' legitimacy and representativeness.

In several EU member states, labour laws reinforce the influence and bargaining power of union representatives at the company or organization level, stipulating that employers may not prevent trade union representatives from performing their duties and that the employer must provide premises at the workplace for union activities. Furthermore, these laws often specify that union representatives must not be subjected to worse working conditions or terms of employment as a consequence of their appointment. High trade union representation at company level appears to be an effective vehicle for recruiting and retaining union members and counteracting the decline in union density. It also increases

the visibility of trade union actions at the company level. A strong union presence at the firm level is also a good instrument for developing strategies at sectoral level in accordance with employees' aspirations, as well as closer relations between decision-makers and the rank and file. A high union density and union presence at the company level also ensures that the terms of agreements are respected. Another institutional feature that may reinforce social dialogue and codetermination in working life is the provision of seats for trade union representatives on governing or supervisory boards.

The existence of *de jure* or *de facto* extension mechanisms, extending collective agreements beyond the signatory parties through *erga omnes* clauses or administrative extension reinforces the role of collective agreement in regulating the labour market (see Table 2A.1 in the Appendix). These extension mechanisms are used more frequently in multi-employer bargaining regimes with low union density and/or low employers' affiliation rates, such as in France, and allow these countries to display a high coverage rate. If it is true that *erga omnes* clauses may reduce workers' incentive to join a union (free-rider problem) and may lower union incentives to recruit new members and promote an industrial relations system with low union density, then *erga omnes* clauses ensure equal treatment of workers (fairness), reduce transaction costs and strengthen social partner governance of the labour market.⁷ Administrative extension mechanisms, by which collective agreements are extended to a whole sector/industry – in particular to firms not affiliated to the signatory employer organizations (see Table 2A.2 in the Appendix⁸) – also reinforce the role of collective bargaining in shaping the world of work. However, as with trade union density, these systems may disincentivize companies from joining an employer organization and discourage employer organizations from developing their membership.⁹

As shown by previous developments, the social partners' capacity to shape the labour market, but also to respond to the challenges facing modern economies, depends strongly on their strength and autonomy, as well as their capacity to conclude multi-employer collective agreements covering a large share of workers and companies. A high collective bargaining coverage rate is strongly dependent on union and employer density. Even though administrative or statutory extension mechanisms may compensate for low union density and/or low employer affiliation rates, and increase the scope of collective bargaining for shaping the world of work, high collective bargaining coverage on powerful employer organizations and trade unions with a large base not only guarantees the social partners' independence and autonomy, but also their capacity to regulate the terms and conditions of employment and work. In this context industrial relations in the Nordic countries remains the ideal type of a system based on powerful and autonomous social partners, playing a decisive role in regulating working and employment conditions.

Social partners' institutional capacity to shape labour market regulation and public policies is not restricted to bipartite negotiations between the two sides of industry and the conclusion of collective agreements at various levels. In many EU member states, tripartite social dialogue and tripartite bodies play an important role in designing economic, labour market and social policies, and in wage setting (for example, the fixing of statutory minimum wages).¹⁰ Even though social partner participation in policy-making, particularly labour market and social policies, is relatively frequent in Europe, the degree and quality of involvement varies notably across EU member states (see Table 2A.3 in the Appendix and section 4 of this chapter), depending on the type of industrial relations

system and the effectiveness of the practices applied, as well as the social partners' assessment of the depth and intensity of engagement (Eurofound 2019b). There are strong reasons to think that the social partners' impact on the formation of employment and social policy via tripartite concertation depends on their organizational strength, namely, their representativeness and mobilization capacity. Labour market governance based on strong and autonomous social partners not only may impede unilateral state regulation or intervention in the labour market, but it may also exercise a strong influence on the outcome of tripartite social dialogue regarding, among other things, the formation of labour law and the design of economic and social policy.

In western Europe, tripartite concertation and social dialogue showed themselves to be efficient instruments for overcoming the 2008 Great Recession (see Anxo 2017; Freyssinet 2010; Guardiancich and Molina 2017). As illustrated by these studies, countries with well-established bipartite labour market governance and social dialogue, as well as countries combining tripartite consultation and collective bargaining, have successfully achieved balanced compromises (for example, social pacts) in severe economic situations calling for rapid responses, which may explain their more rapid economic recovery.

As stressed by Waas, however, while tripartism

may be appropriate for the settlement of issues that are broader in scope, such as the formulation of legislation or economic and social policy, it is also acknowledged that Convention No. 98 tends essentially to promote the bipartite negotiation of terms and conditions of employment, namely between employers and employers' organizations, on the one hand, and workers' organizations, on the other. (Waas 2020, p. 58)

As also noted by Waas (2020), tripartite arrangements may reflect the weakness of bipartite social dialogue and curtail social partners' capacity to regulate the terms and conditions of employment independently.

Last but not least, in some EU member states, such as the Nordic countries, most provisions of labour market legislation (regarding working time, employment protection and so on) may be wholly or partly amended by collective agreements at the industry or even the company level. This possibility to deviate from statutory provisions is an institutional feature that strengthens social partners' capacity to affect and shape the labour market.

