

Tracing the potential benefits and complex contingencies of multi-level collective bargaining

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Abstract

This article provides a critical review of the international evidence for economic benefits of multi-level collective bargaining. The expected gains are highly contingent and depend upon a raft of interlocking enabling conditions. This means that as countries such as Australia, Chile, New Zealand and the UK seek to develop, or reinvigorate, institutions for multi-level collective bargaining, there is a need to interrogate their respective institutional starting points. We argue that the process of institutional reform demands particular attention to four key factors - a country's political commitment towards social dialogue, the degree of understanding of the complex institutional architecture of collective bargaining, the prioritising of inclusive democratic representation, and the resources available to invest in the capacities of workers' and employers' organisations. The article concludes by setting out key policy issues.

Introduction

The last decade has witnessed a surge of new research that appears to demonstrate the economic advantages of coordinated, multi-level collective bargaining. Identified benefits range from indicators of job growth and unemployment to innovation, training and wage equality (e.g. Andersen, 2018; Brandl and Braakmann, 2021; Grimshaw and Hayter, 2020; OECD, 2019; Wright, 2022). Moreover, multi-level collective bargaining has proven highly effective as a mechanism for governing responses to crises – particularly the Covid-19 pandemic and high inflation - and in enabling the urgently needed programmes of skill investment and active labour market policies for just transitions to a digital economy and a green economy (Eurofound, 2021; Global Deal, 2022; ILO, 2020, 2022). Nevertheless, the supposed gains are highly contingent and depend upon a raft

of interlocking enabling conditions. This means that as countries such as Australia, Chile, New Zealand and the UK seek to develop new institutions for multi-level collective bargaining, there is a need to interrogate their respective starting points. This demands particular attention to their political commitment towards social dialogue, the degree of understanding of the complex institutional architecture of collective bargaining, the prioritising of inclusive democratic representation, and the resources available to invest in the capacities of workers' and employers' organisations.

The aim of this article is to provide a critical review of the economic benefits of multi-level collective bargaining and to identify the key features that characterise an enabling environment for its effective functioning. A final section considers the challenges posed for countries seeking to introduce or reinvigorate systems of multilevel bargaining.

1. The benefits of multi-level collective bargaining

There appears to be a near consensus of evidence today that multilevel collective bargaining offers considerable promise in enabling countries to achieve inclusive and sustainable development with decent work. Multi-level collective bargaining comprises of bipartite bargaining between trade unions and employers' associations at sector and enterprise levels in accordance with agreed rules of coordination. Compared with other institutional arrangements, multi-level bargaining is associated with a higher share of workers covered by collective bargaining agreements (ILO, 2022), which is an important outcome in its own right given the positive relationship between joint regulation of employment conditions and social justice.

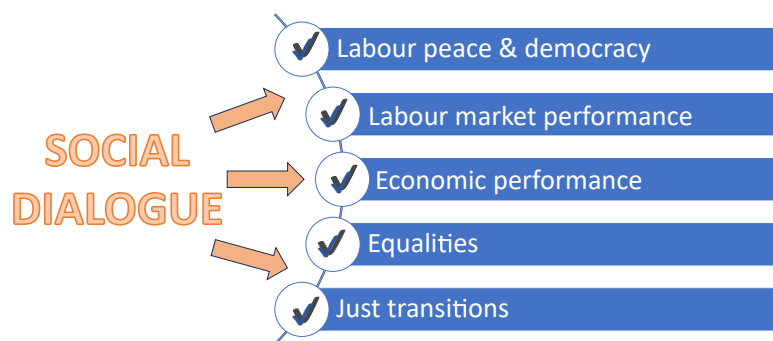
There has been an important re-orientation of outlook among international organisations, notably the OECD, which largely reflects positive evaluations from mainstream economics research. The new international outlook also reflects shifting norms – in particular, critiques voiced by governments, trade unions and employers of conventional models of economic development that have privileged short-term GDP and productivity growth at the expense of inequality, sustainable growth, health and wellbeing. It is notable therefore that the need to incorporate coordinated structures for social dialogue is at the heart of the UN's 2030 Agenda (ILO, 2019a), not least because it is recognised as underpinning democratic systems of governance, bolstering social cohesion and delivering improved quality of life for citizens. This section reviews the research evidence concerning the potential benefits of multilevel collective bargaining (Figure 1).¹

¹ We focus on differences between groups of countries (e.g. those with and those without multilevel bargaining). The limitation of this approach is that it obfuscates country specificities. Detailed country studies demonstrate that seemingly similar structures of collective bargaining function differently due to country-specific customary practices, interactions with labour market institutions, distinctive business models and government support for social dialogue (Crouch, 2009).

