



# Bargaining *for* Productivity

## National Report, SPAIN

By

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## **Executive summary**

Low and stagnant productivity levels have figured prominently in the discourse of social partners and policy makers in Spain in the years before the Great Recession, but this contrasts with the limited policy efforts made in order to tackle it.

During the crisis, productivity has increased due to the fall in total employment as well as to the stronger impact on the construction sector, not to a structural change or to the impact of public policies.

At aggregate level, the main factors explaining low productivity are four: the predominance of labour intensive/low productivity sectors; the predominance of SMEs; the lower technological endowments of many Spanish firms; the high levels of temporary employment.

The four sectors compared exhibit different productivity levels and evolution. The automotive sector has the highest and increasing productivity, compared to the HORECA sector, with low and decreasing productivity levels.

There is consensus among social partners in Spain on a weak relationship between productivity and collective bargaining as this remains too narrowly focused on distributional issues, the only exception being the automotive sector.

If we place the case of Spain in the context of the trade-off between efficiency and equity in collective bargaining, we should conclude that equity considerations have always played a more important role compared to efficiency ones.

Collective agreements are still considered mostly as regulatory mechanisms, rather than a way to improve the quality of employment relations and allow companies and workers to improve efficiency and productivity levels.

As an input, productivity plays an important role in reward policies in the automotive and hospital sector.

The five areas analysed in this report are accordingly still very much viewed through distributional lenses, 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.

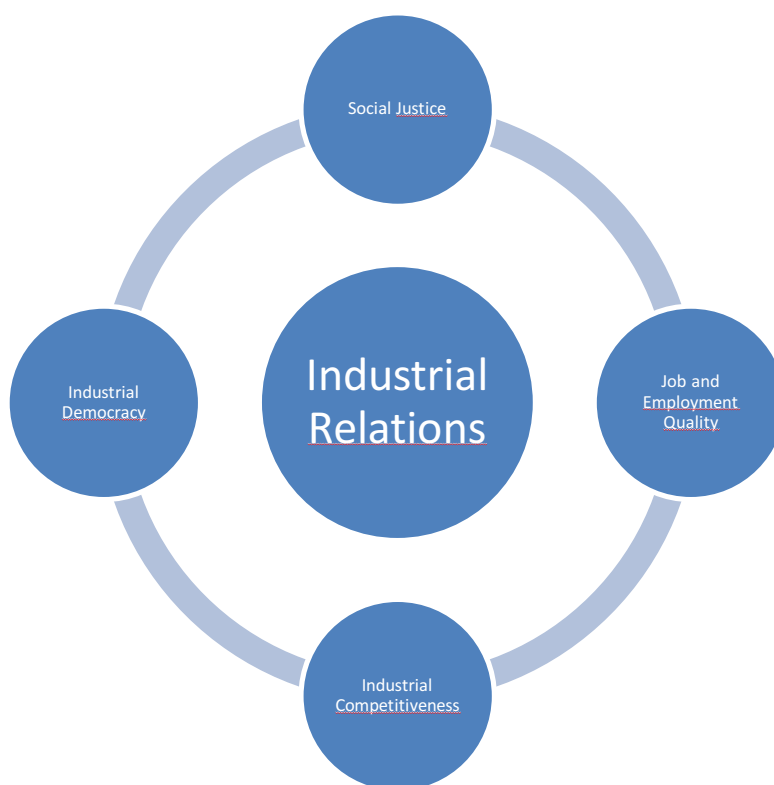
## **Section 1.**

### **Literature review on collective bargaining and labour productivity**

#### **1. The case of Spain**

##### **1.1. Collective Bargaining and the Trade-Off Between equity and efficiency**

Industrial relations institutions, and collective bargaining in particular, are essentially market-correcting mechanisms. According to a recent stock taking exercise on identifying key dimensions of industrial relations (Eurofound 2016), four of them are particularly important (see Figure 1): social justice, job and employment quality, industrial democracy and industrial competitiveness. The last one would consist in raising productivity and foster growth, as an employer objective. However, this same report points out how the relationship between productivity and collective bargaining is not simple or unidirectional as “a competitive economy is improved by a good system of industrial relations, and a highly competitive economy creates an atmosphere for good-quality industrial relations” (Eurofound 2016, 23).

**Figure 1** – The four dimensions of industrial relations

**Source:** Eurofound 2016

These four dimensions highlight the key role of collective bargaining in balancing equity and efficiency considerations. However, there are very significant differences across countries and models of capitalism on the characteristics of these four dimensions and more importantly, the balance between them. Thus in the case of liberal countries, with more decentralized collective bargaining systems, the focus on flexibility and competitiveness in collective bargaining is stronger compared to countries with more centralized collective bargaining structures, where a different balance between efficiency/industrial competitiveness (through wage moderation) and equity is achieved.

In the case of Spain, the relationship between industrial relations institutions generally, and collective bargaining in particular, on productivity has not received much attention due to several reasons. First, until very recently, productivity was not a major issue in relation to collective bargaining. Since the transition to democracy until the late 1990s, the main focus of analyses around the aggregate impact of collective bargaining was on inflation and employment/unemployment (Jimeno Serrano 1992). This was also the case in the context of the run-up to EMU, when the inflation target was one of the criteria for joining it, and wage-setting mechanisms were key in reaching this objective (Pérez 1999; Molina Romo 2005). The degree of centralization in collective bargaining,

and its structure, were object of scrutiny in order to understand this relationship. As a consequence of this, there was little interest in other issues, including the existence of productivity clauses or performance-related pay in collective bargaining, or the characteristics of company-level collective agreements.

A second very important reason for the lack of studies analysing the relationship between collective bargaining institutions and productivity in Spain is the limited data available and its poor quality. Several authors have pointed out to this problem and tried to find solutions using diverse techniques, including matching methods (Martínez 2014). In particular, there are no company level surveys that would allow us to test the influence of the existence of a collective agreement on firm productivity, the central object of this research.

There are two main sources on collective agreements and collective bargaining in Spain. One is the Estadística Registro de Convenios Colectivos del Ministerio de Empleo y Seguridad Social (Registry of Collective Agreements from the Ministry of Employment and Social Security)<sup>1</sup> that contains the data collected by the Ministry by the parties signing the collective agreement. Even though this is the most complete source in terms of detail and number of variables from collective agreements (including coverage, pay, working time and other clauses included in collective agreements), it nonetheless presents several problems, including the lack of data on company performance, productivity, etc. A second source is direct Social Security data, but this source also presents some important shortcomings, including its non compulsory character that leaves it up to the company to provide the data regarding collective agreements. An alternative source used in recent years was the so-called Survey on Quality of Life at Work, that contains data coming from a representative sample of employees, and includes variables related to collective bargaining coverage, firm size, trade union membership, representation, etc. However, similarly to the other sources just mentioned, this source does not contain data on firm productivity/performance.

As the sectoral analysis will show, data problems not only explain lack of scholarly attention, but more importantly for the sake of this report, it also limits the possibility to introduce it as a criteria for the negotiation of collective agreements. One of the points raised by social partners interviewed in all four sectors is the difficulties related to the measurement of productivity as well as the information they have available. These problems are more acute in some of the service sectors, and in particular, in public services. Trade unions are well aware of the problems associated to this and complain very often about the little information provided by companies around these issues, especially when there is part of the salary linked to productivity developments. Clear, measurable and accessible indicators/data are posed as a pre-condition to strengthen forms of productivity-enhancing collective bargaining in relation to pay, though the

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<sup>1</sup> See el [Registro de Datos sobre la Negociación Colectiva](#), for the methodology used in this source.



existing evidence on this is fragmented. In relation to other collective bargaining areas, there is no evidence on the literature on the existence of a link with productivity.

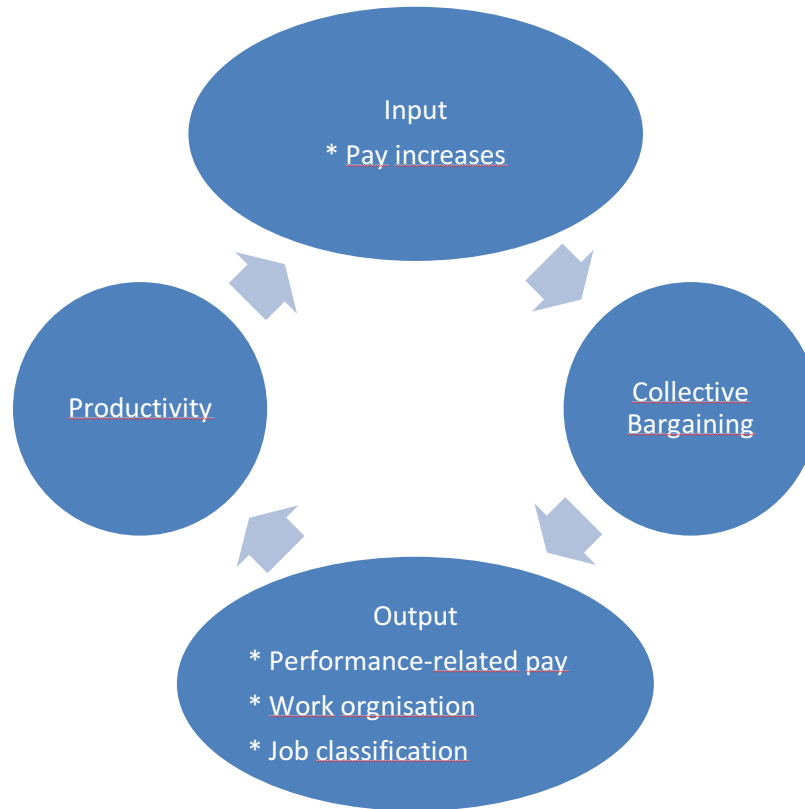
Finally, there is a general perception among scholars and practitioners that collective bargaining has only a marginal impact on aggregate or individual productivity. Productivity has been considered an independent rather than a dependent variable in collective bargaining. In other words, social partners and the government in Spain have always considered that collective bargaining (in particular, multi-employer collective bargaining) does not have a direct impact on productivity, either at aggregate or sectoral level. At most, productivity is considered a second order variable, depending on other variables including pay, working time arrangements, work organization, etc. (Ruesga et al. 2009). As the analysis of the policy fields included in this report shows, there is no intention by those negotiating the collective agreement to use it as a mechanism to improve productivity through linking it to pay, work organization, skills and job classification, etc.

If we place the case of Spain in the context of the trade-off between efficiency and equity in collective bargaining, we should conclude that equity considerations have always played a more important role compared to efficiency ones. In this vein, one of the main criticisms made to the collective bargaining in Spain is that it doesn't allow to adequately reflect productivity differentials across sectors, regions or companies. Matute (2014) shows how for all sectors, regions and company size, the effect of collective bargaining consists in reducing pay differentials, whilst maintaining very high dispersion in terms of productivity. As a consequence, whilst collective bargaining may have a positive impact on equity, it may nonetheless have a negative impact on efficiency. In other words, the negotiation of collective agreements in Spain is mostly seen as a zero-sum instance, where actors set very clearly their rights and obligations in relation to the employment relation. Positive-sum views on collective bargaining are still limited to certain sectors and companies.

## **2. The Relationship between Productivity and Collective Bargaining: Productivity as Input and Output**

When analyzing the relationship between productivity and collective bargaining it is important to consider its twofold role as input and output.

As an input, productivity developments are one more variable entering negotiations around wage increases, together with forecasted inflation and other indicators of economic or financial performance. In most countries, wage increases are determined taking into consideration two variables: inflation and productivity. The 'Golden rule' of inflation + productivity as benchmark for wage increases is increasingly widespread among EU countries. Moreover, in the case of Spain it is also frequent to include an adjustment mechanism when real inflation exceeds forecasted inflation.

**Figure 2** – Productivity as an input and output in collective bargaining

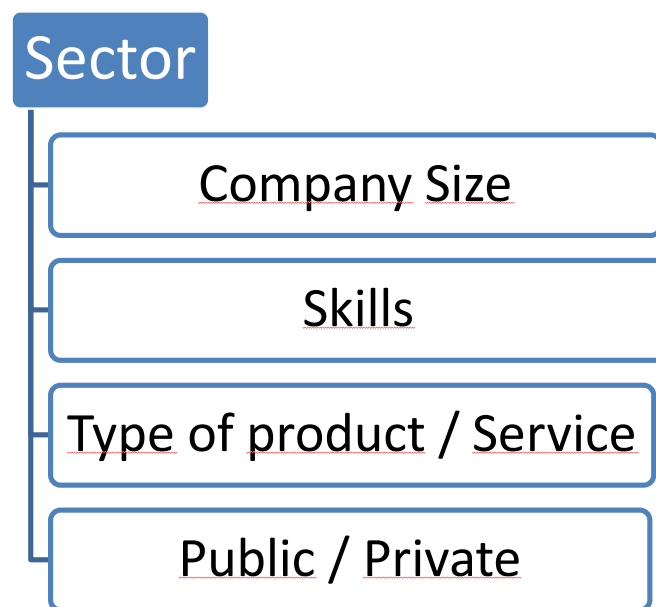
As an output, it is considered that collective bargaining may have a role in increasing labour productivity through a number of mechanisms. These include the existence of performance-related pay, flexible forms of work organization, an emphasis on skills and functional flexibility among others. However, the real impact of these dimensions on productivity developments depends on how are they framed in collective agreements. If collective agreements simply lay down rights and obligations and constitute a framework for managing employment relations, the impact will be limited. By contrast, if collective agreements are conceived as an opportunity for improving performance at individual and company level, these dimensions will be dealt with in collective agreements in a different way. In this project, we're mostly interested in this second meaning, i.e., productivity as an output in collective bargaining.

