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# Bargaining for Productivity: the case of Spain

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# OUTLINE

- The economic context and productivity
  - Policies on productivity
- The institutional context: the relationship between productivity and collective bargaining
  - Productivity as an input and output
- Productivity and collective bargaining in four sectors and five dimensions
- Concluding remarks and policy considerations

# ECONOMIC CONTEXT

- Low and stagnant productivity levels have been a major concern of social partners and policy makers in Spain during the years before the Great Recession.
- During the crisis productivity has increased due to the fall in total employment as well as to the stronger impact on the construction sector
- At aggregate level, the main factors explaining low productivity are three:
  - the predominance of low productivity sectors (HORECA)
  - the predominance of SMEs;
  - the lower technological endowments of many Spanish firms.
- Productivity is accordingly a problem, but CB does not seem to be regarded as part of the solution to it
- With the only exception of the automotive sector

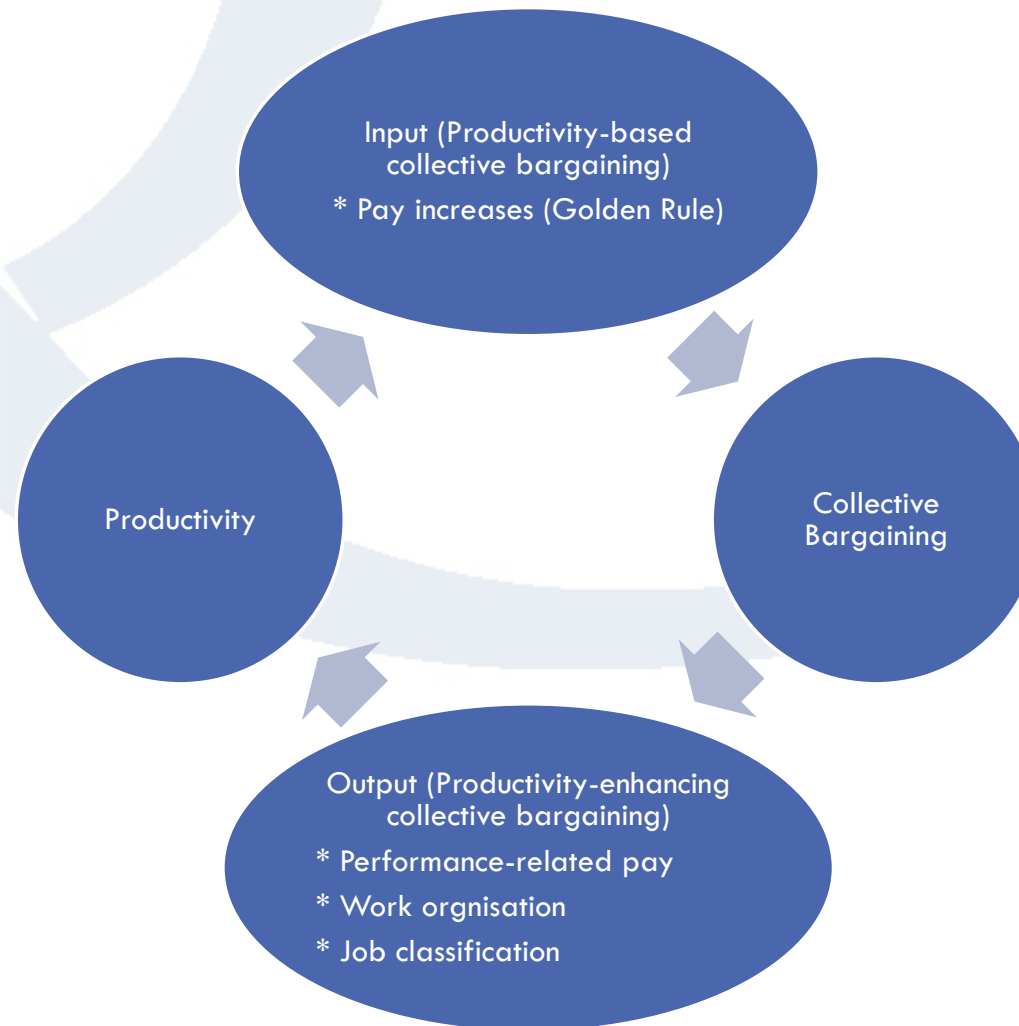


# POLICIES ON PRODUCTIVITY

- Notwithstanding the productivity problems experiencing the Spanish economy, very little has been made in order to reverse this situation
- There is consensus among social partners that the low levels of productivity are caused by:
