



TCFLI Textile, Clothing, Footwear and Leather Industries

**MORE SOCIAL DIALOGUE, MORE
COLLECTIVE BARGAINING, MORE
TRANSPARENCY, MORE EQUAL PAY**



**Contributions to the elimination of discriminatory
practices between Women and Men in employment**

COLLECTIVE BARGAINING AND COLLECTIVE AGREEMENTS ARE CRUCIAL TO PROMOTE EQUAL PAY and ensure its implementation in real-life. Collective bargaining was also identified as an essential instrument in reducing the wage gap between men and women (ILO, 2013).

EQUAL PAY FOR WORK OF EQUAL VALUE REGARDLESS OF GENDER

Currently gender discrimination and pay discrimination based on sex is a widely developed issue for which there is already a legal framework at international, European and national level that seeks to eradicate this situation from the world of work.

Despite the legal framework, and according to the most recent assessments carried out by the European Commission, the application and monitoring of compliance with this principle still encounters obstacles in the European Union (EU) area. As reported in the proposal for a Directive of the European Parliament and of the Council ([COM\(2021\) 93 final](#)), the "lack of wage transparency has been identified as one of the main obstacles" to the pursuit of this overall objective of eliminating gender discrimination and it has been found that "the right to equal pay is not properly implemented and enforced, and that many Member States do not ensure wage transparency".

According to European Commission data, the pay gap between men and women in 2020 was still 13%. This pay gap penalises women more on a day-to-day basis, but also has a long-term impact on their quality of life and their exposure to a precarious situation, as exemplified by the 33% difference in pensions paid between men and women.

The Covid 19 pandemic helped expose the precarious situation that continues to affect women in the labour market. All international, European and national organisations were consistent in identifying that the crisis caused by the Covid 19 pandemic particularly affected working women and that they suffered the most from its effects.

SOCIAL DIALOGUE IS CRUCIAL FOR PROMOTING COMPETITIVENESS AND FAIRNESS IN EUROPE. Countries with a long tradition of social dialogue tend to have stronger and more stable economies and are often the most competitive in Europe.([European Commission, 2016](#))

IT IS CRUCIAL TO STRENGTHEN SOCIAL DIALOGUE AND COLLECTIVE BARGAINING

As identified by the European Trade Union Institute ([ETUI, 2019](#)) despite efforts and attempts by the ILO and the EU, to maintain industrial/sectoral bargaining systems in Europe, these efforts have not been successful and are not having the expected results. Across Europe, we verify that employers' preferences for decentralized, company-based bargaining tend to prevail. These preferences have been supported by governments committed to neoliberal economic policies, by Troika interventions and by the EU's reluctance to lend its support to institutions that underpin the 'European social model'.

The consequences of the changes introduced to bargaining systems in Member States are a decrease in the share of wages in Gross Domestic Product (GDP), **INCREASED INEQUALITY** and an evolution of real wages that tends to lag behind productivity growth, which has been lower since the 1980s compared to the 1960s and 1970s. All in all, labour has paid a high price for the decentralization of bargaining.(ILO, 2018)

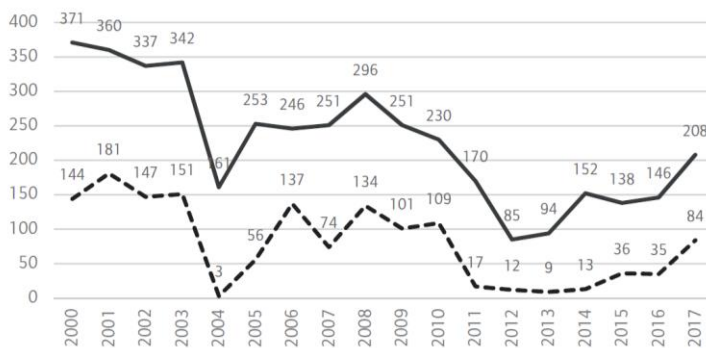
Whereas previously there was a broad understanding that trade unions and collective bargaining are an integral part of a social market economy, they are now mainly seen as institutional 'rigidities' that hinder dialogue with employers.([ETUI, 2019](#))

THE PORTUGUESE EXPERIENCE

THE THREAT OF DECENTRALISED NEGOTIATION FOR THE COMPANY

Collective bargaining in Portugal occurs mostly at the industry/sector level, and is residual at the company level, with bargaining at the industry/sector level being the most important in terms of coverage. There are no cross-industry collective agreements signed by trade unions and employers' organisations covering the whole economy or the whole private sector. The negotiation at the industry/sector level is subsequently supported by "Extension Ordinances" which enhance the negotiated subject matter to all workers in that industry/sector, to all affiliated and non-affiliated companies in the employers' association, to all unionised workers in the unions involved in the negotiation and to non-unionised workers. In 2011, in the wake of the crisis caused by the Troika intervention and with the aim of decentralising collective bargaining to the company, the Portuguese government implemented an austerity package that, among other things, included measures that increased the attempt to block sectoral collective bargaining, which had already been in place since 2004, and which led to a sharp decrease in the number of collective agreements negotiated and published during the period 2011 and 2014, as well as the respective Extension Ordinances.

