

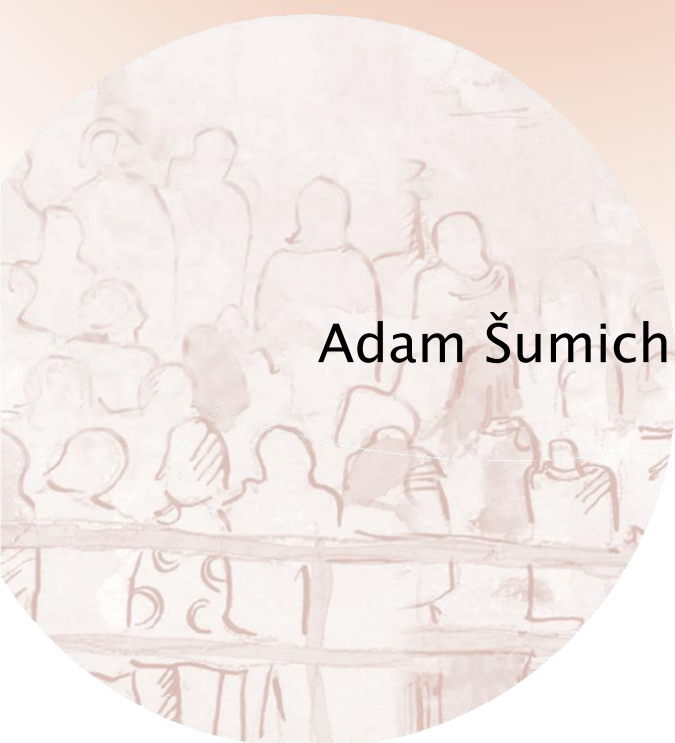


Central European
Labour Studies
Institute

BARWAGE:

Discretion and (de)centralization in wage bargaining in the construction, hospitality, urban transport and waste management sectors:

A study on Czechia



Adam Šumichrast

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BARWAGE



Utrecht
University



Fondazione Giuseppe Di Vittorio



**Discretion and (de)centralization in wage bargaining in the
construction, hospitality, urban transport and waste
management sectors: A Study on Czechia**

BARWAGE Report No. 5

Adam Šumichrast¹

July 2024



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Abstract

This report identifies and analyses the wage setting practices in Czechia, focusing on four specific sectors – construction, hospitality, urban transport, and waste management. As part of the BARWAGE project² this report seeks to understand how exactly wage is setting in these sectors, with a focus on low-wage workers (if relevant) is occurring, which actors are involved, what is the starting point of this process and where does it lead to in terms of institutional stability or change of the wage setting institutions.

The findings reveal that sectoral wage setting has historically played a minor role, with only certain wage components, like bonuses and special cases, being adjusted. These adjustments set a base but can be overridden by company collective agreements. Except for the construction sector, sectoral collective bargaining is declining, as seen in urban transport, or is nonexistent, as in waste management. Wage setting is primarily driven by company-level bargaining, with the statutory minimum wage having a limited impact, except in hospitality. Individual bargaining is not significant. In unionised workplaces, wage negotiations are typically conducted by the union, with little individual negotiation.

Keywords: wage setting, collective bargaining, statutory minimum wage, industrial relations

Disclaimer

This report reflects the views of the authors only; the European Commission or any other funding agency or consortium partner cannot be held responsible for any use that may be made of the information contained therein.

² BARWAGE – The importance of collective bargaining for wage setting in the European Union, funded by the European Commission. Directorate-General for Employment. Social Affairs and Inclusion – 101052319.

BARWAGE

BARWAGE investigates the potential of collective bargaining as a tool for ensuring adequate minimum wages in the European Union. It explores the size of four wage-setting arenas across EU countries and industries: the national or peak level, sector-level collective bargaining, firm-level collective bargaining, and individual (non-collective) negotiations. BARWAGE uses microdata to identify what share of the workers earning under 110% of the statutory minimum wage are covered by sectoral or enterprise collective bargaining. Using coded data of 900 CBAs from 9 EU countries, the presence and nature of pay scales in the sectoral and firm-level collective bargaining agreements (CBAs) are analysed. To deepen the insight into the impact of collective wage bargaining, national level data will be used to detail the wage arenas in 2 EU countries (Netherlands and Italy). The project lasts 2 years (2022-2024) and includes 6 work packages.