Labour peace and democracy

Countries with effective and representative structures of collective bargaining and durable commitment to the core principles of social dialogue are likely to have high trust and cooperation between social partners and to experience fewer labour relations disputes. This is because social dialogue enables a conjunction of viewpoints of representatives of labour, capital and the state, as well as from different layers, sectors and regions of the economy. By airing disagreements and declaring divergent conflicting interests, social dialogue can defuse conflict, avoid wasteful deadlock and promote a wider perception of social justice.

Figure 1. The benefits of multi-level collective bargaining



The evidence supports this perspective. OECD data (2019: Figure 2.15) suggest that countries with multilevel bargaining have higher levels of cooperation reported by senior executives, as well as higher trust in trade unions among the population; the Netherlands, Norway, Sweden and Denmark score among the top five in both measures (2017-18 data). Also, as Wright reports (this Issue), 2021 data show that Australia (prior to the recent reforms) lost ten times the number of days to industrial disputes compared to Denmark with its multilevel system.

The process of social dialogue also contributes to good democratic governance and strengthens public regard for institutions of liberal democracy more widely (Crouch, 1993). With representative multilevel bargaining in place, social partners can draw on the experiences of different enterprises and workforce groups in order to improve the relevance and calibre of negotiated agreements. By reflecting the diverse needs and demands, especially from those enterprises, regions or people traditionally excluded or marginalised, negotiated agreements have a better chance of effective implementation over the long term. Moreover, because multilevel bargaining evens out bargaining power it also guards against corruption, opportunistic behaviour and non compliance, sustaining trust in the institutions of economic and political democracy (Grimshaw, forthcoming).

Labour market performance

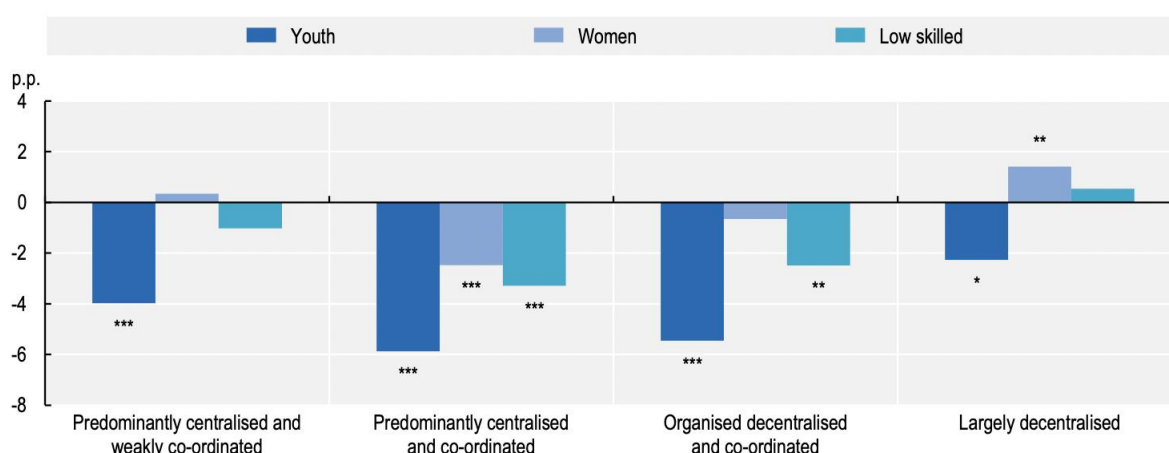
In its influential state-of-the-art study, the OECD (2019) demonstrates that countries with varied types of multi-level bargaining systems (distinguished by the type and degree of coordination) have experienced stronger labour market performance than countries with decentralised bargaining in recent years. Both the unemployment rate and the employment rate register stronger performance, especially for countries with strongly coordinated multilevel systems.