4. STATE AND SOCIAL PARTNERS STRATEGIES AND INITIATIVES TO INCREASE THEIR CAPACITY TO SHAPE THE LABOUR MARKET THROUGH SOCIAL DIALOGUE

In many countries the social partners face challenges related to stagnating or declining membership and the need to be proactive to retain and recruit new members. The main objective of this section is to identify the strategies, if any, of social partners and public authorities to strengthen social partner representativeness, counteract declining collective bargaining coverage and reinforce their capacity to shape the labour market, as well as to respond to the main challenges confronting modern societies. This section also describes how tripartite social dialogue at the national level has developed since 2000 and some initiatives that have been launched to reinforce the role of tripartite bodies in shaping and

designing labour market and social policies. The diversity of industrial relations systems in Europe, in particular regarding social partner representativeness and their role in regulating employment relations and working conditions, implies that the need for institutional reforms and strategies for promoting social dialogue and strengthening social partners' ability to shape the labour market will differ significantly among EU member states and our country clusters. While there is a large and recent comparative literature on the development and causes of transformation of industrial relations systems in modern society (see Müller et al. 2019; OECD 2019; Vandaele 2019b), very few studies are available on social partners' strategies to counteract their declining capacity to regulate the labour market and the terms and conditions of employment.

The identification of policy measures and/or strategies used by social partners and public authorities is therefore based mainly on the various country chapters produced within the framework of the EU-ILO project 'Enhancing social partners' and social dialogue roles and capacity in the new world of work'. The following regions and countries were included in this project: the Adriatic and Baltic regions, France, Germany, the Czech Republic, Greece, Ireland, Italy, Poland, Romania, Spain, Sweden and Turkey. In order to identify and describe these strategies, we use the same clustering of countries as previously.

4.1 Nordic Countries and Ghent Countries

This group of countries can be considered the ideal-type of an industrial relations system based on strong and autonomous social partners, enjoying substantial autonomy vis-à-vis the public authorities and playing an essential role in determining the norms and mechanisms for regulating the labour market, as well as the employment relationship. The Nordic countries can also be characterized as representativeness regimes based on self-regulated, social-partner mutual recognition with little state regulation on representativeness (Eurofound 2019a). The multi-employer, two-tier coordinated system of collective bargaining and relative balance of power between the two sides of industry creates a favourable institutional environment for the emergence of negotiated compromises, aimed at balancing flexibility and security, efficiency and social justice. As the archetypal bipartite agreement-based model of labour market regulation, however, these countries also have a long tradition of tripartite concertation and consultations, with tripartite social dialogue as a key element in public, employment and social policies. The social partners are usually represented on, or consulted by, parliamentary and government committees responsible for drawing up employment, educational, training and social policies. In this way, the social partners exert significant influence on the contents of labour market legislation and the design of social policies.

Despite the robustness and resilience of their industrial relations institutional set-up, the Nordic countries have experienced a significant decline in union membership and union density since the year 2000. This decline between 2000 and 2017 was particularly marked in Denmark and Sweden (around 20 percentage points, see Figure 2A.2 in the Appendix to this chapter) and, albeit to a lesser extent, in Finland (around 13 percentage points). The fall in union density has been particularly significant among manual or blue-collar workers, low-paid, low-skilled workers, people on fixed-term contracts, young people and foreign-born people. Despite the significant drop in union density, the Nordic countries still display the highest union density among EU member states

(over 50 per cent). In contrast with the development of union membership and density, employer's density remained stable (Denmark) or even increased during the period (Finland and Sweden) (see Figure 2A.3 and 2A.4 in the Appendix). It is interesting to note that the share of employees working in a company that is a member of an employer organization (employer density in the private sector) was, in 2017, higher than union density in Sweden and Finland. Collective bargaining coverage is among the highest in the EU (see Figure 2A.5 in the Appendix) and has increased in Finland and Denmark, but slightly decreased in Sweden (see Figure 2A.6 in the Appendix). It should also be stressed that the high collective agreement coverage rate in Sweden and Denmark is not related to the existence of statutory extension mechanisms, but to the high union and employer density. As stressed in Anxo (2020), it is important, in order to explain the decline of union membership and union density, to distinguish between long-term factors related principally to major changes in employment and occupational structure from short-term factors linked to specific policy measures. In particular, while it is true that the long-term reduction of employment in manufacturing industry owing to restructuring and rationalization, and the decline of employment in the public sector owing to fiscal consolidation measures, waves of deregulation and privatization initiated during the 1990s, explain part of the long-term decline of membership and union density in the Nordic countries, changes in the world of work and specific policy changes also explain this decline. The increase duality in the Nordic labour market, coupled with the rise in short-term contracts, the increasing use of temporary agencies and the growth of self-employment have also contributed to the decline of union density in these countries.

Policy changes have also strongly contributed to the weakening of trade union membership in the Nordic countries, in particular the various reforms of unemployment benefit systems. Denmark, Finland and Sweden still have voluntary unemployment systems, administered by trade unions (the Ghent system), which is often used to explain the high union membership and density in these countries. Part of the membership decline in the Nordic countries is related to policy measures aimed at undermining the Ghent system and weakening trade union membership and density. The various reforms of unemployment insurance systems have resulted in a notable reduction in their generosity. As noted by Vandaele (2019b), in Denmark, so-named 'yellow' unions, which typically do not participate in collective bargaining or industrial action, have poached members from traditional unions by setting up their own unemployment funds. The same is true for Finland, where a policy reform encouraging the creation of independent unemployment funds explained the fall of union membership. Sweden also exhibits a negative Ghent effect owing to measures initiated by the market-liberal, right-wing government in the early 2000s, which explains the acceleration of the decline in union density there since 2005 (see Anxo 2020; Kjellberg 2015, 2019). The financing of unemployment insurance was modified: contributions to the various unemployment funds administered by the trade unions were dramatically increased and differentiated according to the unemployment level in the sector or industry concerned. That is, a system of experience-rating was introduced, and individual unemployment insurance contributions increased or decreased depending on whether unemployment grows or declines in an industry. This reform entailed a large rise in individual monthly contributions: in some instances, unemployment insurance fees tripled. The consequence was both a large decrease in union membership and a dramatic decline in the number of dependent employees covered by the unemployment