Utrecht University

The Faculty of Social & Behavioural Sciences of Utrecht University is a leader in education and research in the social and behavioural sciences. The Department of Interdisciplinary Social Science deals with issues such as discrimination in the job market, reintegration at work, growing up in a multicultural neighbourhood, developing your individual identity, high-risk behaviour in young people, growing inequality and the accessibility of care. Interdisciplinary Social Science focuses on understanding these complex issues and on finding solutions to the individual and societal problems that play a role in them.

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WageIndicator Foundation

WageIndicator Foundation collects, compares and shares labour market information through online and offline surveys and research. Its national websites serve as always up-to-date online libraries featuring (living) wage information, labour law and career advice, for employees, employers and social partners. In this way, WageIndicator is a life changer for millions of people around the world.

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Methodology

This report is based on desk research, semi-structured research interviews and internal trade union analytical materials concerning the analysis of the content of company-level collective agreements (which are regularly published by the Czech Moravian Trade Union of Hospitality, Hotels, and Travel Industry).

Respondents from both sides (trade unions and employer organisations) at the sectoral level in the construction, hospitality sector, urban transport, and waste management were approached. Employer representatives did not take the opportunity to provide an interview. A total of three interviews were conducted with representatives of the sectoral trade unions for construction, the HORECA sector, and urban transport. In the Czech context, the waste management sector is specific as it is not organised at the sectoral level. However, a representative from the urban transport sector, operating within the Trade Union of Transport Workers, Road Management, and Automotive Repair of Bohemia and Moravia, partially covers waste management.

The transcription of the interviews into Czech was done using Sonix software. Due to the low number of interviews, analytical coding was not performed. Relevant information was used directly. Unless otherwise stated, specific information in the relevant chapters about individual sectors comes directly from the respondents.

1. Introduction

Czechia, located in Central Europe, has a population of approximately 10.7 million people. The country boasts a diverse economy with several dominant sectors, including manufacturing, automotive, and services. Czechia has undergone significant changes in the past three decades, transitioning from a centrally planned to a market-oriented economy.

After 1989, a number of trade union confederations emerged, with the dominant one becoming ČMKOS; the Czech and Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů). This organisation represented almost 300,000 members in 2022, accounting for around 70 percent of all trade union members. Trade unions were reborn within a fairly favourable institutional framework, which provided their activities with institutional support and gave them tools to protect employees in the transformation period via the Collective Bargaining Act (Zákon o kolektivním vyjednávání). This act was adopted following advice from the International Labour Organization, creating a framework for social dialogue. Collective bargaining coverage was 35 percent in 2020 and is primarily decentralised at the company level. Agreements signed at the industry level, meaning with employers' organisations, cannot stipulate worse conditions for employees than those provided by law (Martišková and Šumichrast 2023).

1.1 Brief Notes on Wages

In the third quarter of 2023, according to the Czech Statistical Office, the average nominal wage rose to 42 658 CZK (approx. 1,760 EUR). In the third quarter of 2023, the median wage was 37 492 CZK (approx. 1,548 EUR). Median wages increased by 7.1% compared to the same period of the previous year, reaching 40 153 CZK (approx. 1,658 EUR) for men and 34 705 CZK (approx. 1,435 EUR) for women. Eighty percent of employees received a wage between 19 835 (approx. 819 EUR) and 66 998 CZK (approx. 2,770 EUR).³

The minimum decent wage for Czechia should be (according to Minimum decent wage initiative)⁴ 40 912 CZK (approx. 1,688) in 2022. According to WageIndicator Foundation for the 2023-year, lower bound living wage should be 26 212 CZK (approx. 1,083), upper bound 32 209 CZK (1,330).⁵

Czechia had a relatively moderate level of income inequality compared to other European Union countries. In terms of the Gini index,⁶ Czechia has a value of 26.2 (2020).⁷ This suggests a moderate level of income inequality, with income distribution more evenly spread compared to countries with higher Gini coefficients. In 2019, the Kaitz index value for Czechia was 39.3% (Martišková et al. 2021) meaning that the minimum wage was 39.3% of the median wage. This ratio indicates how the minimum wage compares to the median wage, providing insight into the purchasing power of low-income workers and the overall wage distribution within the country. Regarding inflation from January 2022 to January 2023, Czechia was the third worst performer in terms of the EU27, with inflation of almost 20% (Aumayr-Pintar 2023, 9). According to the last data from this year, average wages in Czechia fell again in real terms in the third quarter, the ninth quarter in a row. Although wages are rising in nominal terms year-on-year, their increase still does not cover high inflation. Compared to 2019, real wages fell by 8.2%.⁸ (ČSÚ 2024).