‘Co-ordinated bargaining systems are associated with higher employment and lower unemployment relative to fully decentralised systems. This is particularly the case for predominantly centralised systems, while for organised decentralised systems the result on unemployment is somewhat smaller and less robust. Centralised but weakly co-ordinated systems and largely decentralised systems hold an intermediate position, with better employment outcomes than in fully decentralised ones but similar unemployment outcomes.’ (OECD, 2019: 112).

This result of better labour market performance is confirmed by other studies by analysing similar or different groups of countries (Brandl, 2023a; Eurofound, 2023; Visser, 2013). Moreover, these indicators are inclusive of all groups of workers, which refutes claims made in earlier studies that strong unions necessarily advantage ‘insiders’ at the expense of ‘outsiders’ (Lindbeck and Snower, 2001). The OECD data show that countries with multilevel bargaining systems are also associated with better labour market outcomes for relatively disadvantaged workforce groups; Figure 2 shows that the unemployment rates of youth, women and low-skilled workers are either significantly lower or no different from countries with decentralised bargaining.

Figure 2. Different collective bargaining systems and unemployment rates by workforce group

Difference in percentage points compared to fully decentralised systems



Source: OECD (2019: Figure 3.2B).

Economic performance

There is a longstanding body of theoretical and empirical work focused on the economic effects of different collective bargaining structures. Ideas and evidence have shifted over time from positive support for more centralized bargaining systems in the 1970s, to a questioning of the macroeconomic performance effects of multilevel systems in the 1980s, followed by a divergence of viewpoints in the early 2000s. Today, there is near consensus that bargaining systems have limited influence on macroeconomic performance (compared to capital investment and systems for innovation and skill development, say), but positive effects on firm performance, including productivity and innovation (Grimshaw and Hayter, 2020; Grimshaw et al., 2017). The OECD's view, consistent over the last two decades, is illustrative of the macro-level effects:

'The overall fragility of the evidence linking collective bargaining to macroeconomic performance suggests that great caution should be exercised when attempting to draw guidance for making policy choices from this research' (OECD 2004: 133).

A comprehensive European study of inter-country productivity effects finds that multilevel bargaining is a necessary condition for delivering productivity growth. Brandl and Braakmann (2021) show that:

- i. Enterprise bargaining and coordinated multilevel bargaining both generate higher productivity growth than either absent collective bargaining or uncoordinated bargaining; and
- ii. Strongly coordinated multilevel systems have superior productivity effects. Three types of vertically coordinated systems are especially effective: enterprise-sector systems, sector-national systems and enterprise-sector-national systems.

The OECD's (2019) analysis of firm-level productivity effects confirms the classic study by Freeman and Medoff (1984), namely that union presence (a key determinant of collective bargaining) tends to impact positively on organisational productivity by reducing voluntary worker turnover, increasing tenure and increasing firm efficiency. Evidence for Latin America is also mostly supportive. Drawing on World Bank Enterprise Survey data, the impact of union presence on firm productivity in the manufacturing sector is positive in Chile, Mexico, Panama and Uruguay, but neutral in Bolivia and negative in Argentina (Rios-Avila, 2014). The most recent meta-analysis, covering 111 studies on union and productivity levels (most from the US and UK), found that overall unions have a small but positive effect on productivity. With the exception of the UK, the findings *'reject the neoclassical economics view that unions are invariably harmful to productivity'* (Doucouliagos et al. 2017: 70). A summary of selected empirical results shows that:

- Where unions are autonomous, organized at industry level and non-parochial (i.e. not focused on defending job territories) they are more likely to have positive productivity effects;
- The presence of multiple unions at establishment level may be adversely associated with productivity levels;
- Countries with sectoral bargaining structures display a positive relationship between union strength and productivity growth while for countries with enterprise-level bargaining it is neutral.