The role played by collective bargaining in relation to productivity and in particular, the existence of what we call 'productivity enhancing collective bargaining', is to a large extent determined by the institutional framework. In this way, those countries characterised by adversarial industrial relations (as in Spain), we can expect collective bargaining to be characterised by the type of zero-sum dynamics above outlined. In

these countries, distributive bargaining prevails and collective bargaining is aimed at defining some rights for workers and limits for companies.

However, even within countries with adversarial industrial relations, we may find differences between sectors and companies in the prevalence of productivity-enhancing collective bargaining. More specifically, we can think of four variables that may explain help explain differences between companies within sectors (see Figure 3): company size, average skill level of workforce, type of product or service delivered, public or private sector.

**Figure 3** – Variables productivity-enhancing collective bargaining



Company size is a first variable that may explain the existence of productivity-enhancing collective bargaining. We can expect large companies to have a stronger interest in avoiding adversarial industrial relations and transform collective bargaining into a mechanism to find positive-sum solutions, if only because trade unions are stronger in this type of companies. Moreover, large companies tend to be more innovative, and under the new forms of work organisation, this often requires the active involvement of workers.

Another important variable are skills. In those sectors/companies with an higher average skill level, we can expect productivity-enhancing collective bargaining to have a stronger presence compared to companies where the average skill profile of workers is lower. This is because a higher skill level is associated to higher productivity. Moreover, companies employing workers with high skills may have more incentives to make the most of this asset for improving performance of their companies.

Two additional variables can have an important role in explaining the presence of productivity-enhancing collective bargaining. One is the type of product or service. Those companies producing more technology intensive goods, will be more inclined to involve workers and make collective bargaining a tool to enhance flexibility, worker involvement and performance. The same applies to those companies in the service sector with a more quality oriented strategy compared to a cost-based competitive strategy. Finally, being public or private sector may also explain some differences in the presence of productivity-enhancing collective bargaining. More specifically, we can in principle a stronger interest in developing productivity-enhancing negotiations in the private sector as compared to the public sector, where management and workers may have weaker incentives to develop this type of strategies.

Based on this considerations, Table 1 contains a classification of the four sectors studied in this report taking into consideration two variables: average skill level of workforce and average company size. According to this typology, we find first of all contract catering, a sector where small and medium companies predominate together with a workforce characterised by lower on average educational attainment. Large retail shares a predominantly low-skilled workforce, but companies tend to be larger. By contrast, both automotive and hospitals (both private and public) share a predominantly skilled workforce and large companies.

**Table 1** – A typology of sectors studied based on skills and company size

		SKILLS	
		Medium-low	Medium-high
COMPANY SIZE	SMEs	Contract catering	
	Large	Large retail	Automotive/hospitals

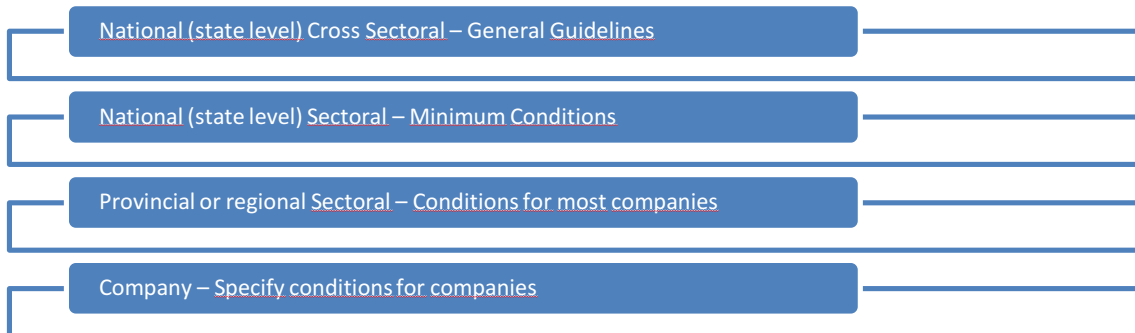
### 3. Productivity and collective bargaining: a Multi-Level Perspective

The multi-level character of collective bargaining in Spain (Figure 4) implies some form of articulation between levels of the structure (Molina 2008). It is accordingly important to consider the relationship between collective bargaining at the macro (inter-sectoral), meso (sectoral) and micro (company) levels separately in order to understand their joint impact.

The impact of collective bargaining on productivity is directly related to the issues negotiated. Where purely distributional issues dominate collective bargaining, rent-seeking activities will be more likely. However, where integrative bargaining complements distributional one, we could expect a strongest and more direct influence

of collective bargaining on productivity. In line with the trade-off between efficiency and equity just mentioned, company-level collective bargaining should be more concerned with integrative and efficiency issues. By contrast, collective bargaining at sectoral level is expected to be more focused on distributive issues and equity considerations.

**Figure 4** – The multi-level structure of collective bargaining in Spain



### 3.1. Macro Level: Inter-Sectoral Agreements on Collective Bargaining

Productivity developments have played an increasingly important role in wage-setting at macro level since the late 1990s. In particular, all the peak Intersectoral Agreements signed by the most representative trade unions and employer organisations since 1997 have added, in addition to the forecasted inflation, a productivity criteria for wage-setting at sectoral level. These inter-sectoral agreements provide general guidelines for negotiations at lower levels and are accordingly not legally binding.

At macro level, productivity is taken as an exogenous variable by social partners, that take it into consideration when providing the general guidelines for negotiations at lower levels.

In addition to consider productivity as one of the criteria to be included in wage-setting, these pacts have also emphasized the need to strengthen collective bargaining at lower levels (company and local) within a multi-level context. The objective of this organised de-centralization is to make wage-setting align with productivity developments.

### 3.2. Meso Level: Sectoral collective bargaining

The most important level in Spain's collective bargaining system is the sectoral one. Sectoral collective agreements can be signed at national, regional or provincial levels.

In particular, sectoral collective agreements at the level of provinces are the most important in terms of workers covered.

Sector-level collective agreements constitute the first step in the process of implementation of the general guidelines provided by the national inter-sectoral agreements. The aim of these collective agreements is to provide sector-specific guidelines and conditions, that will be later made more concrete by company level agreements.

At the level of the sector, there are already very significant differences in terms of productivity. However, there is evidence showing a very weak relationship between negotiated wages at sector level and productivity. In particular, sector-level collective agreements tend to compress the wage-setting structure and reduce sector-specific wage increases (Matute 2014), hence confirming a stronger distributional impact of this level.

### **3.3. Micro Level: Company Level Agreements**

The company or establishment constitutes the lower level in the collective bargaining structure of Spain. Due to the low size of most companies in Spain, the number of companies with their own collective agreement and workers covered by this type of agreement is relatively low. In 2015 only 9.21% of all workers covered by a collective agreement did so by a company-level agreement.

The role of this level is to adapt the guidelines provided by both inter-sectoral and sectoral collective agreements to the specific conditions of the company. It is accordingly the instance where collective bargaining is expected to adopt a stronger focus on efficiency considerations, including issues such as performance-related pay, functional flexibility, training, etc. These issues are mostly negotiated at company level. This means that, in line with similar evidence coming from countries like Germany (Hübler, Jirjahn 2003), we can expect a stronger effect of collective bargaining on productivity in those firms covered with their own collective agreement. Moreover, there is some evidence of a trade-off between negotiated wage increases and the inclusion of productivity-related clauses in collective agreements. In particular, this effect is more intense in the case of company level agreements because performance-related pay clauses at this level are implemented and workers accept lower wage increases in exchange for the inclusion of variable parts in the salary that compensate for the lower increases accepted. In the case of sector-level agreements performance-related pay clauses have a more programmatic role and are not implemented (Jimeno Serrano 1992, 268).

Several studies have showed a strong relationship between company level collective agreements and productivity. However, it is difficult to disentangle the real contribution made by the clauses contained in company collective agreements from the size effect,

i.e., the fact that bigger companies tend to exhibit higher levels of labour productivity irrespectively of whether they have or not a collective agreement.

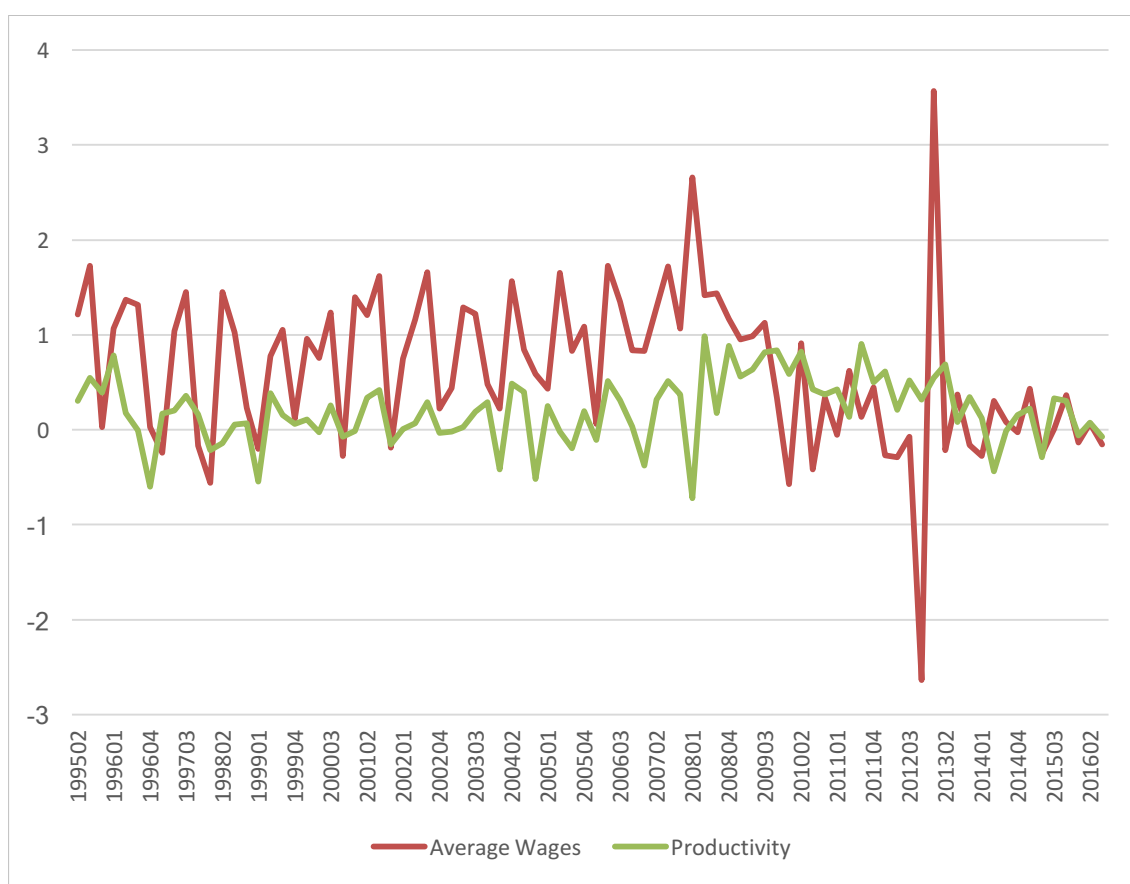
Generally speaking the pressures made by the government and employer organizations to de-centralize collective bargaining in order to achieve a better fit between wage increases and productivity have had little impact so far (Ruesga Benito, Martín Navarro, Ortiz, Resa Nestares 2004, 294). As a matter of fact, forms of disorganised de-centralization have accompanied (and partly neutralised) the attempts by social partners to

## Section 2.

### Overview on Labour Productivity Developments

The objective of this section is to provide a general perspective on the evolution of productivity in the Spanish economy in relation to wages at both aggregate and sectoral level. In order to do this, we use two sources. First, national data compiled by the Ministry of Economy, Industry and Competitiveness. Second, data coming from the OECD STAN database.