Employees with a contract of limited duration (annual average) in Czechia for 2023 were 25.1%, an increase of around 2% compared to the previous two years. Regarding persons employed part-time, the number in Czechia for 2023 is 6.7%, which is the highest number from the available statistical data since 2012.⁹

³ Czech Statistical Office. (2023). Průměrné mzdy - 2. čtvrtletí 2023 [Average wages - 2nd quarter of 2023]. <https://www.czso.cz/csu/czso/cri/prumerne-mzdy-2-ctvrtleti-2023>

⁴ Důstojná Mzda. (n.d.). Minimum decent wage. <https://www.dustojnamzda.cz/minimum-decent-wage/>

⁵ WageIndicator Foundation. (n.d.). Living wage. <https://wageindicator.org/salary/living-wage>

⁶ The Gini index is a measure of income inequality within a population, ranging from 0 (perfect equality) to 100 (perfect inequality).

⁷ The average for 2020 was 30. Gini index - European Union: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=EU>

⁸ Czech Statistical Office (2024). Vývoj českého trhu práce – 4. čtvrtletí 2023. https://www.czso.cz/documents/10180/190537098/cpmz030524_analyza.docx/46727be6-e3eb-4f35-95de-2883b7416dad?version=1.0

⁹ Trading Economics. (n.d.). Czech Republic part-time employment rate: Eurostat data. <https://tradingeconomics.com/czech-republic/part-time-employment-rate-eurostat-data.html>

1.2 The System of Wage Fixing and Bargaining on Wages

In Czechia, the minimum wage system is structured with various coefficients to account for different job complexities and skill levels (currently eight coefficients). These coefficients are applied to the base minimum wage to determine the appropriate minimum wage for different job categories, ensuring that more complex or skilled work is compensated at higher rates (it is assumed to be full-time work with a 40-hour workweek). They are referred to as guaranteed wages. The current statutory minimum wage in Czechia is 18 900 CZK (approx. 760 EUR) per month in 2024, which is the lowest coefficient. The sum for the highest, eighth coefficient is 37,800 CZK (approx. 1,549 EUR).

For comparison, according to data from the Czech Statistical Office from the third quarter of 2023, the gross monthly nominal wage was 42 658 CZK (approx. 1,717 EUR) and median wage CZK 37 492 CZK (approx. 1,509 EUR).¹⁰

After unsuccessful attempts in recent years to establish a new method for adjusting the statutory minimum wage, the new government, which came into office following the October 2021 parliamentary elections, announced its plans in a program statement issued in January 2022. This statement outlined the government's intention to introduce an automatic indexation system for the minimum wage. In March 2024, the government approved a law amendment ensuring that the minimum wage will be set at approximately 45 percent of the average wage. Additionally, the number of guaranteed earnings coefficients will be reduced from eight to four, affecting only the salaries of employees in the public sector and regional government.

Although the statutory minimum wage for 2024 has risen, the problem lies in guaranteed wages. During the interview period, the scenario in play was that only the lowest and highest steps have been adjusted. This raises a concern within the trade unions, that the ministry is trying to eliminate the lowest levels of guaranteed wages altogether and only leave the statutory minimum wage in effect. Finally, the Czech government approved an increase in four of the eight levels of the guaranteed wage (the three lowest and the highest). Moreover, in June, an amendment to the Labor Code was passed. The Czech government has decided to abolish the system of guaranteed wages, which ensured different minimum wage levels based on job complexity and responsibility.¹¹

In the broader context of political development, the statutory minimum wage had stagnated for many years under right-wing coalitions. However, increases in this regard began to occur in 2014 under the ruling coalition led by the Social Democratic Party (Table 1), and this trend has since been maintained (Table 2). Even though the Kaitz index is relatively low, the national statutory minimum wage setting represents a reference point for company-level wage bargaining (Martišková et al. 2021).