Sectoral bargaining can be particularly beneficial for companies that are technology leaders. As less innovative and unproductive firms are pushed out of the market by standardised sectoral wages, more innovative firms can capture their market share. These positive incentives for management to compete on organizational and/or technological innovations, rather than labour cost, are beneficial for the long-run productivity and competitiveness of industries and countries (e.g., Bloom et al., 2017; Doucouliagos and Laroche, 2003; Scarpetta and Tressel, 2004; Wachsen and Blind, 2016; Willman, 1986).

Less clear are the effects of sectoral bargaining on relative productivity levels of SMEs compared to larger firms. Joint regulation of standardized wages and working conditions can be expected to favour SMEs more than larger firms because it is cost effective. SMEs do not usually have specialised human resource departments with the knowledge to set wages and working conditions in accordance with (often complex and changing) labour law regulations. For SMEs it is therefore potentially advantageous and cost effective to regulate wages and working conditions via collective agreements that are negotiated collectively on their behalf than individually for all employees in the company (Venn, 2009).

This means that for countries with a high share of SMEs, sector level collective agreements that define wages and working conditions can be potentially advantageous for aggregate productivity growth. Nevertheless, the empirical evidence is mixed: there is no convincing and generalizable statistical evidence available to confirm that sector-level collective bargaining has a significant effect on productivity or innovation by firm size (e.g., Camisón-Zornoza et al., 2004; Gooding and Wagner, 1985). Positive support is nevertheless provided by evidence for those countries that combine high productivity and a high share of innovative SMEs with sector level collective bargaining (e.g., Austria, Denmark, or Sweden).

Equalities

There is very strong international evidence to support the positive relationship between coordinated multilevel bargaining and measures of income and wage equality. There is a clear theoretical rationale for this finding. First, because coordinated multilevel bargaining is effective at aligning real wage growth with productivity growth, it can deliver a fairer distribution of the income gains from economic growth. The evidence shows that countries with multilevel collective bargaining report a) a stronger coupling of real wage and productivity growth and b) a higher labour income share than countries with decentralised or absent collective bargaining (Paternesi Meloni and Stirati, 2023). Indeed, one of the main causes of a falling global share of labour income is the shrinking workforce coverage of collective bargaining (ILO, 2019b). Moreover, the decoupling of wages and productivity has been especially evident in countries with underdeveloped, or eroding, systems of collective bargaining (e.g., Bental and Demougin, 2010; Cooper and Mishel, 2015; ILO, 2017; Paternesi Meloni and Stirati, 2023).

Second, because multilevel bargaining strengthens the bargaining power of low and middle-wage workers it tends to lift wage floors and reduce the incidence of low pay compared to other systems of wage determination. The international evidence highlights a positive relationship between the share of workers covered by collective bargaining (a correlate with multilevel bargaining systems) and wage equality (e.g. ILO, 2022: figure 3.3). The evidence is stronger for countries with a larger share of people in formal work, but the aggregate result still holds in developing countries with a small formal economy (Hayter, 2015). Importantly, a long-term commitment to extend collective bargaining coverage via programmes of formalisation – alongside policies to support freedom of association and the right to collective bargaining in all parts of the economy – can ensure that wage gains are shared more widely.

Third, multilevel bargaining can interact in a strongly complementary manner with pro-equality minimum wage reforms (Grimshaw et al., 2014). The contribution of minimum wage policy to wage equality is strongest in those countries where minimum wage increases are able to feed through, in a coordinated manner, into the negotiated upratings of collectively agreed wage grids. This delivers positive ripple effects further up the wage distribution as wage differentials for seniority, experience and skills are restored, avoiding the pitfalls of high shares of workers paid at or just above the statutory minimum wage (Dingledey et al., 2021).

Just transitions

A final set of benefits associated with strong systems of multilevel collective bargaining concern the enabling of just transitions. Coordinated structures of collective bargaining are especially important in distributing the risks and opportunities of transformative changes associated with a zero-carbon growth agenda and digitalisation. National level coordination, with scope for local

agility and adaptation, is argued to be a pre-requisite for governing decision-making in the face of today's polycrisis uncertainty (Nölke, 2022; Ostrom, 1990). In the absence of coordinated collective bargaining, the risk that countries experience growing social unrest and disquiet is likely to grow, fuelling short-termist populist measures that prove ineffective in addressing long-term challenges.