**Figure 5** – Average wages and productivity per employed person (% change), total economy, monthly data 1995-2016



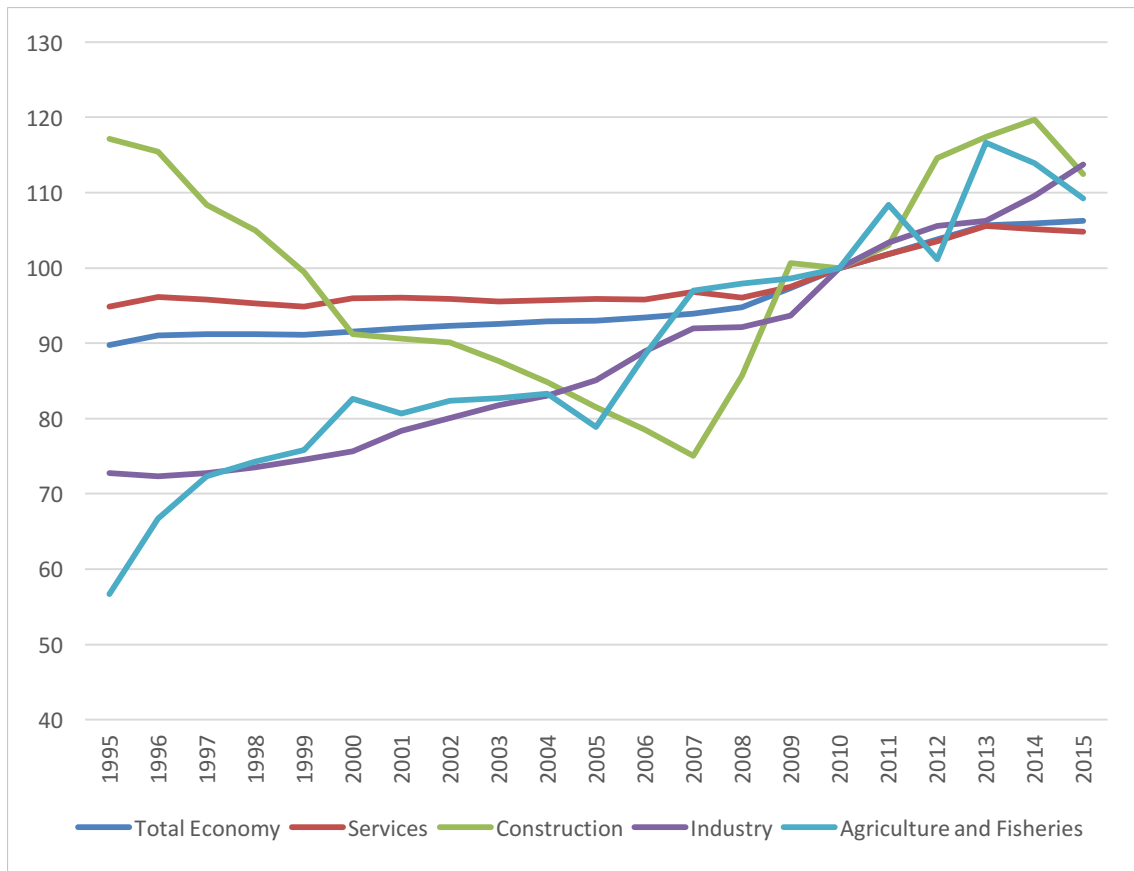
**Source:** Ministry of Economy, Industry and Competitiveness, Average wages and Productivity per employed person, Base de datos de Series de Indicadores de Coyuntura Económica (BDSICE).



When we look at the evolution of average wages and productivity since 1995 (see Figure 5), we observe two well differentiated periods, being the beginning of the 2008 financial and economic crisis the turning point between the two. In the period compressed between 1995 and 2007, average wages have exhibited increases above productivity. The difference between the two has widened since the early 2000s, reaching its highest level in 2008. From then onwards, the trend has reversed, and productivity increases have exceeded average wage increases for the economy as a whole.

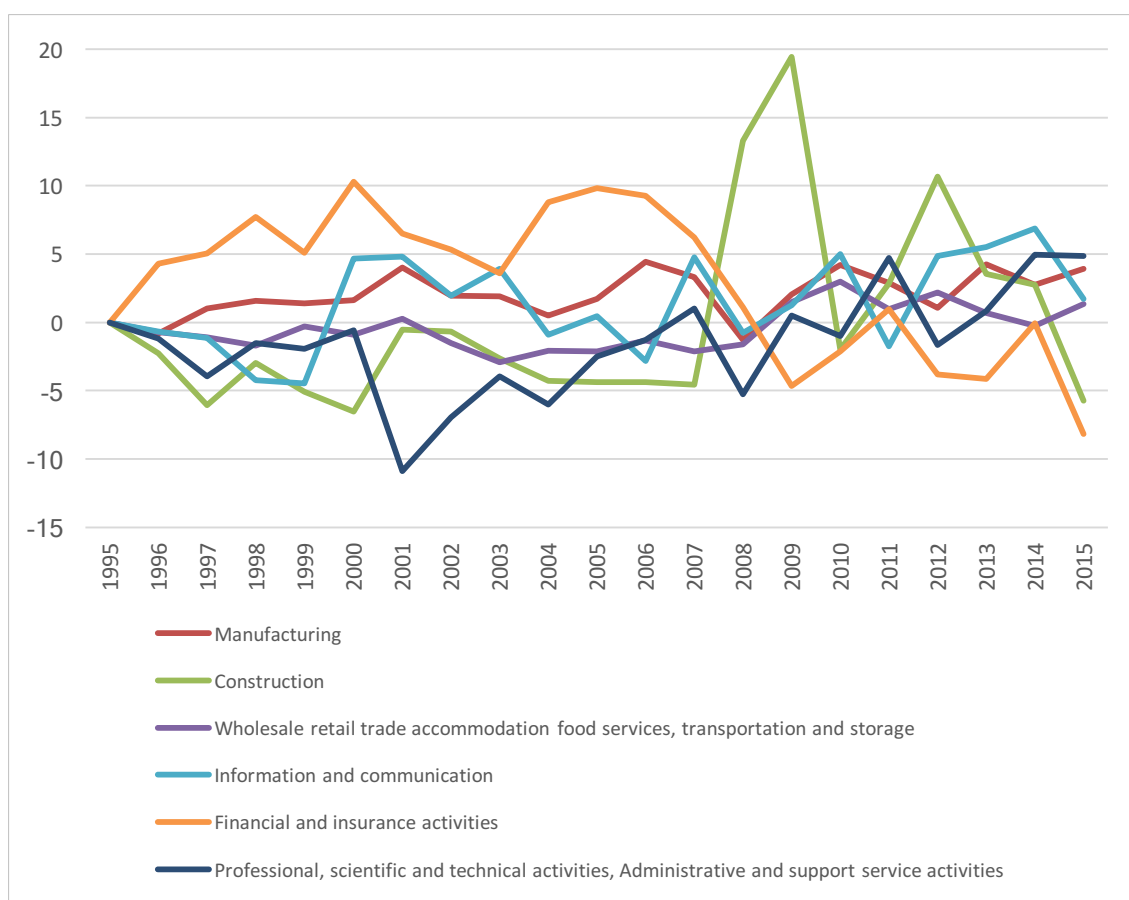
Low productivity increases since the early 1990s explain the failure of the Spanish economy to catch up with the leading EU economies in terms of productivity levels (Mora Sanguinetti, Fuentes 2012). Low productivity increases are due to a number of factors, including a specialization in labour intensive sectors, small company size, the (ab)use of temporary employment and relatively low labour costs that make more companies less inclined to invest in technology in order to increase production capacity. Spain exhibits a strong counter-cyclical character in productivity developments. This means that employers in Spain rely on temporary employment as a mechanism to adjust to changes in the economic context. In times of economic growth, the Spanish labour market creates many poor quality jobs (temporary and low paid) that are then destroyed when the economy enters a recession. The increase in productivity observed since 2008 is however due to a very rapid increase in unemployment, not to a more efficient use of labour (Redondo 2013). Other authors also suggest the importance of the asymmetric impact of the crisis on labour intensive (and low productivity) sectors like construction, as another factor determining the increase in productivity experienced since 2008 (Hospido 2015; Hospido, Moreno-Galbis 2015). To this these authors add a composition effect, meaning that large companies (characterised by higher productivity levels) have behaved better during the crisis and have maintained more jobs compared to SMEs.

**Figure 6** – General and sectoral productivity developments, 1995-2015 (2010=100)



**Source:** Ministry of Economy, Industry and Competitiveness, Productivity per employed person, Base de datos de Series de Indicadores de Coyuntura Económica (BDSICE)

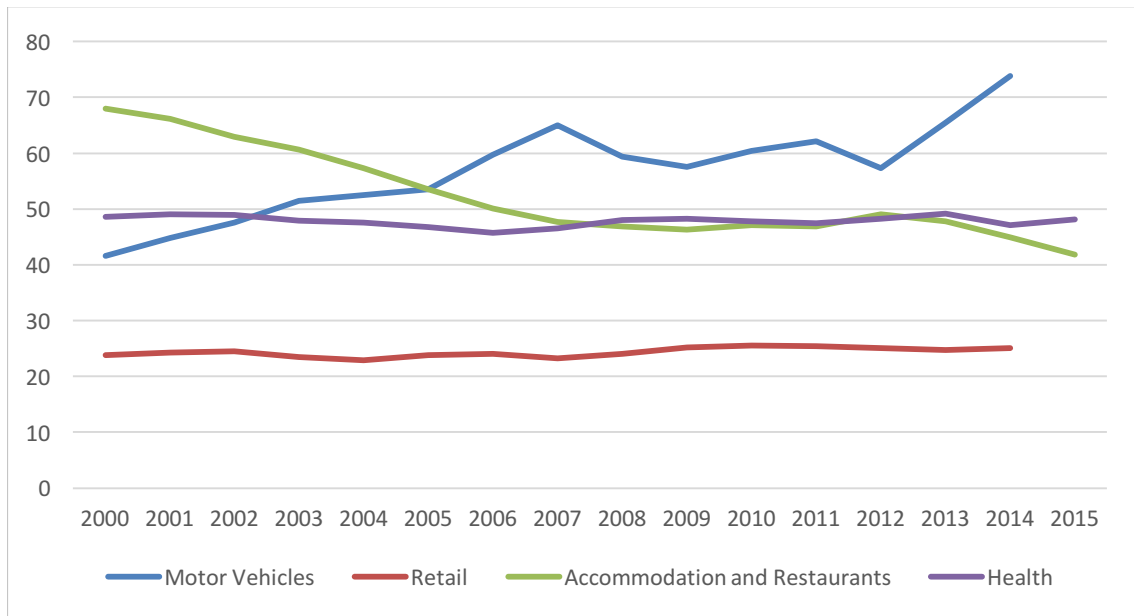
The differences in sectoral productivity dynamics are pictured in Figure 6 using national data and Figure 7 using OECD data. The construction sector that played a very important role in the growth years that preceded the economic crisis shows a marked decline before the crisis due to the large increases in employment registered in this sector, then going up very rapidly thanks to massive job losses due to the collapse of the housing bubble.

**Figure 7** – Sectoral productivity growth (gross value added per person employed), 1995-2015

**Source:** OECD

Looking at productivity levels and developments more closely, using the OECD STAN database, we observe very different patterns (see Figure 8). The retail sector is the one with lowest productivity levels and has remained stagnant over the period considered in this graph (2000-2015). As the STAN database does not allow to disaggregate further, we cannot say which is the productivity level and evolution of the large retail sector, but we can expect it to have a higher productivity level compared to traditional small retailers. The automotive sector exhibits an increasing trend over the period considered, only interrupted during the recent crisis. It is nowadays the sector with the highest productivity level from the four analysed here. Accommodation and restaurants exhibits the opposite trend to automotive, declining over the period considered with the only exception of the crisis years, where it remained constant. Finally, the health and care sector shows a flat evolution over the period.

**Figure 8** – Productivity levels (gross value added/employees, in 000s Euros) for the four sectors analysed, 2000-2015

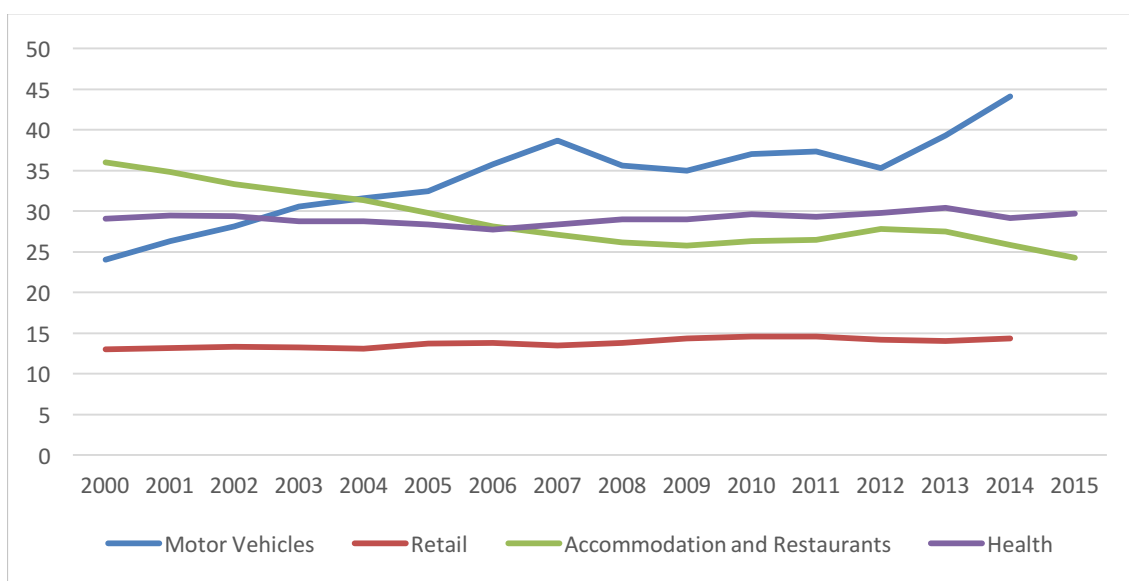


**Source:** STAN Database for Structural Analysis, OECD

In order to adjust for sectoral differences in the incidence of part-time employment, we have calculated productivity using hours worked. The results are exactly the same in terms of evolution. The only difference between two indexes can be found in the case of hotels and restaurants, where the incidence of par-time is higher.