¹⁰ Czech Statistical Office. (2023). Average wages - 3rd quarter of 2023. <https://www.czso.cz/csu/czso/ari/average-wages-3-quarter-of-2023>

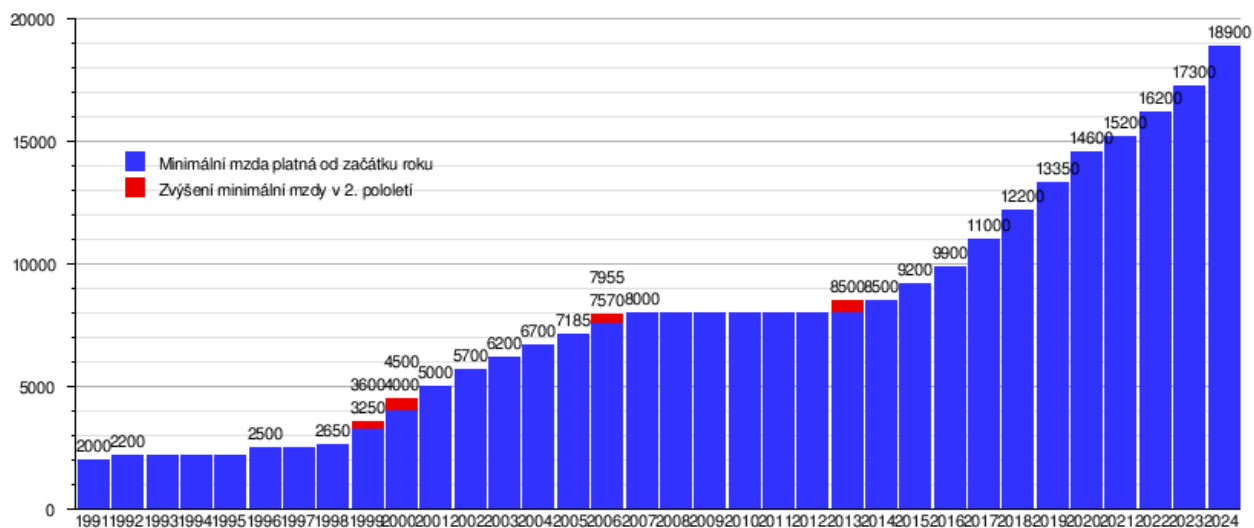
¹¹ iDNES.cz. (2024, June 28). Poslanci zrušili přes protesty zaručené mzdy v soukromém sektoru [MPs abolished guaranteed wages in the private sector despite protests]. https://www.idnes.cz/zpravy/domaci/zakonik-prace-zvysovani-minimalni-mzdy-snemovna-zarucena-mzda.A240628_042214_domaci_kop

Table 1: Average wage, statutory minimum wage and Katz index (2009-2018)

Czechia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average wage (euro)	857,3	914,5	961,1	964,1	930,1	903,8	942,6	993,0	1089,9	1209,3
Average wage (CZK)	22 663	23 123	23 634	24 245	24 165	24 887	25 713	26 846	28 694	31 015
Statutory minimum wage (CZK)	8000	8000	8000	8000	8000	8500	9200	9900	11 000	12 200
Kaitz index	35,30%	34,60%	33,80%	33,00%	33,10%	34,20%	35,80%	36,90%	38,30%	39,30%

Source: Martišková, M., Kahancová, M., & Kostolný, J. (2021)

Table 2: Growth of the minimum wage in CZK, 1991-2024



Zdroj: Ministerstvo práce a sociálních věcí

Source: Ministry of Labour and Social Affairs

At the peak level, it is primarily the level of the statutory minimum wage that is addressed. Additionally, there are campaigns like 'The end of cheap labour in Czechia,' led by union confederations, which aim to increase wages and bolster collective bargaining (Martišková and Sedláková 2017, 64).

Collective bargaining coverage in Czechia was 35% in 2020. In the Czech industrial relations system, company-level collective bargaining is crucial for determining working conditions. These conditions often exceed national legislation and industry standards. Collective agreements typically address aspects like pay, working hours, and additional benefits, surpassing the minimum requirements of the Labour Code and the statutory minimum wage. In 2019, 85.5% of company-level agreements included provisions for pay increases, while 78% set fixed statutory minimum wage scales for various worker categories within the company (Martišková and Šumichrast, 2023, pp. 302-303). Sectoral collective agreements usually offer only a general framework and make only minor improvements over what is already provided by the Labour Code. Major issues are often addressed through negotiations at the company level (Myant, 2019, p. 135).