insurance system. The main objectives of the market-liberal, right-wing government with these reforms were to put pressure on job seekers and indirectly to influence the outcome of wage bargaining by weakening trade union bargaining power, thereby suppressing wages. The 2008 financial crisis adversely affected in particular blue-collar workers and sectors exposed to international competition. Against this background, the reform of unemployment insurance financing had a stronger impact on union density among LO (the national union of trade unions) members (blue-collar workers), in particular in low-skilled and low-paid sectors, such as hotels and restaurants and retail, with high labour turnover and a large proportion of short-term contracts, but also on manufacturing industry. As noted by Anxo (2020) and Kjellberg (2015, 2019), a significant part of the recent decline in union density in Sweden can be ascribed to this legislative amendment.

In early 2014, the centre-right coalition government again changed the rules on unemployment insurance financing, restoring individual monthly unemployment insurance fees to their 2006 level. Against this backdrop, the number of unemployment insurance members has again started to increase in recent years, by almost 55 000, but is still below its 2006 level. More recently, the Social Democratic–Green coalition government, which took office in September 2014, increased the unemployment insurance income replacement rate. These measures did not stop the decline of union density among blue-collar workers. The measures launched in 2014 and 2016, however, helped temporarily to stabilize union density among white-collar workers (see Anxo 2020; Kjellberg 2019).

Faced by the significant decline in union membership and density, Nordic trade unions have developed various strategies to reverse this negative trend. The decline in union density has been particularly marked among young, low-skilled workers, people on short-term contracts and the foreign-born. In this context, trade unions have prioritized the recruitment of new members among these vulnerable groups and are trying to reach individuals with a weaker attachment to the labour market. Overall, the trade unions in Nordic countries have also prioritized activities in workplaces. As shown in Rasmussen et al. (2016), Danish trade unions have successfully increased membership among migrant workers, especially in the fish-processing industry and in construction. The Danish strategy for organizing foreign workers has been to build trust with migrant workers and show the benefits of joining a union in relation to wages and working conditions. In companies lacking collective agreements in those two sectors, the Danish trade unions have also engaged in some form of social dialogue with employers in order to secure collective agreements.

In Sweden, the strategy of LO, the confederation of blue-collar workers, has been to recruit new members at the workplace level and to try to staunch the exit of union members. Measures have been taken to support workplace union representatives in this task. In order to counteract falling membership among young people, at the end of 2018 a number of LO federations decided to launch an information campaign in schools. Among white-collar unions, TCO launched the large-scale information campaigns ‘Membership Value’ and ‘Union Transformation’, targeted principally at students and young academics. In order to broaden their recruitment base, some federations within the confederations TCO and Saco (academic and professionals), have opened membership to the self-employed and students. In recent years, several white-collar unions have also introduced supplementary income compensation schemes, restricted to union members, in the event of unemployment or sickness, to counteract the increase in unemployment insurance fees and the worsening of unemployment benefits (relating to duration and income replacement). While Saco’s

membership has increased significantly during the past decade, the efforts of LO and TCO have not yet resulted in significant improvements in membership and union density.

As far as Belgium is concerned, the stability and robustness of its industrial relations system, characterized by relatively high and stable union density, is surely related to the safeguarding of its quasi-Ghent system of relatively generous unemployment insurance. People's relatively high trust in trade unions (see Figure 2A.8 in the Appendix), relatively high mutual trust among the social partners and the support of the two sides of industry for a highly centralized¹¹ and strongly coordinated multiple-employer bargaining regime, with a high coverage rate, explain its resilience. Similar to the Nordic countries, the high collective bargaining coverage is linked to the high union density and high employer affiliation rates (75 per cent in 2017; see Figure 2A.3 in the Appendix), as well as the application of *erga omnes* rules and the frequent or generally automatic use of extension. It should be noted that despite the use of *erga omnes* rules and extension mechanisms, union density remains high in this group of countries. The free-rider problem associated with extension rules has been offset by the relatively high trust of workers towards trade unions, and the overall support of citizens and public authorities for a system of labour market regulation based on a centralised and coordinated multi-employer bargaining system, as well as by the wide range of services and benefits provided by unions to their members.

4.2 Eastern European Countries

These countries, similarly to the English-speaking countries, exemplify the highly decentralized single-employer bargaining regime, with low union density and low employer affiliation rates. Since the early 1990s, Eastern European countries have experienced a continuous decline in union density and collective bargaining coverage. In many countries in the region, tripartite social dialogue and bodies previously often produced tripartite agreements and sometimes served as a basis for industry and company agreements have, in the past couple of decades, become merely advisory and relegated to consultative status, with little impact on policy-making.

Based on the evidence provided by the country chapters, in what follows we describe some measures taken by the social partners to strengthen their autonomy and representativeness. According to Guardiancich (2020), efforts have been made in Croatia and Slovenia to promote the retention and attraction of members of trade unions and employer organizations. As they rely solely on membership fees, employer associations and unions need to be proactive and provide satisfactory services. The unions provide their members with a number of legal services, so retention and attraction measures are standard practice, as are endeavours to improve the quality of service, but to date union efforts have been unable to halt the continuous decline of union density.