**Chart no. 1 | Number of Collective Agreements and Decrees
Extension published annually between 2000 and 2017**



— Collective Agreements Published | - - - - Extension Ordinance Published

Source: [ETUI, 2019](#)

Some employers' organisations, feeling supported by the government's measures, have led sectoral collective contracts to expire, preventing their renewal and causing workers to lose almost all the rights they had won and negotiated up to that point. Despite a slight increase, Portugal is still far from the pre-2004 figures.

THE HUNGARIAN EXPERIENCE

MORE DECENTRALISATION, LESS SOCIAL DIALOGUE

The Hungarian reality differs from the Portuguese reality. In Portugal, despite the neo-liberal political attempts to reduce the positive effects of industrial/sectoral collective bargaining, which currently predominates, and to favour company-to-company bargaining, we can see that in Hungary this situation has been changing and that currently what predominates are Company Agreements.

The figures clearly indicate that collective bargaining with a single employer is the dominant model. Most of these agreements are reached only in medium and large companies, mostly state and municipal, creating a void in micro and small companies where there are practically no Collective Agreements.

Table no. 1 | Number and coverage of Collective Agreements in Hungary, 2017

	Sector	Number of agreements	Number of companies/institutions	Number of employees	Total number of employees	Coverage (employees) (%)
Single-employer	Competitive sector*	972	972	443,691	2,031,700	21.8
	Budgetary sector	1,629	1,629	259,887	707,500	36.7
Multi-employer	Competitive sector	66	3,621	214,262	2,031,700	10.5
	Budgetary sector**	1	3	320	707,500	0.1
Total***		2,668		812,386	2,739,200	29.6

Notes:

* The 'competitive sector' includes private sector and state/municipality owned enterprises.

** The new sectoral health-care agreement is not included.

*** Single and multi-employer agreements' coverage should not be added up due to the overlap between the bargaining levels.

Source: [ETUI, 2019](#)

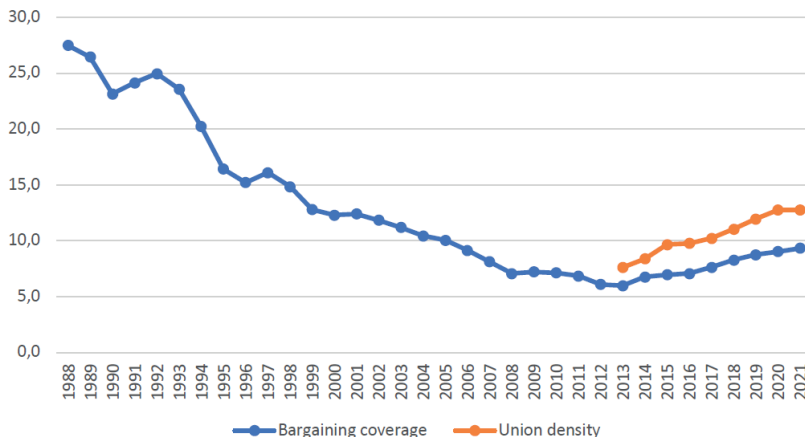
The difficulty in reaching an industrial/sectoral agreement is also due, among other factors, to the absence of representative employer organisations or the lack of a mandate from their associates to negotiate industrial/sectoral agreements, in a clear position to maintain the model of decentralised negotiation, company by company. Given this struggle in terms of industrial/sectoral collective bargaining, it is estimated that only 29% of the workers are covered by a Collective Agreement.

THE TURKISH EXPERIENCE

BUSINESS-TO-BUSINESS NEGOTIATION - LESS COVERAGE, LESS PROTECTION

In Turkey, collective bargaining is carried out through Company Agreements. With the exception of the public sector, in the private sector trade unions negotiate company-by-company Collective Agreements that cover only the workers of that same company. But another challenge faces Turkish trade union organisations. In order to sit at the negotiating table with a specific company, the union must represent more than 50% of the workers of said company, namely through unionisation. Only then can they stand before the company to negotiate a Company Agreement.