  - The importance of low productivity sectors in GDP
  - The predominance of SMEs
  - High rates of temporary employment
- But disagreement as to how this should be addressed:
  - Employers: collective bargaining introduces rigidities + training
  - Trade unions: need for industrial policies and enhanced employee involvement



# PRODUCTIVITY AND COLLECTIVE BARGAINING



# THE INSTITUTIONAL CONTEXT

- The golden rule of productivity + inflation is very prominent in the discourse, and plays an increasingly important role at macro and meso level (Peak inter-sectoral agreements)
- Inflation still very important
- But productivity enhancing collective bargaining remains weak, with some exceptions
- Widespread perception among scholars and practitioners that collective bargaining has a marginal impact on aggregate or individual productivity
- Main institutional reasons for this:
  - The distributive component of collective bargaining remains very important: Collective bargaining as zero-sum bargaining
  - Company-level bargaining conceived more as an opting-out mechanism to lower conditions negotiated at sectoral level rather than a way to achieve better employment relations
  - Low levels of employee involvement and participation

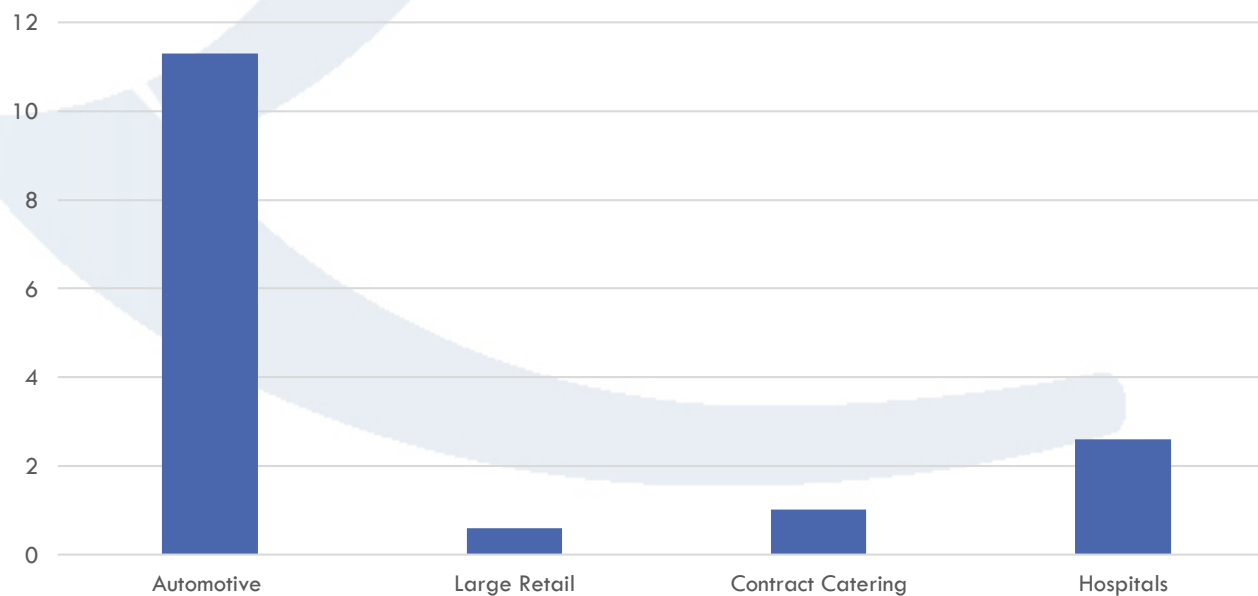


# PRODUCTIVITY AND COLLECTIVE BARGAINING: A SECTORAL APPROACH

		Skills	
		Medium-Low	Medium-High
Company Size	SMEs	Contract Catering	
	Large	Large Retail	Automotive / Hospitals

