

Union wage gaps in multilevel industrial relations systems

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According to Freeman (1980), unions wage policies aim at reducing the wage dispersion of workers. One of their mean of action is to encourage a wage redistribution which benefits the worst paid workers. As a result, it is expected that blue collars benefit more from wage bargaining than white collars and that the union wage gap is larger for female workers than for male workers. The impact of unions on the wage levels of different categories of workers has been widely tested in Anglo-Saxon countries (United States, United Kingdoms, Canada). Lewis (1986) shows that nearly all studies conducted in United States report larger wage differentials for blue collars than for white collars. Vella and Verbeek (1998) confirm these results for a more recent period. For Canada, Robinson and Tomes (1984) show that the impact of wage bargaining is negatively correlated with the education level. According to Booth (1995) which presents the results of a large number of studies conducted in the United Kingdom, the same occurs in this country : skilled workers benefits less from wage bargaining than semi-skilled or unskilled workers. More recently, Forth and Millward (2002) and Metcalf et al. (2001) find the same. The results are less homogeneous concerning the impact of the wage bargaining on male and female workers : Lewis (1986), for USA, concludes that the difference between male and female wage gaps has a ambiguous sign and has a magnitude close to zero. For UK, Yaaron (1990) finds that male workers benefit more from wage bargaining than female workers, but Metcalf et al. (2001) find inverse results. In those countries, the main level (and often the only level) of bargaining is the firm level. The industrial relation system is then different from the system that is generally found in continental Europe. In those countries, almost all employees are covered by a national and / or industrial collective agreement and, in addition, some firms conclude their own local collective agreements. As far as we know, only Dell'Aringa and Lucifora (1994) test the impact of unions on wage levels of different categories of workers in a country (Italy) with more than one level of collective bargaining. They find that the union wage differential is larger for white collars than for blue collars, in the metal-mechanic industry. The aim of this paper is to test the impact of local bargaining on the wage levels of blue and white collars and of males and females in 5 countries which are characterized by a multilevel system of bargaining : Belgium, Italy, Spain, Denmark and Ireland. We compare wages of employees which are covered by a firm's collective agreement with wages of employees which are covered solely by national and / or industrial collective agreement. We use for this a unique employer – employee matched harmonized database (European Structure of Earnings Survey, 1995). This survey covers the whole private sector and contains a wealth of information, provided by the management of the establishments, both on the characteristics of the latter (sector of activity, region, size of the establishment, level of wage bargaining, etc.) and on the individuals working there (gender, age, experience, seniority, education, wages, number of working hours paid, occupation, etc.). Our preliminary results show that, like in Anglo-Saxon countries, blue collars benefit more from local bargaining than white collars in Belgium and Spain but it is the inverse in Italy. The union wage gap is larger for females in Spain, larger for males in Italy, and more or less the same for both gender in Belgium.