A just transition aligned with greater use and application of digital and AI technologies is more likely to be human-centred and able to guard against powerful platform companies if a country has established institutions for multilevel collective bargaining. Alibaba, Alphabet, Amazon, Apple, Microsoft and Tencent, among others, exceed in value the size of many nation states and fuel concerns about the balance of corporate and state power, while also limiting social partners' capacity to represent the interests of workers, enterprises and citizens (Rahman and Thelen, 2019). Armed with multilevel bargaining, trade unions can exercise leverage to negotiate with employers how to co-design digital technologies in ways that enable decent work. For example, negotiations may involve developing 'human-in-the-loop' systems of algorithmic performance management (ILO, 2019b). Multilevel bargaining also provides a joint regulatory forum to reverse misuse of digital surveillance (e.g. in warehouse, logistics and office work) and to combat undesirable algorithmic biases and unequal treatment of workers (Molina et al., 2023).

Multilevel bargaining can also establish protections for digital platform workers, including work injury protections, fair dispute resolution practices, data protections and social security contributions. Following the lead of the new EU Directive on platform work, collective agreements can also shift the regulatory space in which platform companies have been operating by reinterpreting the self-employment status of platform workers (De Stefano and Aloisi, 2019).

Faced with the challenges of a just transition for a green economy, multilevel collective bargaining can provide a forum for multiple stakeholders, including representatives of communities affected by environmental degradation, to voice their concerns and improve the quality of knowledge and understanding. ILO guidelines support the role of unions in negotiating redundancies, retraining programmes and relocation subsidies with employers and government, which often requires ensuring that workers have the right to join unions, can access welfare protections and retraining programmes, and have opportunities for alternative decent work. Union-green coalitions are also likely to play a strong role in guiding multilevel bargaining strategies.

Along with managing worker mobility from dirty to clean industries, coordinated systems of multilevel bargaining are also addressing the increasing global phenomenon of heat stress. Key groups affected work outdoors in low paying jobs - for example in agriculture and on construction sites, or as street vendors or refuse collectors. But many workers inside factories and office suffer

due to inadequate ventilation and air conditioning. Negotiated collective agreements are therefore vital to establish adequate protections of workers' health and improve knowledge among managers and workers about the risks of heat stress. Protections include scheduled breaks in shaded areas during the peak hours of the day, access to drinking water and protective clothing. The major challenge, however, is that countries and sectors most affected by heat stress are precisely those where levels of unionisation and collective bargaining coverage are weakest (ILO, 2019c).

2. An enabling environment for multi-level collective bargaining

Despite the promise of economic advantage that accrues from sectoral collective bargaining, the outcomes are highly contingent and depend upon a raft of interlocking enabling conditions. This section identifies four key conditions – namely, political commitment towards social dialogue, institutional knowledge of complex systems of collective bargaining, the prioritising of inclusive democratic representation, and the resources available to invest in the capacities of workers' and employers' organisations.

Political commitment towards social dialogue

For any system of collective bargaining to function effectively, there must be a clear commitment across society to the core objective of social dialogue, namely the democratic participation of organisations of workers and employers, alongside government, in the governance of matters affecting work and employment. This objective is only achievable if it is underpinned by enshrining a specific set of democratic principles for social dialogue. Firstly, *pluralism* means acknowledging the tendency for conflicts and complementarities of interests among employers, workers and government (Kaufman, 2000). Rather than assuming one set of interests or viewpoints ought to dominate policy design, a pluralist approach to governance requires the need to accommodate trade-offs and reach compromise (ILO, 2018).