SPAIN

**Figure 9** – Productivity levels (gross value added/hours, in 000s Euros) for the four sectors analysed, 2000-2015



**Source:** STAN Database for Structural Analysis, OECD

### **Section 3.**

## **Analysis of Economic and Legal Policies on Labour Productivity**

One of the main problems of the Spanish economy in the pre-crisis years was low labour productivity, due largely to a growth regime based on labour intensive and low productivity sectors. Since the beginning of the economic crisis in 2008, productivity has increased (see Figure 6). However, this is explained not by any structural change in production with a shift towards less labour intensive and higher productivity sectors, but simply by a greater decline in employment relative to GDP growth. The negative growth in nominal unit labour costs has thus contributed to improved external cost competitiveness, but without delivering a long-term shift in production methods or sectors.

These problems remain largely in the post-crisis period, as pointed out by the EC in his last report on the Spanish Economy 2016 (European Commission 2016). According to this, the high unemployment together with the low and slowly growing productivity are the main problems affecting the Spanish economy and the causes for concern in the short and medium term. Even though productivity growth has accelerated between 2009 and 2013, coinciding with the years when more jobs were destroyed, it has nonetheless slowed down since then due to the increase in employment creation taking place in the post-crisis period. This means that productivity in Spain is temporary and directly related to the intensity of employment creation/destruction dynamics, and not to the underlying dynamics of innovation in the Spanish economy (Mora Sanguinetti, Fuentes 2012).

The sources of low productivity in Spain are multifarious, both on the demand and supply side of the labour market. On the demand side, several studies have showed how aggregate labour productivity is to a large extent determined by company size. In particular, a positive relationship has been established between these two variables whereby larger companies, with more capacity to invest in new technologies and develop new forms of work organisation have higher productivity levels. The comparatively small size of most companies in Spain is accordingly one of the key factors explaining the low aggregate labour productivity levels. Another demand-related factor is the high rate of temporary employment in Spain, as workers with temporary or fixed-term contracts have less access to training and thus lower productivity compared to workers with open-ended contracts.

### 3.1. Productivity in the Economic Policy Agenda

The consensus on the low productivity levels exhibiting the Spanish economy as the main structural weakness to be addressed in the medium/long term explains why it appears as top in the economic policy agenda of national and regional governments. However, the importance gained in the discourse has not translated into significant policies aimed at improving productivity levels of the Spanish economy.

Productivity is top in the economic policy agenda of both the government and social partners in Spain. Together with high unemployment, it constitutes a major problem to attain a sustainable growth path in the post-crisis period (Redondo 2013; Villena Peña 2013).

Four main types of policies have been put in place and are implemented in order to achieve higher productivity growth:

- industrial policy;
- training/ALMP;
- labour market regulation: reduction of temporary employment;
- collective bargaining: linking productivity and wage increases.

Industrial policies in recent years have not deviated significantly from previous plans (Recio 2015). The main axes of the plan are the promotion of entrepreneurship, support for competitive innovation and improved access to credit for SMEs. The first axis has resulted in the approval of a Law on Entrepreneurs, which in practice introduces various tax incentives to start-up companies (and a specific labor contract that allows the dismissal of workers totally free during the first year of the contract). The second axis is based on the continuity of programs to support Business Associations, but in a context where public funds have been cut. The third focuses on a crucial issue in the current crisis, that of the drastic cut in credit to SMEs by banks. But channels to solve the problem are, either insufficient in resources or, in many cases, lost in red-tape: the Government has approved successive lines of credit through the Official Credit Institute (ICO), but instead of betting on a direct relationship between the ICO and the companies, the credits are granted through the private banking system, which often means the imposition of conditions that increase the credit or simply block it.

In 2014 the Government has presented a new Plan for Growth, Competitiveness and Efficiency that largely reflects the same lines that characterize the policies of recent periods. The plan is structured in ten lines of action (Recio 2015, 6):

- to stimulate the demand of industrial goods, where the star rating are the different plans renew for the automotive sector that we will comment later;
- to improve the competitiveness of factors, which is mainly linked to structural reforms, especially labor market reforms, which are discussed in other sections of this report;

- to give attention to the energy supply, where its energy reform is located;
- to strengthen the single market and stability of the regulatory framework;
- to improve market efficiency and management;
- to support to the growth and consolidation of SMEs, mainly with new ICO credits;
- to adapt the educational model to the needs of companies;
- to increase the weight of non-conventional financing to enterprises;
- to support the internationalization of enterprises and the opening up of new markets and;
- to orient the influence of Spain to the defense of industrial interests.

On the whole a plan that repeats previous policies where the liberalization of the markets plays a crucial role, but where it is difficult to evaluate to what extent the policy followed allows the restructuring of the Spanish productive system and will accordingly lead to higher productivity levels in the future.

### **3.2. Collective Bargaining and Productivity in Spain**

One of the recommendations made recurrently by the EC is to align productivity growth and real wage increases. In order to achieve this goal, recent reforms in industrial relations and collective bargaining have aimed at de-centralizing collective bargaining. The underlying rationale for this is that greater de-centralization constitutes a guarantee that collective bargaining, and in particular, wage-setting policies will be able to adopt the inflation and productivity golden rule.

Since the late 1990s, collective bargaining in Spain has been characterized by the existence of peak inter-sectoral agreements between trade unions and employer organisations. These agreements have contributed to coordinate the multi-level collective bargaining system as they've provided general guidelines for negotiations at lower levels. This would be the case of wage-setting, where these peak Inter-sectoral agreements set general orientations to be adapted by sector and company-level agreements.

The main instruments for coordinating collective bargaining in Spain are the peak bipartite cross-sectoral agreements on employment and collective bargaining. These agreements provide general guidelines regarding wage increases (see Table 2), and contain recommendations on other issues, such as the articulation between levels in the collective bargaining structure, internal flexibility, etc. Particularly important is the recommendation contained in the II AENC 2012-2013-2014 (signed in January 2012) stressing the need to include flexicurity in collective agreements, whereby greater functional flexibility is accompanied by mechanisms guaranteeing the effective employee protection.



**Table 2** – Wage-setting coordination guidelines negotiated by social partners at peak level

<b>Name of agreement</b>	<b>Year</b>	<b>Wage setting guidelines</b>
Agreement on Collective Bargaining 2002	2002	Forecast inflation (2%) + Ex-post indexation
Agreement on Collective Bargaining 2003	2003	Forecast inflation (2%) + Productivity + Ex-post indexation
Extension of the 2003 Agreement on Collective Bargaining for 2004	2004	Forecast inflation (2%) + Productivity + Ex-post indexation
Agreement on Collective Bargaining 2005	2005	Forecast inflation (2%) + Productivity + Ex-post indexation
Extension of the 2005 Agreement on Collective Bargaining for 2006	2006	Forecast inflation (2%) + Productivity + Ex-post indexation
Agreement on Collective Bargaining 2007	2007	Forecast inflation (2%) + Productivity + Ex-post indexation
Extension of the 2007 Agreement on Collective Bargaining for 2008	2008	Forecast inflation (2%) + Productivity + Ex-post indexation
	2009	Forecast inflation (2%) + Productivity + Ex-post indexation
Intersectoral Agreement on Employment and Collective Bargaining 2010, 2011 and 2012 (AENC I)	2010	1%
	2011	1-2%
Intersectoral Agreement on Employment and Collective Bargaining 2012, 2013 and 2014 (AENC II)	2012	1.5-2.5% (AENC I); 0.5% + Wage indexation clause resulting from the difference between actual inflation and the ECB inflation criterion of 2% (AENC II)
	2013	0.6% + Wage indexation clause resulting from the difference between actual inflation and the ECB inflation criterion of 2%
	2014	0.6% if GDP growth in 2013 below 1%; 1% if GDP growth in 2013 between 1 and 2%; 1.5% (maximum) if GDP growth in 2013 above 2%
Intersectoral Agreement on Employment and Collective Bargaining 2015, 2016 and 2017 (AENC III)	2015	1% maximum
	2016	1.5% maximum

**Source:** Molina, Miguelez 2016

Even though the peak bipartite cross-sectoral agreements on collective bargaining provide only general guidelines, they have nevertheless played a particularly important

role in wage setting. Notably, these agreements have allowed for the implementation of a wage moderation policy while at the same time introducing new wage-setting criteria. For example, the AENC II uses the ECB inflation forecast as a benchmark for calculating an ex-post revision of wages; partly in consequence, negotiated wage increases were lower during the crisis, except in 2011.

More recently, productivity growth has been included in these peak inter-sectoral agreements as a benchmark for negotiated wage increases at the different levels of the collective bargaining structure. In particular, it is stated that negotiators at different levels should conclude collective agreements that take into consideration the specific productivity conditions of the company, region or sector. In order to achieve this goal, the recent peak inter-sectoral agreements (AENC II and AENC III) have included recommendations for including variable pay clauses linking wages to productivity and/or performance. Thus in 2015 approximately 40% of all collective agreements included variable pay clauses linking wages to productivity/performance.

De-centralization has accordingly occurred in an organised way, something that changed with the 2012 labour market reform, that opened the door to a disorganised form of de-centralisation where companies and company-level agreements may opt-out from the conditions established in higher-level collective agreements.

At micro level, the inclusion of productivity as an input in collective bargaining is mostly related to the presence of performance-related or variable pay. Previous studies have showed a limited incidence of variable or performance-related in Spain compared to other EU countries (Eurofound 2001), though it has been increasing in recent years. Moreover, the attitude of workers representatives in Spain towards the inclusion of variable or performance related pay clauses is around the average of the. The variables influencing the existence of variable or performance related pay are the following EU (Aumayr-Pintar, Welz, Demetriades 2011, 21-22):

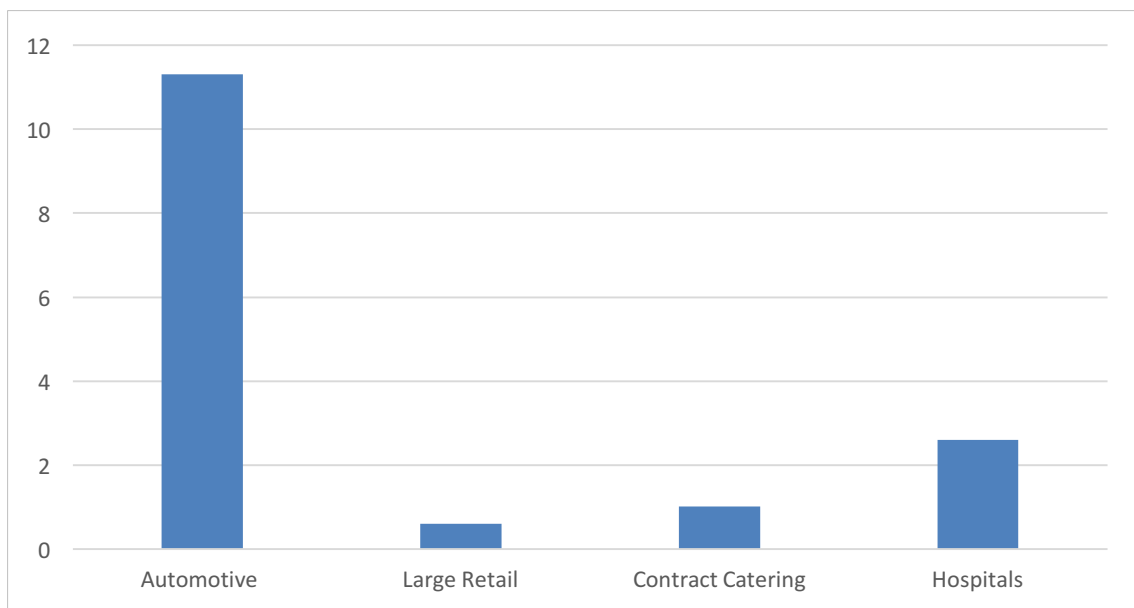
- establishment-related factors: sector, company size;
- human resources and flexibility practices: importance of internal vs external flexibility, type of contracts used, degree of outsourcing;
- industrial relations structures: representation structures,
- social dialogue at establishment level.

The comparative analysis performed by Bryson et al. (2013) concludes that the extension of incentive pay is positively correlated with firm size and negatively associated with the degree of labour and product market regulation. Moreover, in those countries with more developed capital markets, we can also expect a stronger incidence of performance related pay. The study also shows that the probability that a worker is covered by an incentive scheme is higher in large sized firms and in high-skilled occupations, while it is much lower for females. Incentive schemes are also much less diffused in the public sector.

### 3.3. Collective Bargaining in the Four Sectors Analysed

The extension of company level collective bargaining in the four sectors analysed in this report differs significantly. These differences are explained not only by the different role played by sectoral collective bargaining in each of them, but also by average company size and other characteristics of companies, including workforce skills, technological content of production, etc.

**Figure 10** – % Firms with their own collective agreement, 2011



**Source:** *Encuesta de Calidad y Vida en el Trabajo*

Company level agreements are more important (in terms of number of firms with their own collective agreement and workers covered) in the automotive sector, characterised by higher productivity, larger size, a skilled workforce. According to the interviewees, this is certainly related to a different way of conceiving collective bargaining that emphasises its role as a mechanism to enhance efficiency, adapt their human resources to market requirements. In contract catering and large retail, sectoral agreements are more important and companies do not feel so compelled to adapt the conditions negotiated at national or regional level to the specific needs of companies.