Chart 2 | Coverage of Collective Agreements and Level of Unionisation 1988 - 2021 (%)



Source: [Friedrich Ebert Foundation \(2022\)](#)

The difficulties that the trade union movement went through in Turkey and the persecution it suffered meant that the percentage of workers covered by a Collective Labour Agreement almost disappeared. From 2008 there was a stabilisation in the percentage of workers covered by a collective agreement; from 2013 we can verify a slight increase and in 2021 the number of workers covered by a collective agreement reaches almost 10%; and the number of unionised workers is approximately 13%.

According to the ILO ([ILO, 2018](#)) the rise in wage inequality and the decline in the share of the wage component in gross domestic product in many countries is partly due to "the erosion of Collective Bargaining".

The involvement of the social partners in promoting gender equality in industrial relations is critical, as they are best placed to detect the strengths and weaknesses of action at national, regional and local levels, in order to prevent and combat gender pay discrimination. They also have a **KEY ROLE IN CREATING GENDER-FREE METHODS OF EVALUATION AND CLASSIFICATION OF WAGES.** ([European Commission, 2021](#))

MORE SOCIAL DIALOGUE, MORE COLLECTIVE BARGAINING, MORE TRANSPARENCY, MORE EQUAL PAY

There is a consensus among the main international and European institutions that the social partners are central to the implementation and monitoring of measures to promote equal pay.

But if Europe maintains its trend towards decentralisation, promoting company-to-company bargaining, instead of strong industrial/sectoral bargaining, the result will be a weakening of collective bargaining, less coverage of workers and a concurrently increase in gender discrimination at work.

In 2021, the European Commission started work on a proposal to promote and improve pay transparency mechanisms that allow workers to detect and prove potential discrimination on the grounds of sex. The implementation of this pay

transparency measure is crucial because "it can also reveal the existence of gender bias in pay and job classification systems that do not value the work of men and women in an equal and gender-neutral manner, or that do not value numerous professional skills that are mostly considered feminine qualities. "

It is imperative to enforce mechanisms that would "dispel hesitation about equal pay between men and women and combat gender bias in pay practices", and at the same time open the debate "around the reasons behind the existing structural gender pay gaps".

The European Union recognising the important role of Social Dialogue and its benefits for the economies of its member states points out two important challenges:

- Strengthen the capacities of national social partners;
- Involving social partners in EU law and policy-making;

To guarantee the feasibility of the measures that will be implemented it is urgent that Social Dialogue and Collective Contracting have their performance space assured, so that in the field the social partners have the required tools to evaluate the application and fulfilment of the gender equality principle and thus move towards the eradication of gender discrimination in the labour market.

IMPORTANT CONCEPTS TO REMEMBER (SOURCE: ILO)

Discrimination: Any distinction, exclusion or preference based on race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of destroying or altering equality of opportunity or treatment in employment or occupation. Any distinction, exclusion or preference which has the effect of destroying or altering equality of opportunity or treatment in employment or occupation may be specified by the Member State concerned after consultation with representative employers' and workers' organisations, where such exist, and with other relevant bodies.

Work of equal value: Where men and women perform work that is different in content, involving different responsibilities, requiring different skills or

qualifications, and is performed under different conditions, but is generally of equal value, should receive the same remuneration. Equal pay for equal work means that women and men with similar qualifications will receive the same pay if they perform the same or virtually the same work under equivalent conditions.

Social dialogue: Social dialogue includes all types of negotiation, consultation and exchange of information between government representatives, employers and workers on matters of common interest to socio-economic policies. Social dialogue is both a means to achieve social and economic progress and an end in itself, as it gives voice and enables communities to participate actively in their societies and workplaces.

Bipartite Social Dialogue: Involves two parties - employers and/or employers' organisations, and workers' organisations with the aim of exchanging information, consultations and negotiations, and is usually exercised through collective bargaining or workplace cooperation actions.

Tripartism: Interaction between government, employers' and workers' representatives as equal and independent partners, seeking solutions to problems of common interest, which can contribute to the establishment and adoption of social, economic and labour policies.

Collective bargaining: All negotiations conducted between an employer, a group of employers or one or more employers' organisations on the one hand, and one or more employees' organisations on the other, with a view to defining terms and conditions of employment; and/or governing relations between employers and employees; and/or governing relations between employers or their organisations and an employees' organisation/organisations.