The importance of sectoral collective bargaining has been steadily decreasing over time. For example, employers' organisations have been altering their legal status to avoid functioning as social partners, which weakens sectoral bargaining. However, in sectors like banking, construction, transportation, and aerospace, sector-level collective bargaining still remains in place.

In the event that there is a sector-level agreement, there is a relatively high level of coordination between sector and company level, especially among employers. This is the case of banking where conditions are set at the sector level are slightly improved at the company level. Often, the same negotiators participate at the sector level and then on the company level.

In case the sector does not have collective bargaining, there is a soft and non-binding coordination at the level of organisation. Thus, trade unions coordinate among their members, and employers partially coordinate, especially in terms of wage setting (e.g. in the automotive industry). Trade union density in Czechia is 11 % (2020); employer organisation density 60% (2018).

2. Sector Profiles on Wages and Bargaining

2.1 Construction Sector

The development of the construction sector in Czechia over the past few decades has been quite unstable. There was systematic growth throughout the 1990s continuing to 2008, followed by a stable, moderate decrease after the 2008 crisis, with a positive variation observed in 2014 and 2015. Both the Covid-19 pandemic since 2020 and Russia's attack on Ukraine in 2022 have negatively impacted the construction sector. The latest data show that employment in the construction sector includes 417 thousand people, including entrepreneurs, for 2022, with an increase of almost 14 thousand people. This represents 7.7% of the total number of employed people in the economy.¹² According to employers in construction, there is a constant shortage of workforce in the sector.

The average wage in the construction industry for the third quarter of 2023 is 37 458 CZK (approx. 1,535 EUR). In 2022, the average number of employees in the construction sector was 212 100. This figure represents a decline compared to previous years; for example, in 2000, construction companies employed around 270 000 individuals. The issue of a shortage of skilled workers has been a long-standing challenge for construction firms.¹³ The average wage for a construction worker is 21 971 CZK (approx. 901 EUR).¹⁴

Flexible and precarious forms of employment are common in the construction sector as well as false self-employment, especially in smaller companies (Trčka et al. 2018). This phenomenon is also strongly associated with labour migrants from third countries, especially Ukrainians, to compensate for the shortage of workers (Martišková & Šumichrast, 2022).

The social dialogue in construction is taking place between the Czech Association of Employers in Construction on the employer's side and the Trade Union STAVBA. Social partners have been concluding higher-level collective agreements for the construction sector since 1992, so the sectoral level collective bargaining in the construction sector is well established. The last collective agreement was signed for the years 2019-2024, but it stipulates sector statutory minimum wages only at a slightly higher level than the statutory minimum wage (Martišková-Šumichrast, 2022).

There are several levels within the construction field that impact the final wage effect. Firstly, there is negotiation at the individual enterprise level, which is often preceded by negotiation of certain legal or non-negotiable minimum standards for the industry. Secondly, the sector also influences bargaining at the national level, at the tripartite level, where sector representatives are involved.

In general, the construction in Czechia is currently exceptional in that there has been uninterrupted bargaining at the sectoral level since 1991. The sectoral collective agreement is typically concluded for a longer period (e.g., 5 years), but a wage supplement is negotiated annually.

In the higher-level collective agreement for the construction sector, a 12-tier wage tariff is established (1 to 7 for manual positions and 8 to 12 for other positions), where the first tier

¹² Ministry of Industry and Trade of the Czech Republic. (2023). Construction of the Czech Republic 2023. https://www.mpo.cz/assets/cz/stavebnictvi-a-suroviny/informace-z-odvetvi/2023/12/Stavebnictvi-2023_3.pdf

¹³ Czech Statistical Office. (2023). Průměrné mzdy - 3. čtvrtletí 2023 [Average wages - 3rd quarter of 2023]. <https://www.czso.cz/csu/czso/cr/prumerne-mzdy-3-ctvrtleti-2023>

¹⁴ According to www.prumerneplaty.cz (average salaries).

corresponds to the statutory minimum wage. However, in practice, the statutory minimum wage is not very significant for the sector. Regarding guaranteed wages, collective bargaining is also not necessarily dependent on them. A certain range is set, which is negotiated in increments and then averaged. Even during times when the statutory minimum wage was not increasing (and similarly, neither were the guaranteed wages), unions continued to negotiate wage increases. But generally, construction unions welcome the rise in the statutory minimum wage, as it puts upward pressure on wages.