**Table 3** – % Workers covered by company and sectoral collective agreements, 2011

	<b>Contract catering</b>	<b>Large retail</b>	<b>Automotive</b>	<b>Hospitals</b>
<b>Company</b>	13,75	19,38	52	10,74
<b>Sectoral</b>	86,25	80,62	48	89,26

**Source:** *Encuesta de Calidad y Vida en el Trabajo*

In terms of representation, only in large retail we find two trade unions that are more representative at sectoral, but not national level. Density rates are relatively high in the automotive and hospitals, medium in the contract catering and low in the large retail sector.

## **Section 4.**

### **Sectoral analysis**

#### **Part A.**

#### **The Large Retail Sector**

##### **1. Introduction to Large Retail**

The retail sector in Spain has experienced remarkable changes since the end of the 1990s as a consequence of the transformation in consumption habits, the introduction of new commercial formats, the concentration of business operations in the sector and the incorporation of new technology as well as the growth experience by alternative distribution models and more specifically, online sales (Eurofound 2011).

Some of the most important consequences of these changes, that have also an impact on employment relations and productivity have been: a shift from a small, traditional commerce towards one dominated by large undertakings and groups, with a strong presence of foreign capital as well as the extension of specialised distribution networks. The increasing concentration of the sector is also a tendency highlighted in the interviews and several reports. Finally, it is important to note how the increase in online sales has been identified as a threat to the existing large retail model in Spain, hence forcing actors to find new forms of cooperation in order to maintain jobs.

Commerce is an important sector in the Spanish economy. It accounts for 12.2% of the total GDP of the Spanish economy (2014). In the case of retail trade, it accounts for 5.3% of total GDP (2013). In terms of employment, the 1,845,600 employed in the retail trade (1<sup>st</sup> quarter of 2016), represent 10.3% of the total employed in the economy. The 469,938 retail businesses represent 14.7% of the total number of companies (as of 1 January 2015). The 583,796 retail establishments account for 16.2% of total establishments (as of 1 January 2015).

Retail sales, adjusted for seasonal and calendar effects, increased in April 2016 by 4.1% compared to the same month of the previous year, chaining 21 consecutive months of increases. In the original series at constant prices growth was 6.4%, with 20 consecutive months of increases.

Members of the Asociación Nacional de Grandes Empresas de Distribución (ANGED), the most representative employer organization in the large retail sector, employ around 230,000 persons in 2015 (ANGED 2015). Employment in this sector has been growing steadily since 2013. According to employers, this increase is to a large extent due to the

effort of the companies to maintain the structural employment. This has remained constant throughout the crisis and has started to grow with sales since 2013. As a matter of fact, employment in ANGED companies in 2015 is 1% higher than in 2011, although turnover is still 4% lower. According to the employers, this increase in the number of employees responds to the flexibility introduced in the negotiation of the agreement, which has allowed to adapt to the greater dynamism of the activity in the autonomous communities where the tourism has more relevance as well as those that have extended the business hours on Sunday and Festive.

Almost 65% of employees in the large retail sector are women, thus being a feminized sector. Moreover, the level of temporary employment in the large retail sector is slightly lower than for the economy as whole.

### 1.1. Labour Productivity Developments

Labour productivity is not used as the only benchmark for the main companies or employer organisations in the large retail sector. There are other, alternative measures of productivity. More specifically, one of the most extended measurement units for productivity is sales by squared metre. This is for instance used in the report *European Retail in 2017*, elaborated by GfK GeoMarketing (2017). The report explores a number of key indicators for the retail sectors and compares them across EU countries, using sales per squared metre as a measure of efficiency or productivity. According to this report, Spain has average productivity levels in the retail sector.

This indicator has also been used by Rodríguez et al. (2013) in order to explore performance of the supermarket retail sector in Spain. For the period 2008-2012, the authors show how in spite of an adverse economic context characterized by a deep recession, the larger retailers have exhibited growing productivity, compared to smaller retailers in the sector.

**Table 4** – Developments in Productivity (sales per squared metre) by different formats, 2008-2012

	2008	2009	2010	2011	2012
<b>Self-service</b>	3007	2819	2920	2625	2617
<b>Small supermarket</b>	2838	2793	2516	2574	2655
<b>Large supermarket</b>	3906	3869	4133	4358	4428
<b>Superstore</b>	5089	4809	4557	4469	4282

Source: Rodríguez et al. 2013

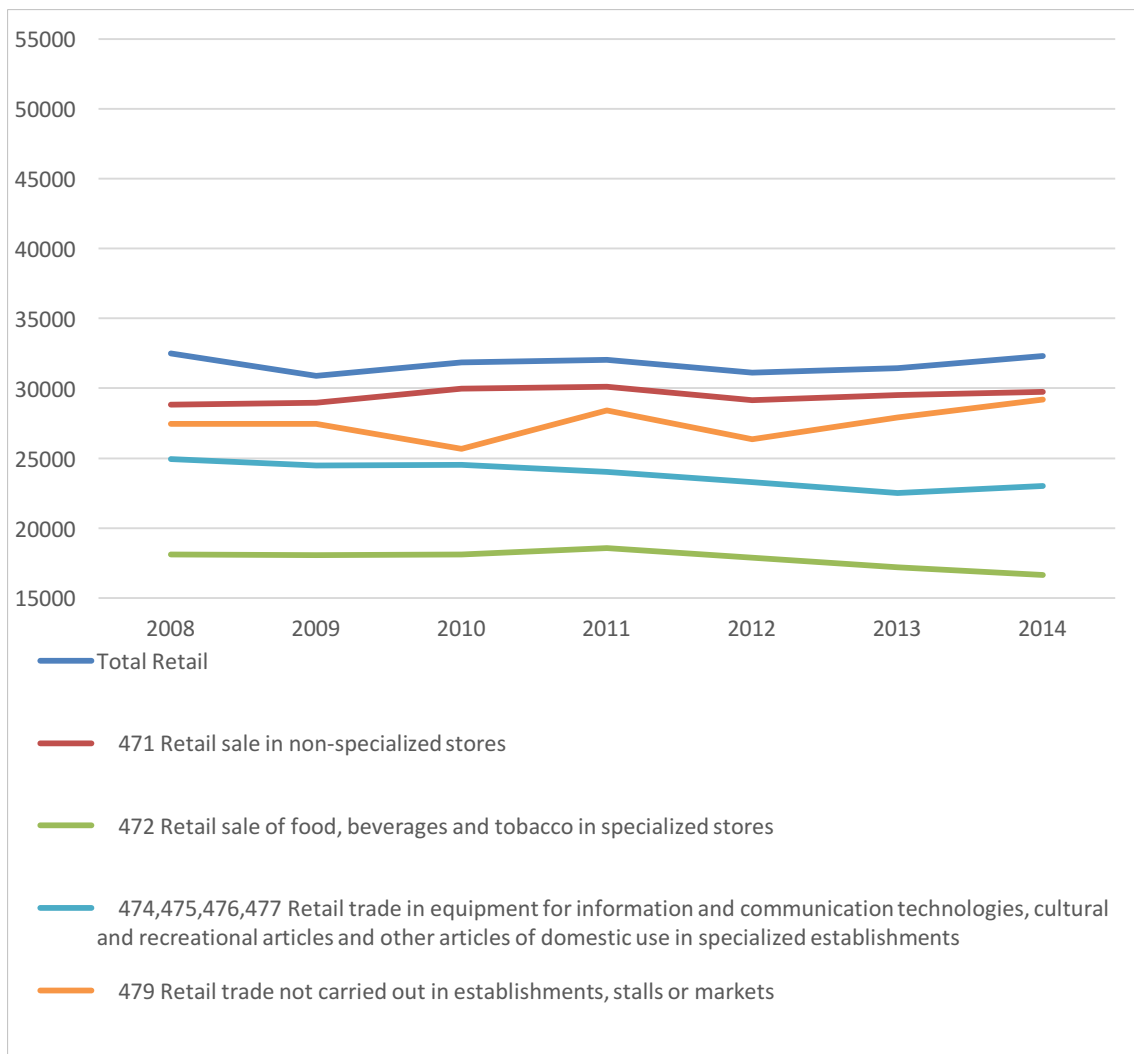
When we turn to labour productivity indicators, there is consensus among scholars about the low productivity levels of the retail sector in Spain (Sellers Rubio, Mas Ruiz 2007, 2006; Múgica 2006; GfK GeoMarketing 2017; de Jorge Moreno, Sanz Triguero 2010). Among all commerce activities, the retail sector is the one that presents a lower productivity since it is the most labor-intensive sector, and it requires a direct contact with the customer, which puts additional pressure on companies to provide better quality.

The analysis of labour productivity in the large retail sector presents some statistical difficulties since there are several sub-sectors and types of stores included in the statistics. In order to control for composition effects, we have looked at the evolution of productivity for different sub-sectors and comparing small with large retail. The figures are showed in graphs 12 and 13. The first thing to note is the higher productivity for large retailers when compared to all retail establishments. Some works have already evidenced a positive relationship between establishment/company size and productivity (Sellers Rubio, Mas Ruiz 2007, 2006). According to these authors, business size positively affects the company's ability to improve its productivity, which supports the traditional assumption that larger companies have more capacity to innovate and adopt the new technologies in their productive processes. In addition, the size of the company, the sales capacity of the establishment (in square metres) and wage levels exert a positive impact on the technical efficiency.

Regarding the temporal evolution of productivity, the graphs reveal that whilst the large retail sector has exhibited a slightly upward evolution since 2008, it has remained stable for all retail sector. Generally speaking, the data shows a flat evolution of productivity in the large retail sector.

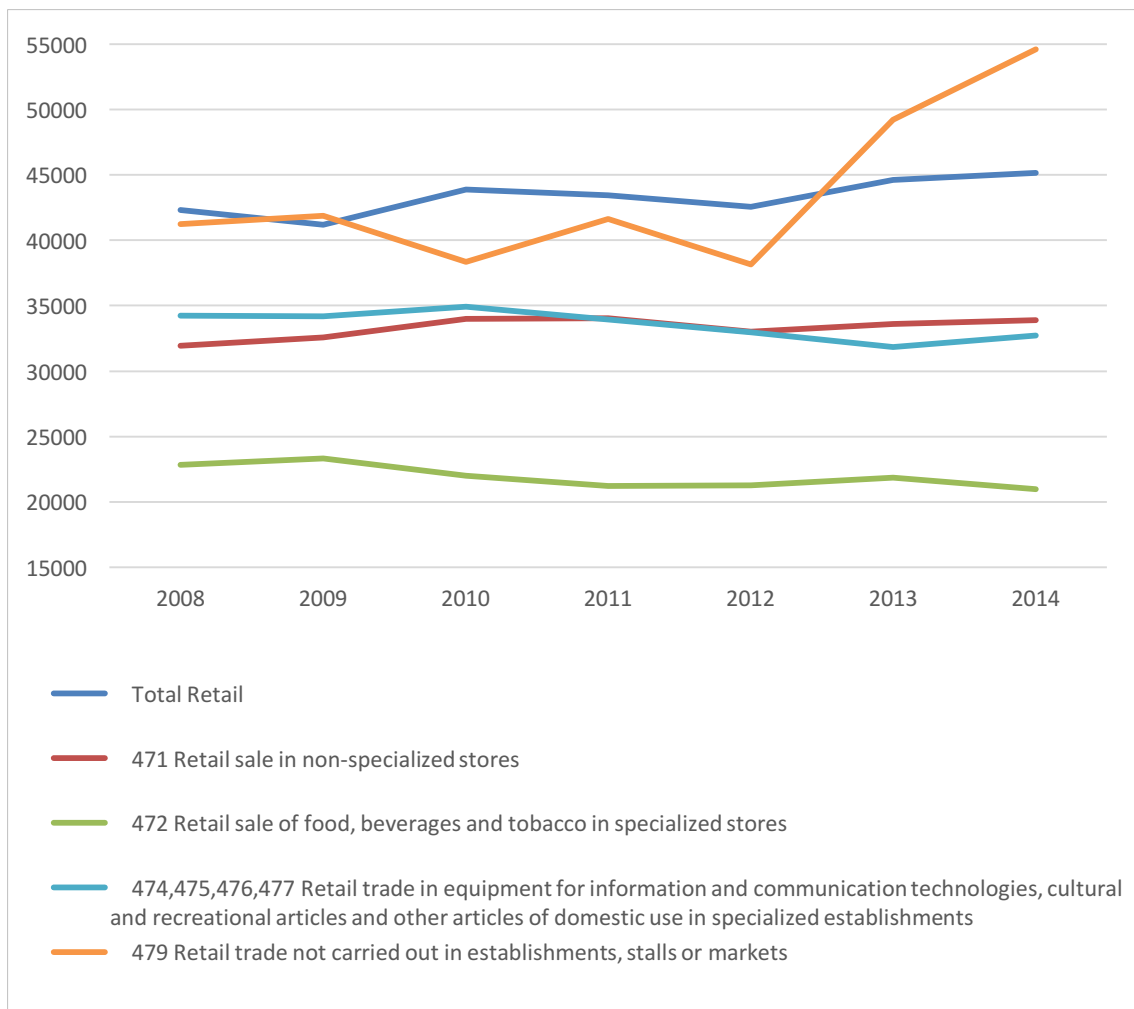
Two combined trends are offered by interviewees as potential explanations to explain this evolution. First, growing competition in the sector has contributed to maintain or even reduce prices, this having a translation into total sales and GVA. Second, greater competition also forces companies to pay greater attention to customer support and service quality considerations. This has in some cases required to increase the number of employees, hence reducing productivity. As a matter of fact, the trade union official interviewed made very clear, the two key dimensions of competitiveness in the large retail sector are price and quality of goods and services offered. Both dimensions are closely related to personnel policies, but not in the sense of personnel as an additional cost, but as a competitiveness – enhancing mechanism.

