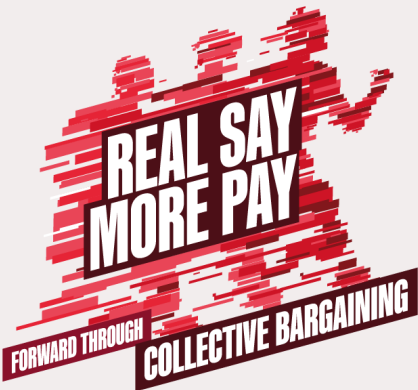




THE WHY AND HOW OF SECTORAL BARGAINING

A snapshot report for the 6th UNI Europa Conference
Belfast, 25-27 March 2025



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45,000. This is the number of Romanian bank employees covered by a collective agreement in 2025. In 2018, this number was just 25,000, and a few years before that, it was even lower.

What has happened is that, for the first time since 2011, the Romanian banking sector is covered by a truly sectoral collective agreement covering all banks. This sectoral agreement came about after an intensive campaign in the financial sector, the negotiation of a multi-employer agreement covering most banks in 2018, and a change to the collective bargaining regulation in 2023.

This example clearly demonstrates why we, as service sector unions, should pursue sectoral bargaining, given its greater reach in protecting workers. Accordingly, this report makes the case for multi-employer bargaining and identifies strategies and ways in which unions and policymakers can develop and promote it. The text concludes that:

- Multi-employer and sectoral bargaining is good for workers, good for society and good for business.
- Unions can create a multi-employer bargaining environment by building power and using a variety of strategies.
- Public policy can (and should) enable and promote multi-employer bargaining by creating a supportive infrastructure and capacity for social partners.

What's in a word: single employer, multi-employer and sectoral bargaining

To avoid misunderstandings, here's a brief working definition of what we mean by single-employer, multi-employer and sectoral bargaining. Single-employer bargaining refers to negotiations between unions and a single employer to reach agreements on pay, conditions, benefits and other terms and conditions of employment. In multi-employer bargaining, unions negotiate with several employers at the same time, usually organised in an employers' association. These employers can be from the same industry, but also from the same geographical area. The agreements reached set standards that must be respected in all these companies. Sectoral bargaining refers to negotiations between unions and many employers in the same sector, again typically organised and represented by an employers' association. In some countries, a sectoral agreement is "extended by law", making it applicable to all employers and employees in the sector.

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1 Why do we support multi-employer bargaining?

"I am much more dependent on my job to pay my rent than my company is on me for its profit and turnover".

With this one-liner, a young worker recently summed up the power imbalance between employers and employees. While the worker's livelihood is largely dependent on the job, the employer's is much less so.

This power imbalance affects how much a worker can bargain with their employer. An individual worker is not in a strong position of power and often has to accept the terms offered by the employer. Workers with rare skills or in growing sectors may get a better deal than others, but the power differential remains.

Enter collective bargaining. While the individual worker may be easily replaceable and not essential to the company's profit, this is not true of the collective workforce. In fact, the workforce as a whole is essential to the functioning of the company, the profits and the fate of the employer. Together, in other words, the power imbalance is partially corrected. As a result, workers often negotiate *collective agreements* that define working conditions in a company. Such (single-employer) agreements have many advantages for workers and employers. For workers, they increase wages, improve working conditions, provide a degree of influence and voice, and often give a certain amount of protection against unfair treatment and a degree of equality. For companies, collective agreements ensure happy labour relations and legitimise the management authority.

Nevertheless, single-employer bargaining is still limited. Not all workers are covered by an agreement, and workers in small companies in particular find it difficult to organise and bargain collectively. The scope for bargaining is also limited by the competitive position of the company. If a company agreement increases wages too much, the company may lose market share due to increased costs.

Enter *multi-employer* or sectoral bargaining. If all companies move at the same time, intra-company competition is not affected. It creates a level playing field for wages and working conditions, which can be lifted up by collective agreements. Sectoral bargaining therefore has a number of advantages. First, it extends a number of the benefits of single-employer agreements across the whole sector, such as employee voice, equal treatment and protection.

But it does much more: it avoids wage competition and can increase wages to higher levels. For companies, there are transaction cost benefits, as not all companies have to engage in complicated negotiations, and it avoids workplace conflict by moving the wage debate to the sectoral level. Having more equal working conditions across the sector also means that employees are less likely to move between companies, which

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reduces employee turnover and poaching. For society, the benefits lie in better macroeconomic performance in terms of equality and employment, and less burden on the legislature. Indeed, sectoral economic governance is now carried out by the social partners, without the need for detailed and complicated legislation.

2 Will employees still join unions?

A common objection to multi-employer bargaining is the so-called free-rider problem. After all, why join a union if the collective agreement it negotiates applies to you regardless of whether you're a member or not?

This free-rider problem exists for company-level agreements, but is much more pronounced for industry-level agreements, which can apply even to companies with no union presence.