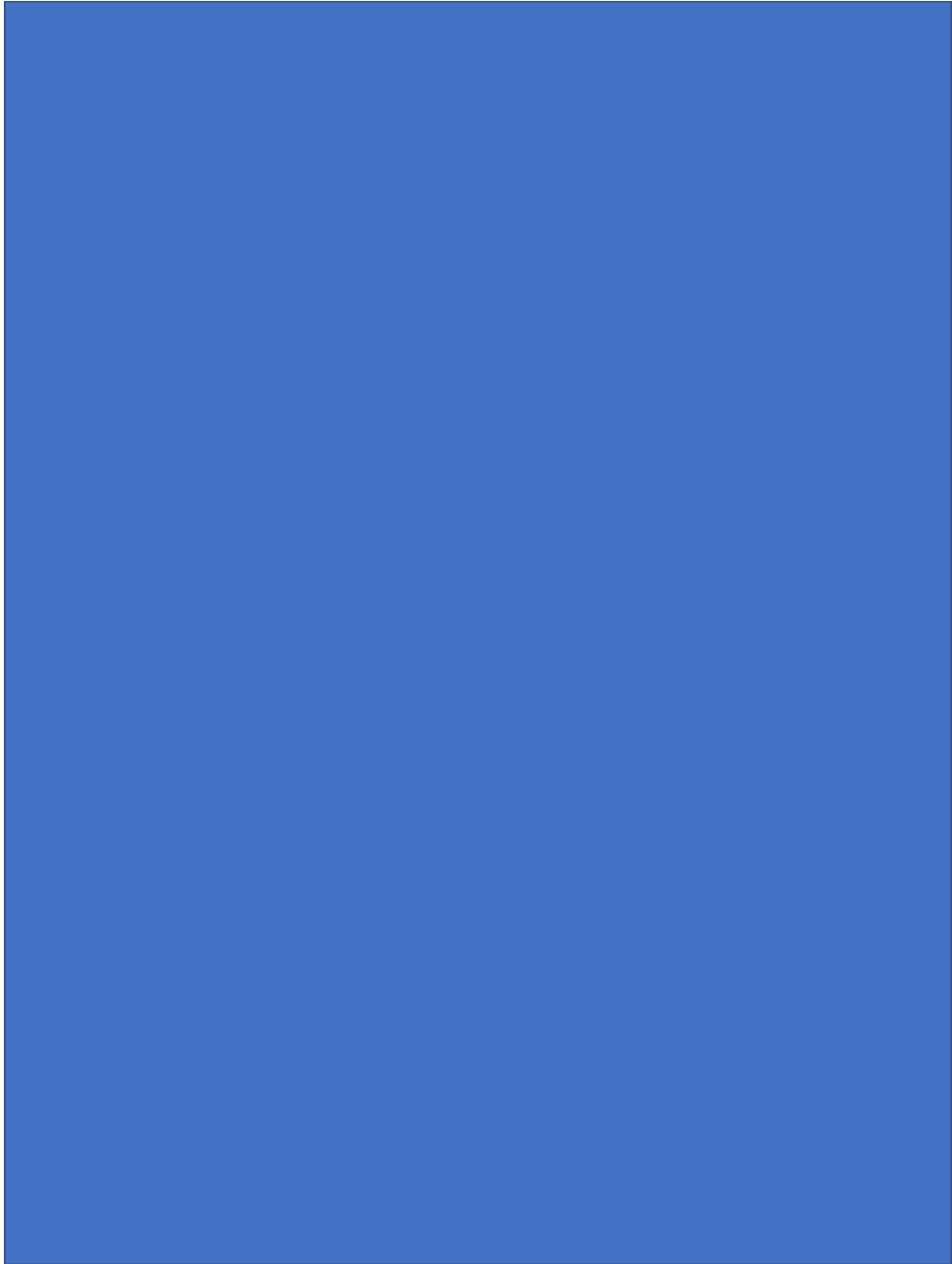
Workplace cooperation: Consultation and cooperation between employers and employees at the enterprise level on matters of common interest outside the scope of collective bargaining, or on issues not often addressed by other bodies responsible for defining terms and conditions of employment.

LINKS FOR CONSULTATION

- Project website: <https://fesete.pt/elimination-of-discrimination/>
- EU - Gender Equality: https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality_en
- ILO: <http://www.ilo.org> (International Labour Organization website)
- FESETE: <http://www.fesete.pt>
- Disk-Tekstil: <https://disktekstil.org/en/>
- BDSZ: <https://www.banyasz.hu/>
- IndustriAll - Europe: <https://news.industrialall-europe.eu/>

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- Friedrich Ebert Stiftung (2022), *Trade Unions in Turkey 2022*, Istanbul.
- Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on strengthening the application of the principle of equal pay for equal work or work of equal value for men and women through wage transparency and compliance monitoring mechanisms (COM(2021) 93 final), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:93:FIN>



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