**Figure 11** – Productivity (in Euros), small retailers



**Source:** Estadística Estructural de Empresas. Sector Comercio, INE



**Figure 12** – Productivity (in Euros), large retailers

**Source:** Estadística Estructural de Empresas. Sector Comercio, INE

## 1.2. Industrial Relations and Collective Bargaining

Industrial relations in the (large) retail sector exhibit a series of distinctive features with respect to other sectors in the economy.

The first characteristic is related to trade union representation. Retail is one of the sectors where the most representative trade unions at peak inter-sectoral level are weaker in terms of membership and presence at company-level representation structures. The most representative trade unions in the retail sector are FASGA (Federación de Asociaciones Sindicales de Grandes Almacenes) and FETICO (Federación de Trabajadores Independientes de Comercio). Both FASGA and FETICO are independent and professional trade unions. These two most representative trade unions in the large retail sector have a majority of representatives in the works councils

of largest companies, representing around 60% of all employees in the sector. By contrast, the largest trade union confederation in Spain, CCOO, is only present in 10% of large retail companies with company-level representation structures.

The relationship between FETICO, FASGA and the most representative trade unions at national level (CCOO and UGT) have been characterized by conflict and disagreements. However, a recent example in the negotiation of a sectoral collective agreement for the province of Madrid may indicate a change in this regard. More specifically, the negotiation of the 2017 collective agreement has been made in an environment of unusual peace and trust. Moreover, the agreement has been signed by four trade unions (FETICO, FASGA, CCOO and UGT). The reason for this is the so-called 'Amazon effect'. More specifically, the increase in online sales, and in particular, the growth of Amazon constitutes a common threat for all actors in the sector. For this reason, all trade unions and employers in the region of Madrid have agreed on the need to look for innovative ways to compete. Thus trade unions are not only interested in wages when negotiating with employers, but also on the business model, the quality of the service provided, etc.

Secondly, membership in the large retail sectors remains relatively low. According to 2010 data from the *Encuesta de Calidad y Vida en el Trabajo* (ECVT)<sup>2</sup>, trade union density in the retail sector (including wholesale and retail) was around 11% , below the 19% density rate for the economy as a whole.

Moreover, only 35% of workers in large retail are in companies that have some form of trade union representation structures. But interestingly, only 25% know about the collective agreement that is applied to them.

On the employer side, the most representative organisation is ANGED. It is a national professional organization, made up of the most important retail distribution companies in sectors such as food, household appliances, fashion, DIY, bookshop, toys, gifts, furniture, computers and electronics, among others. The central objective of ANGED's activity - which has 19 partner companies including IKEA, Carrefour, Leroy Merlin, MediaMarkt, FNAC, El Corte Ingles, Alcampo, Bricomart, Apple Retail among others - is to represent and defend the common professional interests of the members, both in their relations with the different public administrations and with the social partners and, in general, with any other social, economic, political or cultural actor.

The collective bargaining structure of the commerce sector in Spain was traditionally characterised by a high degree of fragmentation and dispersion due to large number of agreements at several levels that exist (Eurofound 2011).

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<sup>2</sup> The ECVT was a survey conducted in Spain until 2011 when it was discontinued. It provided very detailed information on several industrial relations variables and dimensions, including union density, existence of company representation structures, etc. Unfortunately, the last year we have data available is 2010, but given the lack of any other comparable source, it is still widely used.

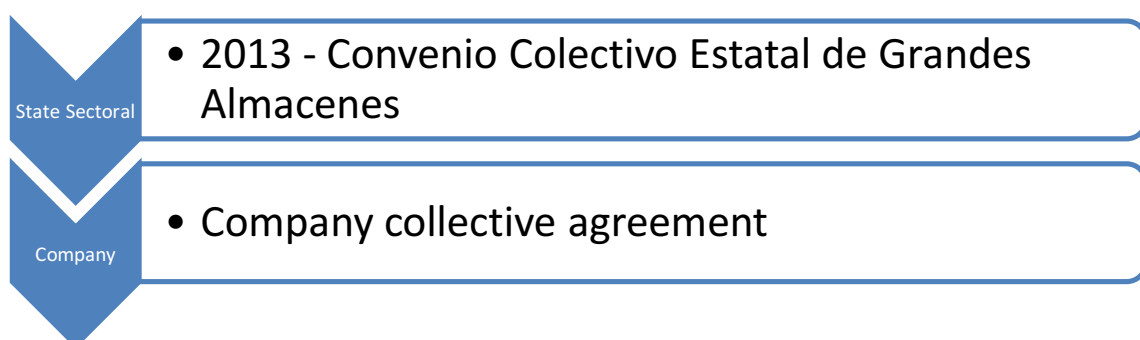
According to trade unions, there are too many sectoral or company level collective agreements (around 250 sector collective agreements and more than 100 company level agreements). Only 7 out of the 250 sector agreements are national-level agreements, the remaining being provincial or regional sectoral collective agreements (Alonso 2016).

The predominant bargaining level is thus the provincial level, where sectoral collective agreements are signed covering all the companies in a certain sector. However, there are some collective agreements at national level. Regarding collective bargaining coverage, it is estimated that around 2 million persons are covered by collective agreements in the commerce sector (Eurofound 2011, 8).

In order to reduce this fragmentation and rationalize the collective bargaining structure, the state-sectoral collective agreement of large retail in Spain signed in 2013 contained in article 4 a clause establishing that “Consequently, and in order to establish a rational and homogeneous structure for the scope of this collective agreement, hence avoiding the effects of disarticulation and dispersion, the signatory parties agree that the structure of collective bargaining in the large retail sector is integrated by this unit of negotiation of state scope, with express exclusion of any other and in his case by the development of the same within each company, with respect in any case to the current legislation”.

As a consequence, in the case of the large retail sector, collective bargaining is increasingly characterised by the existence of a dual structure around a national-level sectoral collective agreement and company level agreements. In certain activities or sub-sectors, collective agreements at provincial level also exist, but this is the exception rather than the rule. Moreover, there are few companies that have their own collective agreement, therefore being a sector characterised by a relatively centralized collective bargaining structure.

**Figure 13** – Collective bargaining structure in the large retail sector



The collective agreement of department stores, effective from 2013 to 2016, is one of those agreements that saves the sector from the effects of ultraactivity. Published in April 2013, it is a convention discussed tremendously from the trade union representation, since it was closed between the employers of the sector and the unions

Fasga and Fetico, representative unions in the sector (the type of union that is called independent and professional), But without any support from the unions UGT and CC.OO (the type of union that is called class). The latter two have opted to challenge the agreement through the collective dispute before the National Court hearing that the agreement violates guarantees and rights that workers have recognized by the Workers' Statute and the Organic Law of Freedom of Association.

Before entering into the content analysis of the four subjects to be analysed, it is important to mention that the HR function in the large retail sector is very centralised. This means that all large retailers in Spain apply the same policies to all their plants irrespectively of the region where they're located. This explains why a dual structure of collective bargaining, with a state-sector collective agreement and company collective at lower level fits nicely with the HR model in this sector.

## **2. Content Analysis**

### **2.1. Employee Reward**

#### *Meso Level*

The national level collective agreement does not contain any clause around productivity-related issues. It mentions the possibility to include variable pay clauses at company level, in accordance with the general criteria established in the national sector agreement.

The 2013 national level collective agreement for the large retail sector contained a very generic clause on employee reward. Interestingly, this included (see art. 14) also the possibility of a flexible wage structure, but only after having agreed it individually with the worker.

In addition to the possibility for an individual flexibilization of the wage structure, the collective agreement also establishes a quality complement or quality premia. More specifically, on its article 20, the collective agreement establishes a so-called 'Quality Complement or Premia' consisting of pay increases linked to observed improvements in performance. The article contemplates the possibility of implementing collective as well as individual premia linked to performance. In the case of large retail, performance is associated with sales.

On the basis of this article, lower level collective agreements should define more precisely the amount of this premia, but also which concepts are taken into consideration and how are they measured.

*Micro Level*

As pointed out in the interviews, the implementation of Quality Premia at lower level is characterised by:

- its uneven character across provinces and companies. In some cases, collective agreements contain a very detailed regulation of these premia (this would be the case of Decathlon), whilst in some other cases there is no mention whatsoever in the company-level agreement on it;
- in most cases, the only variable that is considered in order to apply these complements are sales, hence adopting a narrow approach towards measurement and reward of quality of tasks performed. Officials from CCOO proposed for instance to include involvement in training activities as one of the dimensions to be positively valued when assessing individual performance (Alonso 2016);
- being more characteristic of specialised large retailers, i.e., those selling a limited range of products in a specific market (i.e., computer and electronics stores, sport equipment, etc.).

There are however some instances where productivity has been linked to employee reward. One case is 'El Corte Ingles'. Using the possibilities offered by Art. 41 of the Workers' Statute, the Department Stores 'El Corte Ingles' have changed the performance premium system in two ways:

- in the case of the Restaurant and Cafeteria Department of 'El Corte Ingles', there was a collective performance related premium according to which each worker received the premium in accordance with the points assigned to its occupational group;
- in the case of salespersons, there was a an individual performance-related premium.

These two systems have been replaced. In the case of the collective system for each department, whereby 75% of premium is assigned according to performance related criteria, but the remaining 25% is assigned by criteria set by the supervisor in each department. In most cases, this remaining 25% is left unassigned.

In 2013 El Corte Inglés and the Fetico, Fasca and UGT unions agreed to change the system of incentives received by sales workers in the distribution group who, from now on, must exceed a certain amount before they can receive sale premia. The remuneration from this minimum, however, will not be a fixed percentage of what has been sold, as it has until now, but will grow as an employee's sales volume increases. The agreement was opposed by the CC OO. The 'minimum' sale level that sellers must achieve in order to begin receiving the premia is equivalent to 40% of what they sell today and if exceeded, the commission may double.

One of the company cases that has been pointed out both by interviews as particularly interesting when it comes to employee reward is the Decathlon case. Its collective agreement contains two elements linked to performance.

First, the base salary is composed of a fixed part as well as variable part linked to sales performance of the group. More specifically, it is established for the workers who have been working in the company all year, a bonus based on the fulfillment of a percentage increase in the company's overall sales figure over the previous year, according to its profit and loss account. The bonus will be generated by applying a scale on the gross annual base salary without premium:

- 2.5% increase sales figure = Bonus 0.15% annual gross base salary;
- 3% increase sales figure = Bonus 0.3% annual gross base salary;
- 3.5% increase sales figure = Bonus 0.45% annual gross base salary;
- 4% increase sales figure = Bonus 0.6% annual gross base salary;
- 4.5% increase sales figure = Bonus 0.75% annual gross base salary;
- 5% or more percentage increase in sales figure = Bonus 0.9% annual gross base salary.

If the percentage increase on sales of the previous year did not reach a minimum of 2.5%, no rights would be had for this concept, not generating bonuses.

Secondly, the collective agreement also contains a premia system. According to this, the workers will be entitled to receive the premium from their third month in the company. However, if the worker has been in the company for at least three months within the last twelve months, he will have immediate access to the premium system. The premium system will be governed by a series of tables that establish, depending on the job, the establishment and the function of the workers, a series of parameters and percentages that will be used in order to calculate the amount to be paid each month to the worker. The percentage of variable premium is typical of the job reflected in the attached tables and the premium rates may be different for different jobs within the same professional group.

The collective agreement also establishes that premium system will be monitored and, if necessary, reviewed by a joint commission constituted as follows: three members representing the Company, three members elected from among the negotiating commission who signed the collective agreement representing workers.

## **2.2. Participation and Involvement**

### *Meso Level*

On the issue of participation and involvement, there is no aspect worth mentioning at sectoral level. The institutional channels for the participation of social partners are those also contained in the Workers' Statute and no remarkable innovation is introduced at sectoral level.

Recently, the so-called 'Amazon effect' has acted as a catalyst for a new wave of enhanced participation and involvement of trade unions and workers. This has become

clear with the negotiation of the collective agreement for the large retail sector of Madrid that has showed the importance of a common, external threat to the sector as an effective catalyst to bring about enhanced cooperation and negotiation between all the actors involved. More specifically, all actors agree on the need to find innovative mechanisms to preserve the traditional retail model and maintain jobs in the sector, being the growth of online sales a direct threat for all of them. This externally-induced shift in the sector may open new avenues to enhanced participation of workers in order to follow a more quality-oriented and client-focused competitive strategy.

### *Micro Level*

There are few examples of participation and involvement related to productivity in the large retail sector. One case would be the collective agreement of Lidl, that establishes the need to create a productivity committee in order to define a general productivity system for the warehouses. This productivity system will provide variable performance incentives and/or deal with some concepts such as administrative supplements, productivity premia, multitasking premia, fruit and vegetable complement, and several other complements specific to warehouses.