At the sectoral level, in addition to the guaranteed wage tariff levels, negotiations include additional payments for overtime, holidays, weekends, extra compensation for harsh working environments, night shifts, or on-call work. These represent minimums that are considered minimum for company level bargaining, but they can be negotiated higher.

Wage levels are primarily influenced by the largest firms, where negotiations commence first. By the time bargaining begins at the sectoral level, negotiations have typically concluded in these key firms, laying the groundwork for subsequent wage negotiations in medium-sized and smaller firms, where the bargaining power of the union is smaller.

The binding nature of a sectoral agreement legally extends to others that have 20 or more employees. This factor, in the context that these small companies are very numerous, may reduce wage levels in the sector (compared to national monthly averages, wages in unionised companies are approximately CZK 9,000 higher). Estimates of collective bargaining coverage in the sector are 60 to 70%. The primary tier for wage setting is company level. There, monthly bonuses, various semi-annual bonuses, annual bonuses, 13th wages, 14th wages, and various benefits are negotiated.

When individual negotiations occur, they go outside the scope of union activities, and there is no information about them.

2.2 Hospitality Sector

The situation of trade union organisation in the hospitality sector implies the level of the average wage in the sector, which is the lowest of all sectors of the national economy. This is directly related to the situation in the hospitality segment of the sector. In general, the Czech Moravian Trade Union of Hospitality, Hotels, and Travel Industry mainly covers the hotel industry, failing to establish basic trade union organisations in restaurants (in the hotel industry, wages are higher than in restaurants).

The Covid-19 pandemic resulted in the government closing hotels for up to 280 days, halting any negotiations. On the other hand, the situation in 2020-2022 created later conditions for the recruitment of new employees to replace those who left the sector, which led to the negotiation of a higher wage indexation than that provided for in the collective agreements for 2023.

The employees in the hospitality sector are vulnerable in the labour market. The issue of envelope wages also applies to the restaurants segment, which distorts the average wage. The HORECA sector is also characterised by having a high number of agency workers where unions do not have access to information on how they are remunerated. These are the lowest positions, maids and cleaning services, it is estimated that 30 to 50% of these positions are covered by employment agencies.

The situation in Czechia regarding the minimum wage and especially its guaranteed levels has created a bargaining problem for the unions in the HORECA sector, where employers follow the guaranteed steps, and unions are forced to adapt. Roughly 40% of the collective agreements concluded in the sector contain a 10-tier wage tariff system, with an increase in statutory minimum wage tariffs in line with the increase in the statutory minimum wage. Finally, at least four of the eight levels of the guaranteed wage (the three lowest and the highest) were increased. The regulations for the provision of incentive components of wages (such as performance bonuses) are stipulated in 70% of collective agreements.¹⁵

The sectoral union currently functions as a “methodological centre” for negotiating enterprise collective agreements at individual employers (there are no released trade union officials in the basic organisations). The sectoral representatives directly draft the enterprise collective agreements and participate in the individual negotiations. There is a higher-level collective agreement for the HORECA sector, but it does not deal with wages at all. Wage indexation used to be negotiated as part of the sectoral collective agreement, but it has not been done in recent years.

Sectoral collective bargaining has been stable, functional since the 1990s. The problem lies in the wage area, which employers are avoiding at this level because there is no consensus within the employers' union on this matter. In the past, unions were able to negotiate wage adjustment of, say, one percent or two percent at the sectoral level, as well as determine the amount of overtime pay, Saturday and Sunday work, but now they cannot. It relates to the employers' reluctance to deal with wage matters stems from their inability to reach consensus among themselves. The phenomenon of employers purposefully withdrawing from the employers' organisation to avoid sectoral collective bargaining does occur to some extent, but it is not a widespread issue.