In the Baltic states, Masso et al. (2020) report some trade union initiatives in Estonia to counteract the low and declining union density (at less than 5 per cent the lowest in the EU; see Figure 2A.1 in the Appendix). The Estonian trade union confederation EAKL has developed an action plan to increase membership, including activities at the company level (dialogue with employees, information days and other events), trade union activities (development of a plan to recruit members, introduction of motivation system targeted at representatives and activists, producing an overview of jobs and sectors that are not unionized, providing information to all members, publicizing trade union success stories

and launching information campaigns in vocational schools). At the confederation level, some measures have been undertaken to support, advise and train union representatives, and to organize campaigns. Another goal is to increase trade union organizing capacity.

On the employers' side, membership of the Estonian employer confederation TKL has been increasing, even though employers' affiliation rates remain among the lowest in the EU (see Figure 2A.3 in the Appendix) and the proportion of employees working for companies affiliated to TKL has declined (see Figure 2A.4 in the Appendix). During the past decade, TKL's strategic plan has been to broaden, diversify and increase its membership and include all important economic sectors, especially larger enterprises, with a special focus on IT companies, representatives of the new economy and enterprises that have grown from start-ups (see Masso et al. 2020). Also noted in the Baltic chapter are positive developments regarding tripartite social dialogue, with stronger involvement of the social partners in the design of labour market regulations. The Estonian Government has contributed to improving social partner involvement by establishing the Economic Development Committee and restoring tripartite meetings with the social partners (Eurofound 2019b). According to Estonian employer and trade union representatives, bipartite social dialogue has also been more cooperative and consensual in recent years.

According to Veverková (2020), the main problem faced by social dialogue in the Czech Republic concerns the long-term decline in trade union membership. While the membership of employers' associations remains relatively stable, the unions continue to record declining membership and union density (a decline of 16 percentage points between 2000 and 2017; see Figure 2A.2 in the Appendix). While over the past few years, some trade unions have managed to stabilize their memberships – compensating membership losses by recruiting new members – some unions have seen an absolute increase in membership. If the unions fail to halt the decline in membership over the long term, they will have reducing capacity for collective bargaining. Bargaining coverage has been declining since the turn of the twenty-first century and it is not expected that this trend will change in the near future. According to Veverková (2020), employers' unwillingness to conclude collective agreements at the sectoral level indicates few prospects for change.

According to Eurofound (2019b), the social partners in Bulgaria have experienced a slight improvement in their involvement in the design and implementation of reforms. This perception comes mainly from the mediation of the Ministry of Labour and Social Policy in negotiations on a new minimum wage-setting mechanism. The social partners' involvement in the design and implementation of employment, social and economic policies and reforms through tripartite concertation also improved in Latvia in 2018, according to Eurofound (2019b). Various strategies and institutional settings (informing, regular meetings and working groups) are being pursued in which social partners have full rights as participants.

4.3 Southern European Countries

While most EU member states have seen a long-term decline in union density, in Italy union density has remained stable at a relatively high level. The same is true for France and Spain, but at much lower levels (see Figures 2A.1 and 2A.2 in the Appendix). Owing to relatively frequent use of the administrative extension mechanism and *erga omnes* clauses, collective bargaining coverage has also remained high and stable in France and

Spain. The high collective bargaining coverage in Italy is not owing to the use of statutory extension, but to the relatively high union and employer association density and their willingness to conclude collective agreements at industry level. As in Spain, the relatively centralized collective bargaining regimes can be explained partly by the support of employer organizations. Collective agreements at the industry level provide an equal base for all companies and help to reduce unfair competition and social dumping.

According to Bordogna (2020), Italy's beneficial performance as regards the development of union membership and the stability of union density is a consequence, partly, of the notable organizational capacity of the three largest confederations in adapting to the deep transformations of the Italian production system – especially the shrinking of the traditional manufacturing sectors – and in reacting to the adverse pressures of the recent financial and economic crisis. It is also a consequence of trade union efforts to explicitly address the issue of recruiting new members –pursued almost systematically at confederal, sectoral and territorial levels – and of attracting new members beyond the traditional areas of representation.

As noted by Bordogna (2020), Italian trade unions have been able, by means of organizational campaigns, to replace workers who are retiring or exiting with new members, such as young people or precarious workers, who are often less inclined to join unions for cultural or structural reasons. Similarly, in employers' associations there were efforts to tackle the high turnover of companies, especially small firms, during the economic crisis, and to enlarge the area of representation by trying to reach previously neglected sectors or types of companies. As Bordogna stresses, the strategies to strengthen social partner representativeness in Italy have also involved 'actions to improve their internal democracy and their ability to reflect or interpret the interests of rank-and-file members through more effective channels of communication and, in general, better mechanisms of internal governance' (Bordogna 2020, p. 6).

The increase in union membership and the stability of union density in Italy is also related to trade unions' ability to provide workers and citizens generally with individual services. As Bordogna notes:

Despite the absence of a formal Ghent system, like in Belgium and the Nordic countries, the Italian trade unions are important actors in the provision of a high variety of individual services to workers and citizens at large, sometimes as intermediators between them and the state. Services are concerned with employment relations, unemployment and pension procedures, work-related grievances, tax duties, professional training, welfare and health measures, but also tourist or travel packages, supermarket discounts, special insurance packages and so on ... In some cases, benefiting from these goods and services is conditional on being a union member; in other cases, they are open to all citizens, but at a lower cost for union members, providing in both cases an incentive to unionize. (Bordogna 2020, p. 17)

According to Erhel (2020), the low union density in France, particularly among young people, which compromises trade union autonomy and legitimacy, has led French trade unions to develop new forms of support and services for their members through digital services and online communities, as well as attempts to reach and recruit new members, such as those on short-term contracts and digital platform workers. Developing new services (such as health insurance or holidays and leisure activities) also appears an option to maintain or develop unionization (especially in small firms), as well as among

workers with weak attachments to the labour market. Services can also be directly related to job search or career. Some trade unions offer help in writing résumés or preparing for interviews, as well as career guidance. Other proposals concerning incentive mechanisms including measures such as the *chèque syndical* (trade union voucher) to finance unions.