## **2.3. Skills and Job Classification**

### *Meso Level*

Since the early 2000s, the national sector-level collective agreement establishes only five occupational groups in the large retail sector. Before that, the collective agreement contained a more detailed regulation of all groups for each of the professions required in the large retail sector. More specifically, article 6 of Chapter II in the collective agreement establishes the following groups:

**Table 5** – Professional groups in the national sector agreement for large retail

<b>Groups</b>	<b>Education</b>	<b>Work organisation</b>
<b>1. Personal base (base group)</b>	Secondary education	No autonomy; completely standardised processes
<b>2. Grupo de profesionales (professionals group)</b>	Upper secondary education/Intermediate vocational level training	Low level of autonomy
<b>3. Grupo de profesionales coordinadores (professional coordinators group)</b>	Higher levels of vocational training	High level of autonomy

<b>4. Grupo de técnicos (skilled workers)</b>	University degree or equivalent	High level of autonomy
<b>5. Grupo de mandos (directors)</b>	University degree, master or PhD	High level of autonomy

The lion's share of workers in the sector are in group 2 (professionals). This means that within this group we can find workers performing very different tasks, including salespersons, accountants, cashiers, replacers, electrical technician, etc. As pointed out by one of the interviewees, this constitutes a problem for the implementation of a performance-related system for the whole group, as the occupations/tasks performed are very different within the group, therefore being impossible to establish a common criteria for all workers within the group.

#### *Micro Level*

Skills and job classification is one of the issues where sectoral collective agreements have exclusive competence to regulate. As a consequence, lower level (company) agreements simply replicate what is established at sectoral level.

## **2.4. Work Organization**

#### *Meso Level*

As with all other sectors in the economy, work organization is always referred to as a prerogative of management. For this reason, collective agreements either at meso or micro level usually make little mention to work organization directly. However, there are other aspects related to work organization that appear in the collective agreement.

One of these aspects is the broad definition of occupational categories mentioned in the previous point. The existence of very broad occupational categories, has allowed companies in the sector to implement functional flexibility/mobility systems as workers with very diverse functions are now within the same group.

Another related aspect is the type of contract. The national sector agreement provides general guidelines on the use of different types of (non-standard) contracts, including, temporary, training, part-time, etc. One of the characteristics of the large retail sector is the relatively low level of temporary employment, even though the sector has a strong cyclical character. The reason for this is not to be found in the transformation of temporary into open-ended contracts, a possibility that is contemplated and encouraged in the national sector collective agreement. The main explanation for this low level of temporary contracts (particularly in the large retail sector) are the strategies followed by



most companies in order to face the crisis. First of all, they stopped making new contracts on a temporary basis. Secondly, they have faced peaks in demand through employees with open-ended contracts.

In this way, peaks of work (including Christmas, sales periods, etc.) are faced by most large retail companies through the extension of weekly working time for full-time or part-time workers with open-ended contracts. In order to do so, companies use article of the Workers' Statute that allows companies to modify substantially working conditions of employees because of organizational, economic or technical reasons. In this way, companies make little recourse to temporary contracts.

#### *Micro Level*

Some collective agreements establish performance-related criteria in order to transform temporary into open-ended contracts. However, the interview with the trade union showed that these clauses are seldom applied in reality. There is no example of company level collective agreement dealing with work organization issues as a mechanism to enhance productivity.

## **2.5. Inclusion and Diversity**

#### *Meso Level*

The state-sectoral collective agreement contains a general statement on equality and non-discrimination policies, without any reference to inclusion policies.

In the case of the sectoral collective agreement for supermarkets of the province of Barcelona, there is an article on staff with diminished capacity. According to this, the companies will couple the personnel with declaration of permanent incapacity for the normal profession to work appropriate to their conditions, respecting them

The salary they had credited before moving to that situation

#### *Micro Level*

The 2013 collective agreement of DIA made a explicit referral to the need to employ people with disabilities. In this way, a preferential reserve of 2% total jobs in favor of the disabled and handicapped is made. In order to implement this policy, the collective agreement establishes that when there is a need to hire new workers, if among the applicants there is someone who, being disabled or handicapped, meets the requirements of the job, under equal conditions, the decision will be in favor of the disabled or handicapped.

In Alcampo 417 people with disabilities are employed, that together with indirect jobs, account for 4.35% of its workforce. In 2015, Alcampo received the Queen Letizia Award for insertion for this work. In its commitment to diversity, Alcampo has increased the percentage of women in positions of responsibility, reaching 35% in 2015 and continues to bet strongly on the incorporation of women into management positions. Likewise, it is a company affiliated to the “More Women, Better Companies” brand of the Ministry of Health, Social Services and Equality; and collaborates in the Agreement for a Society Free of Gender Violence.

## **Part B.**

### **The Automotive Sector**

#### **1. Introduction to Automotive**

The automotive sector in Spain is the leading manufacturing activity in Spain and the third source of income behind tourism and agro-food industry. The impact of the crisis on the automotive sector has been less severe than in other manufacturing activities or the service sector.

##### **1.1. Labour Productivity Developments**

Productivity developments in the automotive sector in Spain have been characterised by an increasing trend since the early 2000s, and it is by far the sector considered in this study with the highest productivity level. The growth in productivity has only been interrupted during the 2007-2012 period, where it has remained stagnant. As pointed out by the interviewees, the reason for this interruption is related to collective bargaining dynamics during the crisis. In particular, collective agreements during these years have exchanged wage moderation or even cuts, in order to preserve jobs. As a consequence of this, the fall in demand and production has translated into stagnant productivity. Trade unions and employers agreed on the positive impact of collective bargaining. This is the result of a greater focus by trade unions on problems of corporate restructuring, hence leaving a position of permanent conflict to engage in dialogue in the management of business problems. In this sense, not only before the crisis, but also during the period of strong economic and industrial growth of the country (1997-2000), employers and trade unions of the sector have always negotiated in order to meet the needs of the sector industry (CCOO 2015, 5) and have accordingly prepared the sector to face both growth and crisis.

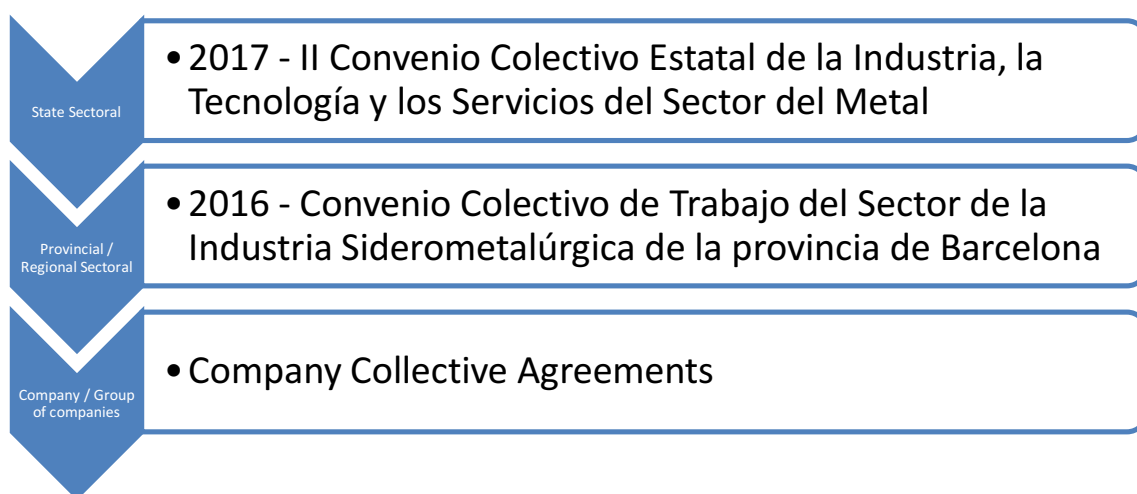
##### **1.2. Industrial Relations and Collective Bargaining**

Manufacturing has been at the core of Spanish industrial relations with strongly organised unions, well-organized employers' associations and a long history and tradition of social dialogue but also industrial conflict. However, the sector itself differs greatly from the assumed image of large corporations. Actually, the manufacturing sector, as well as its different sub-sectors, are in general highly fragmented in terms of company size. There are many small firms embedded in local economies that exist alongside larger, mostly multinational subsidiaries: there is a dominance of province-

based agreements and some company level agreements in the larger firms. According to a representative of the metal employers Confemetal, this was due to the peculiarities of the sector, which mirrored the economic structure of the country (which was based on a preponderance of small and medium sized companies):

the national agreement is posted on the website of [...] Confemetal, you can check it, you can download it. The second chapter details how the sector is structured and well, recognizing the reality of the industry, we find [...] that provincial agreements predominate. Logically the state level bargaining would then only be limited to those issues. Provincial agreements, sector-level agreements and company-level, agreements, that is what exists. That is precisely the level around which collective bargaining is structured in the metal sector. It is a sector - in line with the rest of the Spanish industry and the Spanish economic structure - which is dominated not only by SMEs, but particularly by micro-companies. 92% (of the Confemetal members) are SMEs which are very tiny with less than 10 workers, and who expect a certain protection through provincial agreements.

**Figure 14** – Collective bargaining structure in the automotive sector



In the case of the Automotive sector, there is a national sectoral agreement that establishes minimum conditions, but according to the interviewees, the most significant level for the regulation of working conditions is the provincial or regional.

There are also companies that have their own collective agreement, but there is no example of company that has tried to lower the conditions established in the sectoral collective agreement. This is accordingly a sector where the spaces opened by the 2012 collective bargaining reform allowing company collective agreement to have priority over sectoral collective agreements.

In this vein, social partners signed in 2012 an agreement on the structure of collective bargaining in the metalworking sector<sup>3</sup>. The objective of this agreement, signed by peak organisations in the sector, was to establish a series of common principles for the whole sector, the distribution of regulatory powers between the different levels and levels of negotiation and the different ways of articulation between them. Four levels where collective agreements can be signed are contemplated in the agreement:

- state-sectoral level. It covers the entire Spanish territory. The state-wide collective agreement for the metal sector applies to all companies and workers within its functional and personal scope;
- regional-sectoral level. This area of negotiation includes the following types of collective agreements:
  - the sectoral collective agreements currently existing at the provincial level;
  - sectoral agreements that may be established within the framework of an autonomous community to replace the provincial ones;
  - existing sub-sectoral conventions, included in the functional scope of this agreement;
- company level. It includes the collective agreements of general effectiveness, currently existing or that can be agreed in a company or group of companies;
- groups of companies. Includes collective agreements that are established for a number of companies linked for organizational and productive reasons, and nominally identified.

The importance of the sectoral level in the case of car constructor companies has been stressed in the interviews and is shared both by trade unions and employers. In a recent document by the most representative trade union in the sector, CCOO, this commitment:

Union action, taking into account the consolidation of social dialogue in companies in the construction sector - which has favored important agreements with similar characteristics in all companies in this subsector - will continue to focus on the reasons that justify the implementation of a sectoral agreement in the framework of collective bargaining (CCOO 2015, 76).

More specifically, the important role of sectoral collective bargaining in this sector is grounded in three main reasons: companies share similar problems; companies in the sector follow a similar model of collective bargaining; there is a need for a common framework in order to enhance the adaptation and anticipation of companies to a changing context.

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<sup>3</sup> *Resolución de 8 de febrero de 2012, de la Dirección General de Empleo, por la que se registra y publica el acuerdo de modificación del capítulo II del Acuerdo estatal del sector del metal.*

## 2. Content analysis

### 2.1. Employee Reward

#### *Meso Level*

The main locus for the establishment of wage premia or performance-related pay are the collective agreements at sectoral level, and in particular, those at provincial level. These collective agreements provide a bottom floor for earnings and they also provide the general characteristics of wage premia or productivity incentives.

In 2004 sectoral collective agreements started to contain performance scales linked to premia. Moreover, in 2004 collective agreements also made reference to the systems that could be used in order to measure time.

These scales start at 100 (minimum expected performance).

#### *Micro Level*

There are several companies that establish a performance premium. This performance premium has two advantages: first, it gives incentives for employees to reach it, and it avoids punishing those employees that under-perform, but without signalling them and reducing potential conflicts.

In the case of Renault Spain, the collective agreement establishes a productivity incentive bonus when certain individual and collective targets are achieved. This incentive is established in Annex V of the collective agreement and it varies according to the different occupational categories and groups of workers.

A different approach towards productivity-linked pay is provided by Seat. Its collective agreement establishes in article 30 a Team bonus. The objective of this bonus is to promote teamwork among employees. For this reason, a necessary but not sufficient condition to perceive the bonus is that the employee is attached to a team. However, in the event that he can not be attached to a team for reasons attributable to the company (due to work organisation requirements and mobility reasons), the employee will also be entitled to receive such a bonus. The payment of the bonus is conditioned to the fulfillment of the following objectives, among others: Productivity, Quality, Efficiency of facilities, Adaptability of team members, Ideas to improve, Order and cleaning, Absenteeism, Training and qualification.