The focus of bargaining is at the company level. For the year, Czechomoravian Trade Union of Hospitality, Hotels, and Travel Industry concluded 10 collective bargaining agreements, a number which has decreased (by comparison, 14 were concluded in 2018).¹⁶

Wage developments were negotiated in only 30% of company collective agreements, mainly through an average nominal wage increase of 8%. However, in view of inflation, wage increases have been implemented in several companies outside the commitment of the collective agreements. Since wage components are not negotiated in sectoral collective agreements, areas such as overtime, night work, weekend premium pay, or on-call pay are found in most company collective agreements.¹⁷

When individual negotiations occur, they go outside the scope of union activities, and there is no information about them.

¹⁵ Evaluation of the commitments of the collective agreements concluded for the year 2023 by the Czechomoravian Trade Union of Hospitality, Hotels, and Travel Industry.

¹⁶ Evaluation of the commitments of the collective agreements concluded for the year 2018 by the Czechomoravian Trade Union of Hospitality, Hotels, and Travel Industry, available online: <https://www.odbory.info/obsah/5/vyhodnoceni-zavazku-kolektivnich-smluv-uzavrenych-na-rok-201/23258>

¹⁷ Evaluation of the commitments of the collective agreements concluded for the year 2023 by the Czechomoravian Trade Union of Hospitality, Hotels, and Travel Industry.

2.3 Urban Transport

In transportation and storage, the average wage for the third quarter of 2023 is 39 374 CZK. Average number of registered employees (full-time equivalent) in this sector for the period is 256,8 Thous. (Out of 4033,6 Thous.).¹⁸

The social dialogue in urban transport is taking place between the Transport Association on the employer's side and the Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia. The last sectoral collective agreement expires in 2024. Data for collective bargaining coverage in the sector are unknown.

The average wage in the urban transport sector in the half-year 2023 was 46 875 CZK, for drivers it was 46 024 crowns CZK. The average earnings are thus about 8% higher than the average wage in Czechia (it also depends on the region, e.g. drivers in the capital city of Prague have an average salary of 53 800 CZK, metro drivers in Prague up to 62 600 CZK and in smaller towns it is between 37 and 40 000 CZK). The ratio of wage tariffs and tariff components (bonuses and various allowances) is approximately 70:30.

Statutory minimum wage does not impact wage level in the urban transport sector directly. Also, the various allowances are calculated based on a minimal wage tariff that is determined in a higher-level collective agreement, which is much higher than the statutory minimum wage.

Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia covers four separate higher level collective agreements: public transport, road management (including two categories, some of which are commercial organisations of the region, while the contributory ones differ, particularly regarding salaries, which are tied to government regulations, and the commercial ones negotiate independently, determining wage structures and tariffs), and also transportation construction. In the latter case, however, only six organisations negotiate the higher-level collective agreement in collaboration with the Trade Union Construction, which traditionally represents the construction sector.

As for the public transport sector, nearly all public transport organisations or joint-stock companies in Czechia have withdrawn from the Transport Association, except for one which remains in the Transport Association. Consequently, trade unions are unable to negotiate a sectoral collective agreement by 2024, the last concluded sectoral collective agreement expired, and there will be no further negotiations. These organisations are now affiliated with the Association of Transport Enterprises, which however lacks the legal status of employers' organisation for sectoral collective bargaining. According to a union official, this was a deliberate act. This tactic aims to circumvent collective bargaining at the sectoral level, and this trend has been noticeable for more than 5 years.

As a result of the calculated act, in the last sectoral collective agreement, there were no wage tariff scales regulating wages, only individual bonuses, allowances for night work, weekends, overtime or allowances for work in a difficult environment. Wage tariff scales are to be found in company collective agreements. In the same way, the other transport union (specifically the road transport section) is almost completely unconcerned with wage setting at the sectoral level. This situation

¹⁸ Czech Statistical Office. (2023). Průměrné mzdy - 3. čtvrtletí 2023 [Average wages - 3rd quarter of 2023]. <https://www.czso.cz/csu/czso/cr/prumerne-mzdy-3-ctvrtleti-2023>

subjectively benefits employers who tend to avoid sector-level collective bargaining, and unions are not in a position to effectively counter this trend. However, it can be added that research shows that employers can also benefit from sector-level collective bargaining (Ceccon et al, 2023).

The sectoral trade unions have adapted to the situation and are now acting as a kind of service for the negotiation of company collective agreements at individual employers, commenting on draft agreements, and advising on how to proceed. In rare cases, they are also directly involved in the bargaining process. According to the trade union respondent, the current functioning is satisfactory because in the past they were more concerned with sectoral collective agreements, and the company collective agreements were more left to the specific transport companies. Even in the context of the current EU directive on adequate statutory minimum wages, the respondent does not see potential or activity to strengthen sectoral bargaining.