While the free-rider argument is intuitively appealing (why pay dues if the benefits are free?), the evidence points in the opposite direction. First, cross-country comparisons show that countries with multi-employer or sectoral bargaining tend to have much higher union density than countries with company-only bargaining. Second, countries that have dismantled their sectoral bargaining systems (e.g. Australia, New Zealand and the United Kingdom) have subsequently experienced massive declines in union membership. Conversely, Uruguay, which developed sectoral bargaining, saw an increase in union membership. Third, case studies provide further evidence. Take Amazon, a company that is particularly difficult to organise. Amazon only engages with unions to the extent that it is legally required to do so. Countries with sectoral bargaining systems, such as Italy and Belgium, have a more favourable environment for organising.

But how can this be explained? First of all, there is **less union-busting** in sectoral bargaining. With a sectoral agreement, employers have less incentive to fight union organising and recruitment. Regardless of the number of members, the terms will continue to apply. Second, **sectoral bargaining provides protection** for workers who want to join a union, so the threshold for joining is much lower. Moreover, the fact that sectoral bargaining creates **a level playing field** between employers makes undercutting strategies less likely, as well as protecting union jobs. Indeed, without sectoral standards there is constant pressure on employees to work for lower standards. Next, **sectoral bargaining opens the door** as unions can gain access (and provide benefits and services) to workers in more companies and in different types of companies, such as SMEs.

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Level-up: CELSI (Centre European Labour Studies Institute) and WageIndicator Institute carried out a literature review on the benefits of sectoral bargaining which can be found [here](#). Based on this study an interactive webpage was launched which can be found [here](#).

3 How can unions create multi-employer bargaining?

So, if multi-employer or sectoral bargaining has a number of clear advantages, and if the free-rider problem can be countered, the question remains **how** to move from company to sectoral bargaining? Based on international studies, a number of **potential strategies** can be identified. All of these strategies are aimed at gradually developing a sectoral logic in company bargaining.

UNI Europa organised **four workshops** focusing on strengthening and developing sectoral bargaining with affiliates. As such, workshops were held for the Belgian finance sector, the Slovakian finance sector, the Hungarian commerce and the Finnish commerce sector.

In these workshops, a number of possible strategies are discussed such as:

- **Group collective bargaining** where unions negotiate with a group of employers together, if there is no employer organisation with which to negotiate a collective agreement.
- **Synchronised bargaining** where unions align company agreements, strategically aligning the expiry dates of the agreements in the same period so that you can mobilise across the sector.
- **Adherence contracts** which bring companies under the scope of a multi-employer agreement outside of the bargaining rounds through industrial action combined with adherence contracts. In a subsequent round of bargaining, the idea is that the company will join the bargaining and be a party to the next round of the industry agreement from day one.
- **Trigger clauses** which are particular clauses of a collective agreement that only come into effect if a certain condition is met and the clause is thus 'triggered'. For example, an additional wage increase which is activated if a collective agreement in a competitor firm also agrees to a similar increase.
- **Soft start** where unions first agree on a sectoral/multi-employer agreement on something soft like training, or only trade union access. The idea is to build a tradition and some union strength so as subsequently to negotiate a more ambitious sectoral agreement.

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- **Employer buy-in** where unions try to convince employers of the benefits of signing a multi-employer agreement. Indeed, there are benefits for a range of employers, such as creating a level playing field for competition, ensuring happy labour relations, and reducing the incentives for employees to move to other companies, or to poach staff.
- **Solidarity actions**, secondary actions or even consumer boycotts where unions try to put pressure on a company to engage in sectoral bargaining both internally and externally.

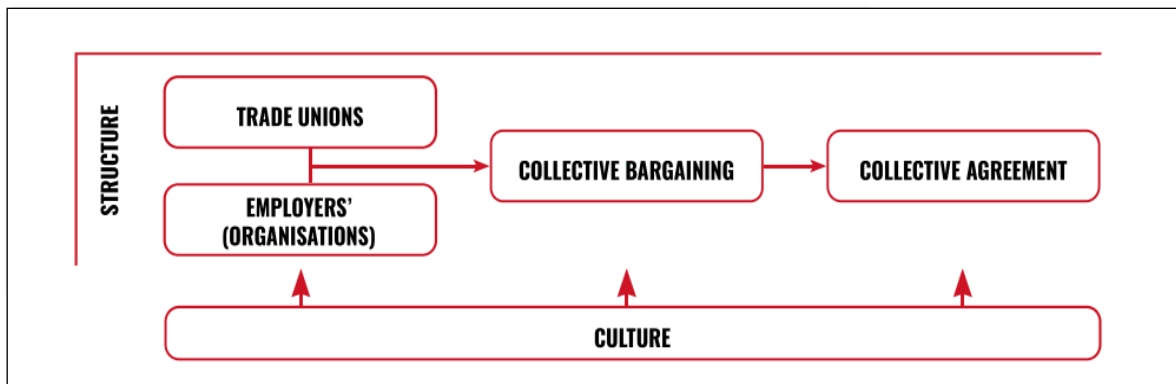
4 How can policy help in advancing multi-employer bargaining?