A second principle is *participative representation*. This is critical to ensuring the legitimacy of social dialogue since it requires democratic participation of all segments of society and economy in the governance of work. Crucially, it also reduces problems of polarisation in which some groups of workers and business are represented and others excluded. It therefore requires a commitment to solidaristic representation in a manner that reflects the composition of all labour market actors, including women, less educated workers and people from indigenous communities, as well as small and micro enterprises and businesses in low value-added and/or informal segments of the economy (e.g. Budd and Bhawe, 2008; Greene et al., 2021; ILO, 2021; Rodriguez, 2010).

Thirdly, *fundamental rights and freedoms* provide the necessary means for participative representation. In particular, this requires countries to ratify and implement ILO Conventions on

freedom of association and protection of the right to organise (C.087, 1948) and the right to collective bargaining (C.098, 1949), along with other related rights and freedoms (ILO, 2022). This is crucial since there is an inherent power imbalance in the employment relationship which grants the employer power over the individual worker (whether an employee, self-employed freelance worker or outsourced employee) and therefore needs to be re-balanced via collective representation of workers.

The fourth principle is *credible accountability* (Donaghey and Reinecke, 2018). This requires a system of formal rules or informally shared norms (or ‘common ideology’ as Dunlop (1958) described it) through which all actors – government, trade unions and employers’ organisations – understand that each can hold the other to account in abiding with the bipartite or tripartite agreement. Moreover, where there is disagreement, the principle of credible accountability also requires an adequately resourced and accessible process for resolution.

Institutional knowledge

Systems of multi-level collective bargaining involve complex institutional architectures, which means their development and maintenance require state-of-the-art knowledge about how they function, their strengths and weaknesses and their potential for adaptation, including by learning from other country experiences. Two features of the institutional architecture are key to effective performance. The first concerns how to design and operationalise an institutional mechanism to ensure coverage of collective bargaining to all, or most, enterprises and workers in a designated sector. This is usually arranged through the statutory extension of a collective agreement to enterprises that are not organised (see ILO Convention C.091, 1951; Traxler and Behrens, 2002). Unlike other legal instruments, such as a statutory minimum wage, extension is premised on self-regulation since it seeks to extend a voluntary negotiation between unions and employers’ associations. The key strength of this approach is that the statutory instrument reflects the legitimacy, agility and specificity of each sectoral bargaining agreement. As such, it represents a consensus-oriented mode of ‘regulated autonomy’ (Hayter and Visser, 2018), which is one reason for its dexterity in resolving complex collective action problems.

The second feature concerns the question of how to coordinate multi-level bargaining so as to ensure a fair diffusion of the economic benefits both vertically (between enterprise and sector levels) and horizontally (between sectors). Depending on the degree and nature of coordination, comparative research has classified countries as ‘centralised decentralisation’, ‘coordinated decentralisation’ or ‘coherent fragmentation’, among other categories. *Vertical coordination* means establishing a clear division of competencies and responsibilities between sector-level bargaining and enterprise-level bargaining, as well as shared norms and/or formal rules concerning

possibilities for two-way participative representation (Marginson and Sisson, 2004). For example, in Denmark there are multiple rounds of ‘intense dialogue’ between enterprise-level and sector-level representatives of unions and employers, including the collection of ‘demands’ from local representatives prior to sectoral bargaining and the organisation of regional meetings (Andersen, this Issue). Once the sector-level agreement is completed, enterprise bargaining commences, with considerable variation possible at or above the established sectoral standards. For social partners, this has been described as ‘walking on two legs’ (op. cit.²). Many countries allow derogations from the sector agreement – for example on pay or working time – as long as the local level representatives for workers and the employer agree. Derogations differ in form by emphasising either outcome or process. For example, the outcome-specific ‘favourability principle’ allows the enterprise agreement to take precedence over the sectoral agreement only if it improves terms and conditions of employment (OECD, 2019).