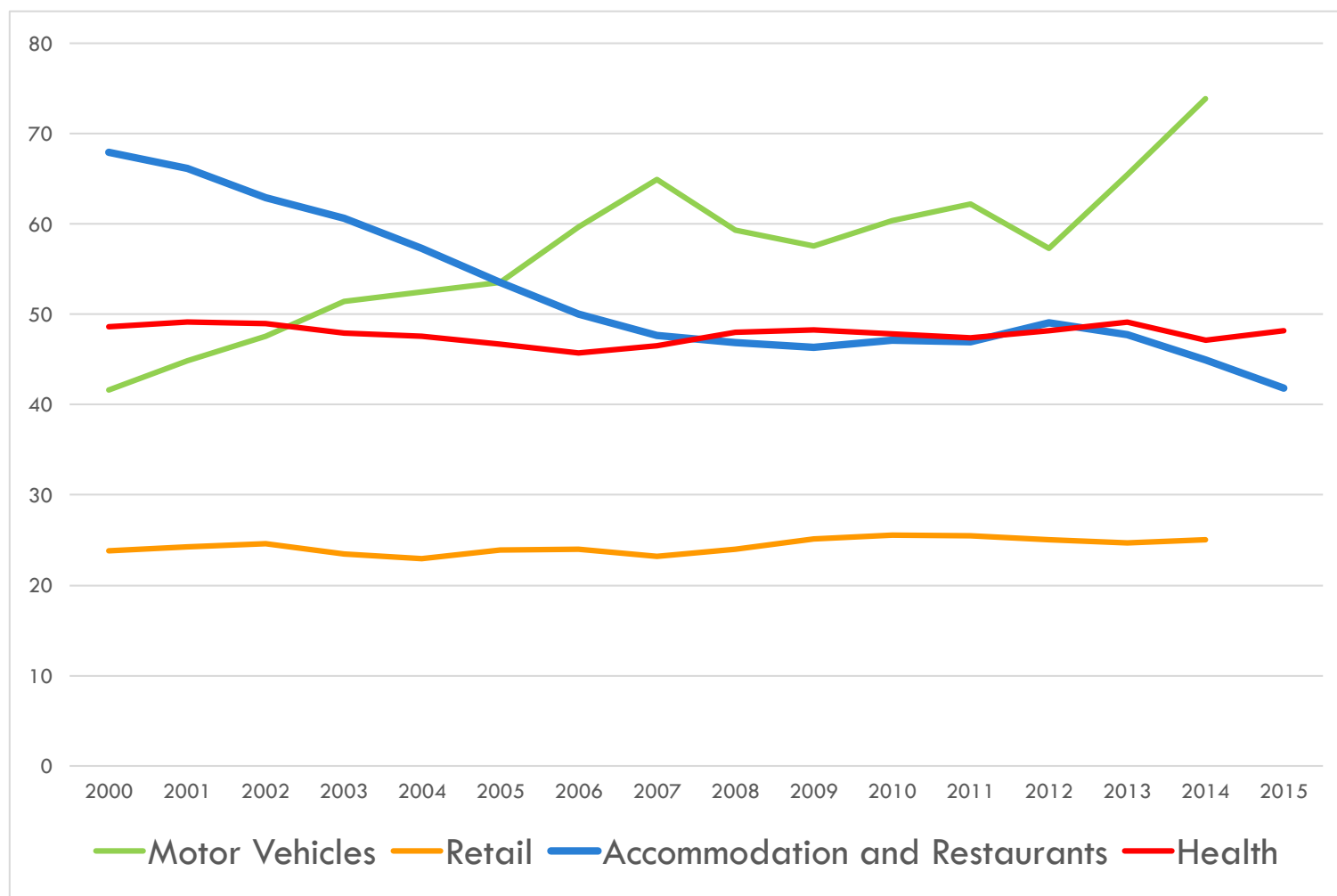
# COLLECTIVE BARGAINING IN THE FOUR SECTORS