In addition to trade union strategies, the institutional framework is very important in facilitating or hindering multi-employer and sectoral bargaining. In a number of countries there is very strong institutional support for sectoral bargaining, and some countries even have compulsory bargaining. In others there is a supportive framework but the initiative remains with the trade unions and employers, while in still others the institutions discourage multi-employer bargaining.

In any case, there is a political window of opportunity to promote collective bargaining in the coming years. With the adoption of the European minimum wage directive in 2022, all European countries are obliged to protect and promote collective bargaining. Where collective bargaining coverage is below 80 per cent, countries are required to draw up and implement national action plans to increase coverage in 2025. This will be the first time in history that so many European countries are legally obliged to think about, consider and plan concrete actions and measures to strengthen trade unions and employers' organisations to negotiate agreements for workers.

Based on reports from 20 national experts, a UNI Europa report aims to support trade unions in Europe in their efforts to leverage these National Action Plans by providing a detailed overview of a range of ideas on how to strengthen collective bargaining coverage. The report does not claim to be exhaustive or definitive, nor does it reflect the position of UNI Europa, the experts or UNI Europa affiliates.

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The ideas are structured around five main areas of intervention:

First, there can be no collective bargaining without **strong unions**, and there is much that public policy can do to enable and encourage union organising. First, they could remove obstacles to trade unionism and protect workers from anti-union practices. They could also encourage union membership through tax exemptions, give unions access to workers, facilities and resources for union representation, or provide direct capacity-building support to (sectoral) unions.

In addition to trade unions, **employers** also have a role to play in collective bargaining. It's important to have willing and able employers, so policies can address the frequent lack of a mandate for employers' organisations to negotiate. Alternatively, policies could make some business benefits (e.g. tax credits, training, access to subsidised employment) conditional on collective bargaining. Or why not consider compulsory membership of employers' organisations with a bargaining mandate?

Once the actors are in place, the **collective bargaining process** is important. Policy can focus on ensuring the availability of accurate and complete data and information, and emphasise good faith bargaining rules. Another way is to establish a bargaining infrastructure, with financial and organisational support for bargaining and support for mediation. More coercive measures include compulsory bargaining systems, compulsory mediation, arbitration and the setting of sectoral standards through government regulation in the event of bargaining failure. Finally, there can be no bargaining without the right to strike, and in some contexts reform of strike regulations is overdue.

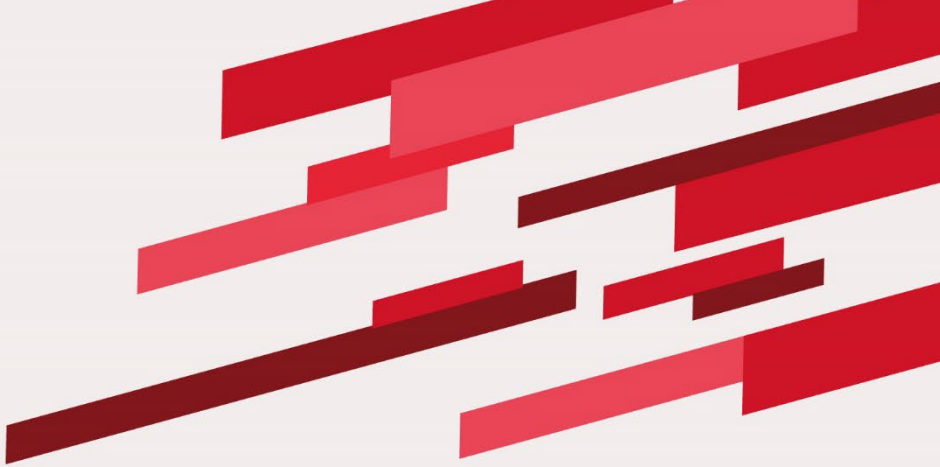
Next, policy can promote collective bargaining by ensuring the **effectiveness of collective agreements** as regulatory instruments. This could be done by clarifying the legal status and requirements for sectoral agreements, establishing the favourability principle and a clear hierarchy of norms. Extension policies are identified as a very strong driver for increasing the coverage of collective agreements. Suggestions include limiting administrative and political discretion, making extensions automatic, and

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considering qualitative criteria. Other measures include restricting the use of opt-out clauses, creating voluntary charters in regions without clear legislation on multi-employer agreements, and using public procurement to incentivise sectoral bargaining.

Finally, there is the role of culture. Policymakers can ensure sufficient information and monitoring of collective bargaining, include social dialogue in education programmes, and launch public campaigns on the benefits and value of collective bargaining.

Level up: Read the full report, including all the country annexes [here](#). It has been translated into several languages including [German](#), [French](#), [Italian](#), [Czech](#), [Hungarian](#), [Polish](#) and [Dutch](#).



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