Even though collective bargaining in France is still characterized by multi-employer bargaining at the industry level, recent reforms have given more importance to company-level bargaining. The unions have also come up with proposals to revitalize social dialogue at industry and national level by creating a specific institution for inter-sectoral social dialogue. Administrative extension plays an important role in the French industrial relations system, and helps to maintain a very high level of collective agreement coverage (almost 100 per cent; see Figures 2A.5 and 2A.6 in the Appendix). Although the recent legislative changes initiated by the French Government maintain the extension process, it has been under pressure since the 2017 Labour Ordinances, which created an expert commission to provide advice on extension in some cases and, more generally, made changes to sectoral competences. As noted by Erhel, the ‘extension process, which is rather consensual among employers and organizations and unions, seems to be under pressure, which creates some uncertainty for the future evolution of coverage’ (Erhel 2020, p. 25).

As Molina (2020) stresses, the main strengths of the Spanish industrial relations system include its institutionalization and the strong consensus and support among the most representative social partners. Another important feature of the Spanish system is the peak bipartite cross-sectoral agreements on employment and collective bargaining. The *erga omnes* clauses and administrative extension, trade union workplace elections and self-regulated articulation between the various levels of collective bargaining explain the robustness and resilience of the Spanish industrial relations system. As in France, however, over the past decade Spain has experienced stronger state interference and unilateral decision-making by the public authorities regarding the regulation of collective bargaining and the terms and conditions of employment. This implies a weakening of the autonomy of social partners and social dialogue. A second challenge facing the Spanish industrial relations system is its low trade union density, the growing fragmentation of the trade union landscape and citizens’ declining trust in workers’ organizations, especially after the 2008 Great Recession, which affected the recruitment of new members and, over time, has eroded trade union legitimacy. This calls into question the future stability of the Spanish industrial relations system. The unions thus consider it crucial to enlarge the membership base and increase union density. This would not only enhance the legitimacy of social dialogue, but also strengthen union power resources. The trade unions have developed strategies to attract young workers and are also focusing on occupations or activities with a predominantly young workforce, such as the platform economy. As Molina notes, two main strategies adopted by Spanish trade unions concern organizational change and the need to reach hard-to-organize groups:

The first, aimed at strengthening the connection between the union and society, promotes a modernization of structures, working procedures, communication strategies and services offered to new types of workers and specific groups, paying particular attention to young people. The objective would be to make the union visible and emphasize its role in defending workers’ interests in collective bargaining.

The second strategy, based on worries about lost influence and negative attitudes towards unions in a hostile economic and ideological context, is aimed at reinforcing the traditional union working class identity and, at the same time, at ensuring unions' social influence in the institutional arena. (Molina 2020, p 21)

Even though membership is not considered a problem for employer organizations, issues are emerging in relation to determining representativeness, especially for new employer organizations (see Molina 2020).

In Greece, union and employer density have declined significantly since 2000, but the most notable development has been the dramatic fall in the collective bargaining rate, by 75 percentage points between 2000 and 2017, related to the 2011 legislative amendments implementing the radical decentralization of wage bargaining. Since 2010, Greece has experienced a dramatic transformation of its industrial relations system, from a relatively centralized multi-employer system towards a decentralized single-employer bargaining regime. As noted by Nicolitsas (2020), the Greek trade unions acknowledge the need to broaden their membership, focusing particularly on the recruitment of young people. Their main strategy has been to enrich member services (including legal advice, training and group insurance schemes).

As regards recent tripartite agreements aimed at strengthening social partners' capacity to shape the world of work, employers in Portugal supported the recovery of bargaining coverage by signing the tripartite agreement of January 2017, which included a commitment to refrain from any unilateral demands to terminate agreements for a period of 18 months. According to Eurofound (2019b), more recently the social partners in Portugal report an improvement of their participation in tripartite negotiations, reflected in the discussions on the 2018 tripartite agreement on 'Combating precarious work and labour market segmentation and promoting greater dynamism in collective bargaining'. This agreement, signed in June 2018, made significant progress, compared with the 2017 tripartite agreement, in relation to the range of measures included and the level of commitment.

4.4 English-speaking Countries

Industrial relations in the United Kingdom and Ireland are characterized by the archetypal single-employer and decentralized bargaining regime in the private sector. Both union density and collective bargaining coverage have been in steady decline since the mid-1980s and there is no sign of a trend reversal.

As emphasized by O'Connell (in Chapter 9 of this volume), the dramatic economic crisis experienced in Ireland in the wake of the 2008 global financial crisis brought the era of 'Social Partnership',¹² which dominated industrial relations in Ireland between 1987 and 2009, to an end. Since then, Ireland has experienced a dualization of its industrial relations system. While in the public sector collective bargaining eventually resumed between the state, as employer, and the public sector unions, in the private sector collective bargaining has been decentralized to sector and firm level. In order to counteract the decline of union density, individual trade unions have sought to respond to this with membership campaigns, focusing in particular on low unionized sectors and targeting particular groups, such as young workers and immigrants.

4.5 Northern and Central European Countries

Few studies have been conducted to analyse the measures undertaken to strengthen social partner representativeness in northern and central Europe. Further studies are very much needed.