% Firms with their own collective agreement





# PRODUCTIVITY LEVELS AND DEVELOPMENTS



# PARTICIPATION AND INVOLVEMENT

- Participation and involvement is a dimension that cross-cuts all the other
- The workers' statute and customary practices establish a series of areas with more intense workers' involvement through bi-partite committees. This is the case of equality issues, health and safety at work and skills and training.
- Little innovation in collective bargaining in relation to participation and involvement.
- In those companies / sectors where performance-related pay is present, collective agreements contain clauses establishing the involvement of workers in reviewing and monitoring the use of productivity indicators.



# EMPLOYEE REWARD

- The existence of performance-related pay clauses varies significantly across the sectors compared.
- As expected, performance-related pay is more important in the automotive sector.
- In the case of hospitals, only in the public sector we observe these clauses, whilst in the private sector these clauses are absent.
- Another sector where we've found these clauses is large retail, where we've found some sophisticated schemes at plant level.
- One of the conditions positively influencing the existence of performance related pay is the possibility to base it on objective measurement of plant or individual performance.



# SKILLS AND JOB CLASSIFICATION

- In all sectors analysed, sectoral agreements are in charge of defining the main occupational categories and job classification schemes.
- The definition of functional areas with different tasks and categories is a common trait to all four sectors analyzed; variance found in the degree of vagueness in defining them in order to facilitate functional mobility.
- The analysis of sectoral collective agreements shows very general formulations on these issues, including commitments to develop mechanisms to accreditate skills acquired, allow workers to use individual training permits etc.
- Very limited role of training in collective agreements (but increasing emphasis on accreditation of work-based skills)



# WORK ORGANISATION

- Work organization is a prerogative of management and this is explicitly stated in all collective agreements.
- This means that no direct clauses addressing how work is organized have been included at meso or micro level in most of the sectors analyzed.
- However, in some of them some issues strongly related to work organization are addressed. These include for instance the use of different types of contracts or the definition of occupational categories (as this impacts upon functional flexibility).
- The only exception is the automotive sector, where all the company collective agreements analyzed include detailed articles dealing with work organization arrangements and the existence of workers' participation instances in order to negotiate these.



# INCLUSION AND DIVERSITY

- Finally, the area where less evidence has been found of a relation with productivity enhancing collective bargaining is inclusion and diversity.
- Very limited presence of clauses in relation to this in collective bargaining either at meso or micro level.
- Inclusion and diversity at the moment falls in the area of CSR, not collective bargaining; hence depending on a more voluntarist approach rather than requiring detailed treatment in collective agreements.
- That said, there are some examples of clauses to promote inclusion of certain disadvantaged groups, including handicapped.



# CONCLUDING REMARKS

- Collective agreements are still considered mostly as purely regulatory mechanisms, rather than a way to improve the quality of employment relations and allow companies and workers to enhance efficiency and productivity levels
- The five areas analyzed in this report are accordingly still viewed through distributional glasses, therefore hindering the development of more innovative approaches to enhance labour productivity:
- The observed differences across sectors as well as within them are related to the skill characteristics of the workforce and the type of company. Productivity enhancing collective bargaining is accordingly more likely to exist in those sectors / companies with medium-high average skill levels.
- Company size is another variable positively correlated to productivity-enhancing collective bargaining.
- Difficult to move from a CB regime focused on distribution, zero-sum strategies towards a productivity-enhancing model
- Limited employee participation (work organisation) and strong reluctance to expand it