

# Do trade unions in Central and Eastern Europe make a difference?

## Low coverage and greater fragmentation can limit the benefits of trade unions

Keywords: trade unions, Central and Eastern Europe, collective bargaining, union density, industrial relations

### ELEVATOR PITCH

Countries with strong industrial relations institutions and well-established social dialogue often perform well in terms of economic growth and social cohesion. The weak and fragmented bargaining and low levels of union coverage in Central and Eastern Europe (CEE) raise concerns about these countries' potential to maintain competitiveness, tackle demographic and macroeconomic challenges, and catch up with Western European economic and social standards. There is evidence that unions in CEE continue to protect their members and generate wage premiums, despite their institutional weaknesses.

### KEY FINDINGS

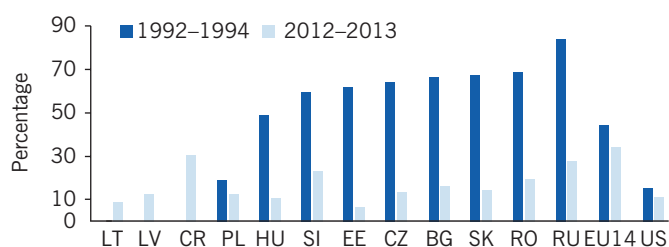
#### Pros

- ⊕ Collective bargaining in CEE is associated with higher wages, in particular among medium- and high-skilled workers.
- ⊕ Trade unions in post-socialist countries were effective in protecting their members during the 2008–2009 economic crisis.
- ⊕ The process of EU integration strengthened the social dialogue and the role of the remaining trade unions in many CEE countries.
- ⊕ The increase in non-standard work may represent an opportunity for trade unions to strengthen their role and improve perceptions of unions among employees.

#### Cons

- ⊖ Trade unions in CEE countries are weak and fragmented following a sharp decline in unionization during the period of economic transition.
- ⊖ Collective bargaining coverage is low, taking place predominantly at the firm level and in the public sector.
- ⊖ The increase in non-standard employment, which is rarely unionized, is lowering unions' coverage and bargaining power.
- ⊖ CEE countries have diverse models of industrial relations, while the evidence regarding countries outside the EU is scarce.

Union density, early 1990s and 2012–2013



Note: EU14 refers to the 15 EU member states pre-2004, without Luxembourg.

Source: ICTWSS database (Visser 2016, version 5.1). Online at: <http://www.uva-aias.net/en/ictws>; European Commission. *Industrial Relations in Europe*, 2014.

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### AUTHOR'S MAIN MESSAGE

Although trade unions weakened substantially in CEE countries during the 1990s, there have been some signs of their revival since the 2000s. While unionization and collective bargaining coverage remain low, the wage premiums associated with collective bargaining have increased, and the surviving unions successfully protected their members during the 2008–2009 economic crisis. The institutional adjustments related to EU accession played a crucial role in strengthening unions. The unionization outlook is less clear, as several factors are further weakening unions' presence. Policy support for improving social dialogue and developing better industrial relations may benefit employees, employers, and the government.