In all the northern and central European countries, union density has declined during the past three decades (see Figure 2.2). Since 2000, this decline has been particularly pronounced in Austria, Germany and Luxembourg (see Figure 2A.2 in the Appendix), with a more limited fall in the Netherlands (around 9 percentage points).

While collective bargaining coverage has remained stable in Austria, Luxembourg and the Netherlands, it has declined significantly in Germany (by almost 12 percentage points between 2000 and 2017). The decline of both union density and bargaining coverage in Germany explains why German trade unions pressed for the introduction of a statutory minimum wage in 2015, having for many years been opposed to it. Employer association density has also been decreasing since reunification; German employer organizations represent an ever smaller fraction of employees and firms (see Figure 2.A4 in the Appendix; also Walwei et al. 2020).

As noted by Müller and Schulten (2019), the dramatic rise in low-paid jobs and in-work poverty in Germany has led social partners and policy-makers to take the common view that the neoliberal attempt to transform collective bargaining has probably gone too far and that something needs to be done to increase bargaining coverage. The debate between trade unions, employers and policy-makers about the revitalization of collective bargaining has focused on three different approaches:

The first, which can be called ‘revitalization from below’, focuses on strengthening trade union presence and power at company level in order to force employers into collective bargaining. The second, which can be called ‘revitalization from above’, is concerned with strengthening political support for collective bargaining. The third, which is mainly promoted by the employers, can be called ‘revitalization through flexibilization’ and focuses particularly on making collective bargaining more attractive to companies. (Müller and Schulten 2019, p. 260)

As emphasized by Müller and Schulten (2019), the success of the first strategy depends largely on unions’ organizational strength at company level and their ability to mobilize their power resources. In order to be successful, however, this requires massive financial and personnel resources. The increase in bargaining coverage, in particular in private services, with low union density, cannot rely solely on building union power at company level, but requires other forms of political support. The mobilization of political support for collective bargaining is the objective of the second approach, ‘revitalization from above’. As stressed by Müller and Schulten (2019, p. 260):

Compared with other EU countries, state support for collective bargaining has been more restricted and more or less limited to ensuring the principle of bargaining autonomy. This changed to a certain extent in 2014 with the adoption of the Act on the Strengthening of Bargaining Autonomy, which included the introduction of a statutory minimum wage and less restrictive rules on the extension of collective agreements.

Other proposals have also been advanced to increase bargaining coverage. For example, the introduction of special clauses in public procurement that condition the award of

public contract to companies covered by a collective agreement. Another interesting proposal was the introduction of tax relief for companies covered by collective agreements. As also stressed by Müller and Schulten (2019), these developments illustrate a change in German unions' view of the role of the state in the direction of more active intervention in order to counteract the decline of multi-employer bargaining. Employers, however, are still more reluctant to accept an increase in state interference in collective bargaining, holding state intervention to be a limitation of their autonomy. For employers, the best way to increase bargaining coverage is to make collective agreements more flexible. Employers are therefore more in favour of a 'revitalization through flexibilization' – implying, among other things, more frequent use of opening clauses – but the trade unions remain opposed.

5. CONCLUSION

Several recent empirical studies show that centralized and coordinated two-tier multi-employer collective bargaining systems – which leave room for self-regulated and organized decentralization and are characterized by high collective bargaining coverage and union density, as well as balanced bargaining power between the two sides of industry – not only seem to favour earnings equality and social cohesion, but also to deliver better outcomes for employment, economic and productivity growth (see OECD 2018, 2019). Governance of the labour market by the social partners, as in the Nordic countries, seems not only to better reconcile economic efficiency and social justice, but also to be better adapted to provide an effective and fair response to the challenges linked to globalization, demographic and technological change (see Anxo 2018, 2019, 2020; Eklund 2012). In this context, strengthening the social partners' representativeness and autonomy, and their institutional capacity to shape the labour market, should be prioritized.

Even though collective bargaining and social dialogue in Europe still play a crucial role in shaping the terms and conditions of employment, as testified by the around 115 million employees covered by collective bargaining, developments during the past three decades have led to an overall decline in union density and bargaining coverage, as well as a marked tendency towards decentralization and fragmentation. That is, in recent decades there has been a tendency towards a weakening of social partners' capacity to regulate the labour market and an increase in state intervention, with labour market deregulation leaving more scope to market forces. Tripartite social dialogue and concertation remain an important component of industrial relations systems in a majority of EU member states, but over the past ten years or so, particularly in some central and eastern European countries (Hungary, Lithuania, Poland and Romania), there has been a tendency to water down the regulatory role of tripartite social dialogue institutions. During the 2008 Great Recession, in some EU member states, tripartite social dialogue or concertation helped to overcome the crisis. Some attempts have also been made to revitalize tripartite social dialogue through its re-institutionalization, as in Portugal, Latvia, Estonia and Bulgaria, but these initiatives have remained limited.

The social partners in Europe have responded to these negative tendencies by developing strategies to counteract the decline in union membership and the decrease in collective bargaining coverage. From the unions' side, these initiatives have taken the form

of broadening their membership base to strengthen their power resources and to secure their autonomy by attracting and recruiting new members, beyond the traditional areas of representation. Examples include newly arrived migrants, people on short-term contracts, solo and/or bogus self-employed, and digital platform workers. The second most common union strategy has been to extend and improve services provided to members (such as legal advice, training, group insurance schemes, support and services for members through digital services and online communities and, in some instances, supplementary income compensation schemes restricted to union members in the event of unemployment or sickness). In countries with low employer density, some attempts have also been made by employer organizations to broaden, diversify and attract new membership by providing better services.