At the company level, in transport companies there are collective agreements everywhere at a good level when it comes to wages. Within the Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia, there are 134 registered constituent organisations, each of which has a company collective agreement.

When individual negotiations occur, they are outside the scope of union activities, and there is no information about them.

2.4 Waste management Sector

Comprehensive data on the waste management sector is limited, primarily due to its decentralised nature, which prevents its separate categorization in the statistics of the Czech Statistical Office. Typically, the waste management field encompasses municipal services provided by individual cities. Some municipal services, in which unions are active, are organised under the Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia, such as "Prague Services. Collective bargaining takes place at the company level.

As in the case of public transport, there are regional differences in terms of wages, with workers in the Municipal Services of Prague earning more than in other regions and cities. Employees of the Municipal Services also have substantial benefits.

There is no sectoral bargaining in the waste management sector, but given that the Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia covers road management and maintenance, certain regional organisations may also handle waste management, subject to specific contracts with the city.

For example, Prague's services have a waste management agenda, but are not covered by a sectoral collective agreement, they are not in the Trade Union of Transport, Road Management, and Road Repair Workers of Bohemia and Moravia.

By examining the Prague Services wage tariff tables in the company's actual collective agreement, it can be observed that the lowest basic tariff level closely aligns with the statutory minimum wage level. However, the final wage comprises various specific surcharges for waste management.

When individual negotiations occur, they go outside the scope of union activities, and there is no information about them.

3. Conclusion and discussions

3.1 Uprating of wages in the four sectors (cross-sectoral view)

In general, the uprating of wages for low-wage workers is no different from wage setting for other better-paid workers. Bargaining predominantly occurs at the company level, where wages and wage rates are determined by company collective agreements. In cases where collective bargaining occurs at the sectoral level and sectoral collective agreements exist, they primarily regulate specific components of wages such as individual bonuses, allowances for night work, Saturdays and Sundays, overtime, or allowances for work in restricted environments. In three out of the four sectors examined (construction, urban transport, and waste management), the topic of low-wage workers cannot be addressed within the framework of the average wage in Czechia. Therefore, for these sectors, the matter of the statutory minimum wage is not significantly relevant. The situation differs in the HORECA sector.

Wage growth occurs at the company level, sectoral collective bargaining plays a minor role in wage setting and as such tends to continuously weaken in Czechia (apart from the construction sector).

Generally, unions naturally adjust negotiated wage tariffs to the level of statutory minimum wage and guaranteed wages. However, in the examined sectors other than the HORECA, it is not a key issue. The unions are more interested in guaranteed wages rather than just the statutory minimum wage. In this regard, there have been changes, with the government reducing the number of levels and freezing some of them for the current year 2024.

3.2 Institutional change and developments in wage fixing in the four sectors (cross-sectoral view)

The wage-fixing process has not undergone fundamental changes except for the mentioned weakening of the institution of sectoral bargaining (and the changes in guaranteed wages.). In Central and Eastern Europe, there is a trend of employers changing the legal status of their organisations to avoid the obligation to bargain or leaving traditional employers' organisations to join legal associations that lack the legal capacity for social dialogue. Consequently, trade unions have no one to bargain with.

The second institutional aspect is the setting of statutory minimum wages, which is only relevant for the HORECA sector. For the current year, 2024, four of the eight levels of the guaranteed wage have been frozen and only the three lowest (including the lowest basic statutory minimum wage) and the highest level of the guaranteed wage have been increased.

3.3 Country conclusions

Wage setting at the sectoral level has not historically been significant; only certain specific wage components, such as bonuses and special cases, have been and are being adjusted, setting a certain base but subject to override in the company collective agreement. Apart from the construction sector, however, it is true that sectoral collective bargaining is deteriorating, gradually disappearing, as in the case of urban transport, or non-existent (as in waste management).

In wage setting, company level bargaining primarily influences the process. While the statutory minimum wage may have a positive effect, its direct impact on wage setting is generally limited, except in the HORECA sector. Individual bargaining is not considered important and falls outside the scope of this research. In cases where unions are active, wage negotiations are typically handled by the union, and individual negotiations are uncommon.

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