A key challenge for vertical coordination is the absence of enterprise bargaining in some parts of the sector (e.g. reflecting regional gaps or differences by firm size), such that many workers depend entirely on conditions set in the sectoral agreement. In these circumstances, the challenge for sector-level social partners is to ensure their negotiating positions acknowledge the imbalance of enterprise bargaining potential. A related challenge is the difficulty of less profitable enterprises to keep up with sectoral standards. This problem characterised Germany in the years after unification. Employers from the former east complained that the multi-level bargaining system was too rigid and, in a context of high unemployment, won important concessions - ‘hardship clauses’, which allowed enterprises to make derogations from the sectoral standards. The clauses were initially restricted to proven conditions of bankruptcy but over time encompassed multiple conditions, including ‘improving competitiveness’, and quickly expanded in use across all of Germany; around a third of large companies used opening clauses in 2015. Alongside widespread employer abandonment of sectoral bargaining, especially in the retail sector, Germany has not been able to maintain its coordinated system of multilevel bargaining. It is now a hybrid model of organised and disorganised decentralisation and no longer enjoys the full benefits associated with effective multi-level sectoral bargaining (Schulten and Bispinck, 2020).

Horizontal coordination means a set of formal rules or informal norms that guide the relationship between the process, timing and outcomes for collective agreements across different sectors (Marginson and Sisson, 2004). In many countries, there is inter-sectoral ‘pattern bargaining’ in which a specific sectoral agreement sets the tone for others to follow, particularly on wages.³ This

² Attributed by Lind (2019) to LO trade unions in Denmark.

³ Pattern bargaining may also arise within sectors where an enterprise-level collective agreement at a leading enterprise sets the tone for other enterprises to follow.

is often the export-oriented manufacturing sector, although some countries may register two segments – e.g. the metal industry for high-wage segments and the hospitality sector for low-wage segments as in Norway (Traxler et al., 2008).

Inclusive democratic representation

For effective multi-level collective bargaining, the existence of representative associations for each sector on both sides of the employment relationship are a prerequisite. This requires the establishing of national peak-level associations for unions and employers' organizations to enable a degree of coordination of sector associations in a multi-level collective bargaining system. Those associations also need to be equipped with a strong mandate to coordinate and govern lower-level actors in order that binding sectoral collective agreements are struck. In the absence of coordinating structures, there is a risk of fragmentation of interests, among unions and among employers, as well as the potential for some organisations to be under-represented and even excluded at the expense of organisations with more financial or political resources. For example, if a specific collective agreement negotiated at the company level is selected for extension across the entire sector, then it is not clear which trade union or trade unions are best positioned to represent the interests of the whole sector. Therefore, clear legal rules or an agreed mechanism need to be established to ensure effective multi-level collective bargaining that can regulate interest formation and consensus finding among trade unions and employers at the sectoral level.

Investing in the capacities of unions and employers' associations

The institutions for multi-level collective bargaining need to be actively promoted via the adequate resourcing and capacity-building of trade unions and employers' associations and a well designed national labour administration system. Capacity building ensures that social partners have the skills and capacities to engage effectively in collective bargaining. As recent research shows (Brandl and Ibsen, 2019) any changes to collective bargaining systems can lead to inefficiencies as the actors involved need to 'learn the rules of the game' in the sense that they cannot be expected to bargain efficiently right from the start. In fact, reaching the optimal functioning of collective bargaining takes time because bargaining parties need to be able to adjust to the new context and establish trust, which is especially valuable in underpinning the functioning of negotiations and collective bargaining (Brandl, 2023b). This may also mean influencing the structures and relative strengths of trade unions and employers' associations in support of evenly balanced participation in social dialogue and minimising problems of fragmentation and inequality. In building capacities, the aim is also to develop and sustain trust among social partners, founded on a mutual respect of divergent perspectives and the knowledge base. It is notable that the leading manufacturing sector collective bargaining agreement in Denmark begins with a chapter on collaboration (Andersen, this Issue).

An effective labour administration system means providing the necessary financial, technological and human resource support for social partners to function independently. This likely includes: functions for policy engagement with unions and employers' associations; an expert-led dispute resolution service (including conciliation and mediation); a labour inspectorate; direct or indirect provision of training for social partners; and promotional campaigns for collective bargaining (Heyes and Rychly, 2021). For example, as part of Denmark's wider labour administration services, the Statistical Council (governed by a tripartite board) provides an agreed analysis of key economic indicators to social partners to facilitate bargaining (Andersen, this Issue).