These initiatives have not been able to counter the impact of policies in many member states that have accelerated the tendency to decentralization of collective bargaining and have contributed to a reduction in collective bargaining rates. Furthermore, in several EU member states we have seen a weakening of tripartite social dialogue and an increase in unilateral state intervention in the labour market, reducing social partners' autonomy and their capacity to regulate the terms and conditions of employment. Except for Germany, with its recent strategy of a 'revitalization from above', few government policy initiatives have been undertaken to strengthen social partner representativeness and increase their institutional capacity to shape the labour market through social dialogue.

If the policy objective of the EU and its member states is to move towards industrial relations systems characterized by powerful and autonomous social partners playing a crucial role in the development of labour market norms, there is a long way to go. This applies in particular to member states that have highly decentralized and uncoordinated bargaining systems, such as the single-employer bargaining regimes prevalent in the majority of central and eastern European countries. Uncertainty therefore continues to overshadow the political and institutional conditions needed for convergence towards an industrial relations regime favouring labour market governance based on autonomous and strong social partners and constructive social dialogue.

NOTES

1. As implicit indicator of social partner representativeness we use trade union and employer density, as well as social partners' ability to conclude collective agreements (measured by collective agreement coverage). Representativeness criteria differ across EU member states. According to Eurofound (2019a), two core principles structure representativeness systems: mutual recognition, that is, representativeness is determined by self-regulation of the social partners on the basis largely of informal criteria or legal requirements: representativeness is determined by state regulations that refer to a set of formal criteria, such as thresholds in relation to membership, organizational capacity, outcomes of workplace elections and territorial coverage. Most member states feature a combination of these two principles, applying a mix of formal and informal criteria.
2. Here we distinguish between statutory extension mechanisms, in accordance with which collective agreements are extended to a whole sector or industry beyond the signatory parties, in particular to firms not affiliated to the signatory employer organizations, and *erga omnes* rules implying that the concluded collective agreements apply even to employees who are not members of the signatory trade unions.
3. As stressed by Vandaele (2019b) the above-mentioned decline in trade union density should be interpreted with caution as, for some EU countries, data are missing for some years. Restricting the analysis only to European countries with data for the whole period (20 countries), Vandaele (2019b, p. 10) shows that trade

union membership fell from 40.2 million in 2000 to 36.1 million in 2017, an annual average decrease of 0.7 per cent for the whole period.

4. Following Müller et al. (2019, p. 627) we define decentralization 'as the devolution of bargaining competences and regulatory capacity to lower levels. This can involve shifts from cross-industry to industry or company level, or, as is more often the case, from industry-level to company level bargaining'.
5. As shown by Figures 2A.10a and 2A.10b in the Appendix to this chapter there is a strong negative correlation between the share of low-paid workers (less than 60 per cent of the median hourly wage), union density (Figure 2A.10a) and collective bargaining coverage (Figure 2A.10a).
6. In addition to union density, other factors might affect trade union bargaining power and the outcome of collective bargaining, such as union mobilization capacity, the economic situation (periods of economic crisis versus expansion) and/or the labour market situation (high unemployment versus labour shortages).
7. According to ILO employers' representatives, extension rules regarding collective agreements may also interfere with the right to collective bargaining, as well as the right to organize. In general, the position of ILO employer organizations (see IOE 2008) is that the right to collective bargaining should also imply the freedom not to enter into collective bargaining.
8. As shown by Table 2A.2 in the Appendix, in some EU members states administrative extension mechanisms are linked to formal representativeness criteria, such as minimum thresholds in workplace elections and/or level of union density.
9. Alternatively, it could be argued that extension mechanisms might give companies an incentive to join employer organizations in order to have a say in the bargaining process.
10. In some Eastern European countries, namely, Bulgaria, Croatia (until 2008), Estonia, Hungary (until 2011), Poland, Romania (until 2011) and Slovakia, minimum wages were or still are negotiated in a tripartite body at national level (see Müller et al. 2019).
11. As described by Vandaele (2019a, p. 53):

Bargaining is highly centralised as the wage norm reinforces this characteristic: setting the norm is part of biannual negotiations between the social partners to conclude an interprofessional agreement at the cross-industry level, which provides a framework for bargaining at the industry and company levels. Fourth, the interlinked hierarchical bargaining levels and corporatist mechanisms, such as the extension of collective agreements, underpin strong bargaining coordination, which is also 'artificially' stimulated by the wage norm.

12. As noted by O'Connell (2020, p. 5):

[D]uring the era of Social Partnership (1987–2009), wage bargaining was highly centralized. National agreements set benchmarks to be followed voluntarily across the economy and non-unionized firms tended to shadow the national benchmarks. In contrast with earlier attempts at centralized bargaining, under Social Partnership a high degree of control was exercised with limited scope for bargaining at local or company level during these two decades.

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APPENDIX

Note: Latest year available: for all countries 2017 except Cyprus (2016), Greece (2016), Poland (2016), Romania (2016) Slovak republic (2016) and Slovenia (2016).

Source: Visser (2019b) and author's calculations.

Figure 2A.1 Trade union density in the EU and Turkey, share of employees member of a trade union, 2017 (percentage)

Source: Visser (2019b); author's calculations.

Figure 2A.2 Variation in union density between 2000 and 2017 (percentage points)

Source: Visser (2019b); author's calculations.

Figure 2A.3 Employers' organization density in the private sector: share of workers employed in companies affiliated to an employer association, 2017 (percentage)

Source: Visser (2019b); author's calculations.

Figure 2A.4 Variation in employer density between 2000 and 2017 (percentage points)

Note: Latest year available; 2017 for Austria Croatia, Germany, Hungary, Ireland, Lithuania, Luxembourg, the Netherlands, Spain and the UK; 2016 for Belgium, Bulgaria, Cyprus, Czech Republic Denmark, Finland, Greece Italy, Malta, Portugal, Slovenia, Sweden; 2015 for France Estonia, Poland and the Slovak Republic; 2014 for Latvia.

Source: Visser (2019b) and author's calculations.

Figure 2A.5 Collective bargaining coverage in the EU and Turkey: share of workers covered by collective agreements, 2017 (or latest year available) (percentage)

Source: Visser (2019b); author's calculations.

Figure 2A.6 Variation in collective bargaining coverage rate, 2000 and 2017 (percentage points)

Figure 2A.7 Union density and collective bargaining coverage in the EU, 2000 and 2017

Notes: Statistics shown in panel A refer to the average weighted national score based on a scale from one ('generally confrontational') to seven ('generally co-operative') to the following question: 'In your country, how would you characterize labour-employer relations?' In panel B, the statistics refer to the share of persons tending to trust trade unions for the European countries.

Source: OECD (2019), Global Competitive Index Historical Database and Eurobarometer.

Figure 2A.8 *Quality of labour relations*

Note: Question: ‘Could you please tell me for trade unions, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative?’

Source: OECD (2019), calculation based on Eurobarometer, 89.1, March 2018.

Figure 2A.9 Trust in trade unions, young people (20–34 years old) and adults (35–54 years old)

Source: Eurostat (2016), Visser (2019b) and author's calculations.

Figure 2A.10 Share of low-paid workers and union density (2A.10a) and coverage rate of collective bargaining (2A.10b)

Table 2A.1 List of EU countries with de jure and or de facto erga omnes clauses at the industry level

Group of countries	<i>Nordic and Ghent system countries</i>
	Belgium
	Denmark
	Finland
	Sweden
	<i>Southern countries</i>
	France
	Italy
	Spain
	Slovenia
	<i>Northern and central European countries</i>
	Austria
	Luxembourg
	The Netherlands
	<i>Eastern European countries</i>
	Estonia
	Latvia
	Lithuania
	Czech Republic
	Slovak Republic
	Hungary
	<i>English-speaking countries</i>
	Ireland

Note: *Erga omnes*: agreements cover all workers at the company, not only members of signatory unions. This is fixed either by law (*de jure*) or is a standard practice (*de facto*).

Source: Müller et al. (2019); OECD (2019, policy questionnaires).

Table 2A.2 Administrative extensions (or functional equivalent) mechanisms in place in EU countries, 2018, and criteria

Country	Criteria	Frequency of use
Belgium	Bargaining parties must be representative	Frequent
Finland	50% bargaining coverage Agreement must be concluded by representative bargaining parties	Frequent
France	Agreement must be valid for the whole of Finland	Frequent
	Representative trade union (30% at last workplace elections)	
Luxembourg	Agreement not opposed by a trade union having received more than 50% of the votes; nor by industrial employers' association representing more than 50% of the employees of affiliated companies	Frequent
	National Conciliation Office must support extension	

Table 2A.2 (continued)

Country	Criteria	Frequency of use
Netherlands	Employers' organization must cover at least 60% of employees	Frequent
	Extension must not conflict with general interest	
Slovenia	At least one representative trade union and employers' association must sign agreement	Frequent
	Employers covered by agreement must cover more than 50% of employees	
Spain	Signatory parties must represent at least 50% of employees	Frequent
Bulgaria	Bargaining parties need to be representative	Limited
Croatia	Agreement must be signed by most representative trade union and employers' association	Limited
	Agreement must be in public interest	
Czechia	Signatory must be most representative trade union and employers' association	Limited
Germany	Agreement needs to be in public interest	Limited
Ireland	Court must take into consideration implications for competitiveness and employment levels	Limited
Portugal	Extension must fulfil the principle of equal pay for equal work	Limited
Slovakia	Agreement needs to be representative; i.e. trade unions need to be established in at least 30% of employers affiliated to the signatory employers' association	Limited
Austria	Bargaining coverage of at least 50%	Rare
Estonia	Most representative organization in the industry must have signed the agreement	Rare
Greece	Employers affiliated to the signatory employers' association must employ at least 51% of employees in the industry	Rare
Latvia	Signatory employers' association must represent at least 50% of employees and generate at least 50% of the turnover in the industry	Rare
Lithuania	Bargaining parties have to specify motives for extension	Rare
Poland	Extension must satisfy 'vital social interest'	Rare
Romania	Signatory employers' association must represent at least 50% of employees	Rare

Note: Extension mechanisms do not exist in Denmark, Greece (until September 2018), Ireland, Poland, Sweden, and the United Kingdom.

Source: Müller et al. (2019); OECD (2019, policy questionnaires); Visser (2019b).

Table 2A.3 Assessment of social partner contributions to national employment, social and economic policies and reforms

Extent of involvement	Frequent and meaningful	Formal, not meaningful
Full involvement	Belgium, Bulgaria (employer organization), Denmark, Finland, France, Luxembourg, Malta, Slovakia	Estonia
Partial	Austria,* Belgium (trade union), Croatia (employer organization), Cyprus, Czechia, Germany, Ireland, Latvia, Lithuania, Netherlands, Portugal, Slovenia, Sweden, United Kingdom (trade union)	Greece, Hungary, Italy, Poland, Romania, Spain (trade union)

Notes:

* Assessment made related to the period before 2018.

Social partner organizations in some member states did not answer this question or did not answer clearly.

Employer organization: opinion given by employer organization; trade union: opinion given by trade union.

Source: Eurofound (2019b).