3. Policy options

We conclude with a listing of policy issues for countries seeking to design, implement and/or reinvigorate systems of multilevel collective bargaining. These are organised into three areas, as follows.

i) Capacity building of social partners

Clear incentives for employers and unions to participate in multi-employer bargaining. Employers, including SMEs, must be certain that the benefits outweigh the costs. Benefits include the relative stability of aggregate wage trends and other non-pay conditions, a level playing field and the possibility of negotiated flexibility at enterprise level (depending on the rules governing vertical coordination). Trade unions must be convinced particularly by the capacity of multi-employer bargaining to distribute more equitable wage growth for a wider cohort of workers across the country, which requires effective modes of horizontal coordination.

Strengthened legal, representative and administrative capacities. The example of Denmark (Andersen, this Issue) demonstrates the importance of having highly resourceful and capable social partner organisations. The technical secretariats of sector-level social partners must be equipped with the appropriate technical and administrative knowledge. In Chile, also, the 2022 reforms that clarified the legal basis of trade unions as the exclusive agents of worker representation for collective bargaining (in order to disallow informal 'bargaining groups') is a key step towards subsequent implementation of multilevel bargaining.

Centralisation (or de-fragmentation) of interest representation. In countries with very high numbers of employers' or workers' organisations, efforts are required to reduce the number to establish a manageable structure of social dialogue for multilevel bargaining. In Chile, for example, there are an estimated 9,103 unions in the private sector, more than half of which have fewer than 50 members. Fewer bargaining units need to be realised, whether through mergers or the creation of representative umbrella organisations, in order to improve the chance of success of multilevel

bargaining. Enterprise strategies to circumvent solidaristic union structures via business practices of fragmentation (of legal entities and outsourcing) must also be combated (Perez Ahumada and Ocampo 2023).

ii) Pro-collective bargaining legal framework

Align labour law with ILO Conventions, especially C.087 and C.098. An enabling environment for labour relations is necessary for the development of a multilevel collective bargaining system. This requires government to reinvigorate legal protections and freedoms for all workers. Further strengthening workers' rights and freedoms is fundamental for the successful operation of multilevel bargaining, including protections of the right to strike and freedom of union representatives from persecution.

Remove barriers to multi-employer bargaining. Countries with successful systems of multilevel bargaining benefit from rules that allow extensions of collective agreements to other employers in the same sector. Consideration may also be given to agreements that extend along supply chains, which can mitigate the use of outsourcing solely to cut labour costs.

Establish rules and/or norms for horizontal and vertical coordination. One of the major contentions motivating recent reforms in Australia was that the absence of coordination of collective bargaining had been a major cause of widening wage inequality, laggard sectoral competitiveness and skill underutilisation (Wright, this Issue). By contrast, Denmark provides a strongly positive best case with clearly defined institutional processes for both horizontal and vertical coordination (Andersen, this Issue).

Widen the scope and inclusiveness of collective bargaining. Social partners ought to have flexibility in negotiating over the full range of employment issues - wages, job security and working time, as well as training, gender equality, health and safety, new technologies and job restructuring. Furthermore, collective bargaining ought to be inclusive of all workers - those with temporary, part-time and casual contracts - and representative of groups by gender, age, ethnicity, country of origin, education and class.

iii) A supportive national (public) labour administration system

Support the independent roles of social partners. Governments can actively support bipartite multilevel collective bargaining in a number of ways via an adequately resourced labour administration system. This includes a dispute resolution service, continuous engagement with social partners in sharing up-to-date labour market data analysis and a labour inspectorate to ensure compliance with labour law and collective agreements. Denmark highlights the key role of the 'public conciliator' in coordinating the bargaining process, resolving disputes and proposing the

‘settlement for all’ (Andersen, this Issue). Many countries also rely upon an agreed set of independent and reliable statistical indicators as a basis for collective negotiations.

Promote multilevel collective bargaining (and all other forms of social dialogue, including national social dialogue institutions). A labour administration system can be further beneficial by providing expert training and technical assistance on aspects of social dialogue and in running promotional campaigns to promote the right to organise and collective bargaining. Such assistance might be especially targeted at SMEs where resources are limited.

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