In addition to teamwork bonus, the last collective agreement in Seat also contains a variable part of the salary linked to benefits. In particular, it provides that Seat employees may receive a benefit payment. Specifically, the agreement, the most important of the automobile industry in Spain, predicts that if Seat earns up to 100 million Euros, 2% of profits will be distributed among the workforce, although each

worker, in case of benefits, will have guaranteed a minimum of 150 Euros. If profits exceed 100 million Euros, the percentage of the benefit of Seat that would be distributed will be 8%, up to a maximum of 1,300 Euros per worker.

## **2.2. Participation and Involvement**

### *Meso Level*

The specific forms of participation and involvement of workers are a competence of management. One of the aspects highlighted in the interviews is the positive impact of forms of participation and involvement in the performance of employees. In particular, it has been showed how performance-related dismissals (i.e., dismissals justified on the basis of under-performance) are increasingly rare in the

### *Micro Level*

An important aspect in relation to the introduction of performance related premia is the reliance upon the principles of codetermination when deciding how work is organised and which methods will be used in order to measure performance.

When the company decides to increase speed of the production line, then the company has to propose a measurement method, consult it with employee representatives. Once it has been agreed, there will be an adaptation/probationary period when the employee has the opportunity to express concerns and notify problems of the given system, eventually leading to the adoption of a new one. Once this process has finished, the method is implemented and a committee formed by representatives of employees and the company will later on assess whether the implementation has been successful or not. In the case of Ford Spain, the collective agreement established the creation of a special commission on Participation and Consultation in charge of strengthening and enhancing social dialogue and information flows between company management and employees. More specifically, it is stated that the main role of this commission will consist in analysing enterprise's position in relation to the market, financial position, quality and productivity (see article 146 of the collective agreement).

The Seat collective agreement devotes an entire section to productivity and bonus payments. However, it is interesting to note that in order to implement those aspects contained in the section, the collective agreement relies on the creation of a Productivity Committee. The role of this committee is to contribute to the improvement of the productivity of the company, by studying and discussing the determinants of productivity and the elements involved in it. It is envisaged the creation of a Productivity Committee in each plant that will assume the following tasks:

- follow-up of the goals of global productivity, both in the production process and in the support process;
- study of applications of new technologies, work organizations, distribution of this, etc.;
- harnessing human resources at all levels;
- study of cycles and workloads, as well as their distribution;
- productivity, quality and ergonomics;
- alternatives to production supports to improve efficiency;
- study of the lack of efficiency both from technical stoppages and rejections;
- study of the work in progress;
- study of systems of measurement of times and incentives;
- advice and participation.

This productivity committee is accordingly a strong mechanism for the involvement and participation of workers in the organisation work and more specifically, in defining and designing all those aspects that have an impact on productivity.

### **2.3. Skills and Job Classification**

#### *Meso Level*

Job classification is established at sectoral level. The sectoral collective agreement also specifies the skills required in each occupational group as well as their functions.

Regarding training, the sectoral collective agreement only contains a generic commitment in relation to training of workers. Only in the section dealing with contractual forms, there are some indications about the need to use training and apprenticeship contracts for new entrants.

### **2.4. Work Organization**

#### *Meso Level*

The sectoral collective agreement clearly establishes that work organization is a prerogative of company management. As a matter of fact, the sectoral collective agreement in its article 14.1 clearly describes all those aspects related to the organization of work that are exclusive competence of management.

However, it opens the door to the existence of mechanisms allowing the participation of workers. More specifically, the sectoral collective agreement establishes that the organization of work is aimed at achieving an adequate level of productivity in the company based on the optimal use of human and material resources. For this purpose it



is necessary the mutual collaboration of the integral parts of the company: management and workers.

### *Micro Level*

In order to reward productivity, companies have technicians that elaborate studies on how to perform tasks and the average time necessary to perform each of these tasks. If an employee devotes systematically more time to perform that task without a justification, the company may impose a penalty on the employee.

When there are disputes around the measurement of performance, companies and workers may seek the mediation of the so-called Tribunal Laboral de Catalunya (Labour Court of Catalonia), that is a tripartite foundation whose experts provide counselling and mediate in this type of disputes. According to the interviewees, this institution has also contributed to keep conflict at low level in the automotive sector.

There are also occasions when the production line speed is upgraded to 110% and this is also compensated to employees.

There are some companies that have implemented mechanisms of negotiated productivity. In this system, autonomous units in the production process are assigned a production target (performance) and they have freedom on how to divide and organise work/tasks among the workers involved in order to reach this target.

Even though very significant progress has been made in relation to these systems, collective bargaining has sometimes lagged behind and this has created some tensions.

In the interviews it was observed how the component companies are more pro-active in developing and implementing these systems than assembly companies. This is because the pressure put onto them by assembly companies forces them to be more innovative and look for innovations in work organisation, measurement methods, reward schemes, etc., in order to increase productivity.

In the case of Ford, a Joint Commission of Methods and Times of Ford Spain, S.L. was established in its 2014 collective agreement, with the following functions:

- to channel the claims regarding methods and times that had not been satisfactorily resolved for the interested party through the special procedure of complaints about methods and times that the company has established. To this end, and at the reasoned request of any of its components addressed to the chairman of the commission, be informed of the speed of the chain referred to the production program and other circumstances concurring at the time of the claim;
- to agree recommendations to the management of the company, for the revision of some aspects of the system, if it were considered necessary;
- to decide, prior to the advises and appropriate checks after studying the claim, on the following matters:
  - if there is sufficient evidence to estimate or reject the claim;
  - if it considers it appropriate or not that the review of times and returns be made.

The agreement for such review may only be based on any of the following facts:

- by reform of the industrial or administrative methods or procedures of each case;
- if it has been clearly or undoubtedly incurred in miscalculation or measurement error;
- if there had been a change in the number of workers at work or some other change in the conditions of the worker.

The case of Seat is also interesting in relation to work organisation. Its collective agreement emphasizes the idea of teamwork as a key mechanism in order to organise work in their plants. More specifically, article 91 establishes that the work will be organized through teams or groups of workers whose objectives and tasks will focus on the following aspects: Productivity, Quality, Efficiency of facilities, Adaptability of team members, Ideas to improve, Order and cleaning, Absenteeism, Training and skills.

The functions of teams as defined in the collective agreement are the following:

- to perform the assigned productive work;
- to participate actively in setting objectives, within the framework of the needs of the overall objective of the company, in terms of economy, productivity, efficiency, quality, etc. The team sets the objectives with the head of the cost center;
- to participate in ergonomics and occupational health tasks;
- to hold regular meetings;
- to prepare and care for the means and materials of work;
- quality control;
- to maintain organization and cleanliness in the work area;
- to recognize and analyze failures or breakdowns in facilities that affect the work process and repair them as much as possible to start a collaboration process with maintenance;
- to take responsibility for the tools and installations used by the team;
- to participate in the continuous improvement of the process and in the Improvement Ideas program;
- to be responsible for new team members at the level of support, integration and job training;
- visual tracking and updating of the objectives through panels that will detail the development of the team,
- to propose changes in the composition of groups, respecting production needs,
- specialized operators may be excluded from rotations.

## **2.5. Inclusion and Diversity**

### *Meso Level*

Regarding inclusion and diversity, the sectoral level of collective bargaining only contains general recommendations and the need for companies above 250 employees to elaborate their own equality plan.

## **Part C.**

### **The Contract Catering Sector**

#### **1. Introduction to Contract Catering**

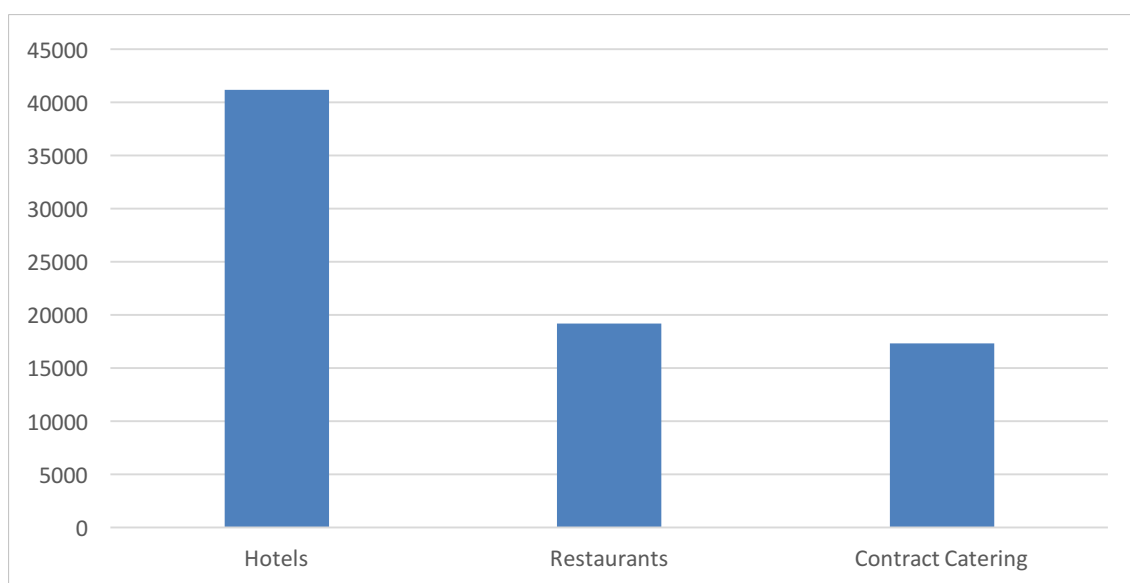
Within the restaurants and catering sector, contract catering is a subsector with well-defined characteristics, very different from other sub-sectors within the tourism and hospitality sector. However, it also shares some characteristics with it. Like the rest of the sector, it underwent major growth in the early 2000s which came to an end in 2007. Since 2013, the sector has led economic growth and employment creation in Spain.

The companies in the contract catering subsector provide services in many facilities: schools, hospitals, government offices, military facilities, industrial companies, private offices and others. In the European context, Spain is one of the countries where contract catering has experienced a higher growth rate over the last decade. This is because of the late development of public services, which are the main clients of the sector.

This outsourcing policy has favoured the establishment of large companies in the sector and a gradual process of concentration. Even though there remains some dispersion in company size, with an abundance of small companies that generally provide services to a single center, larger companies have gradually absorbed smaller ones in order to expand their market share and make the most of economies of scale, a key element determining competitiveness in this subsector. To this process has also contributed the expansion in facility management companies. In 2017, the market share of the first 10 companies is 53%, being important to emphasize that almost 40% is concentrated in 5 of them.

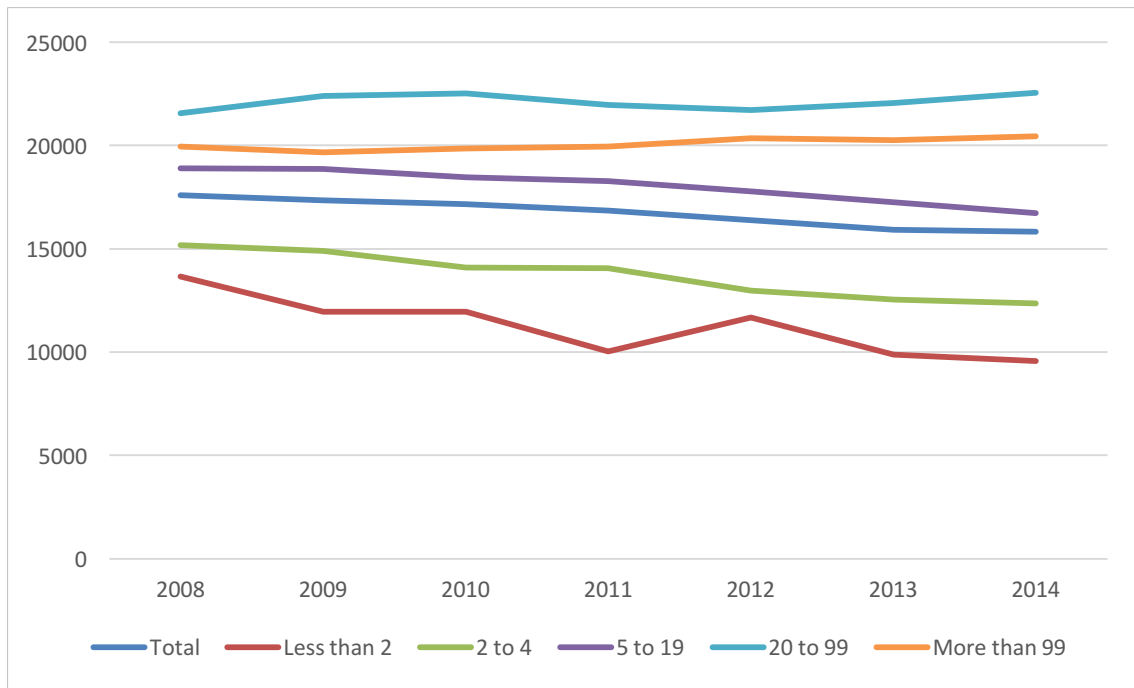
#### **1.1. Labour Productivity Developments**

Within the four sectors compared in this report, the HORECA sector is one with the lowest productivity levels. When we look more closely inside HORECA, we find how productivity in food and services is significantly lower than in the hotels/accommodation subsector (INE 2016).

**Figure 15** – Productivity levels in the HORECA sector and subsectors (Euros) in 2015

**Source:** *Encuesta Annual de Servicios*, INE

The evolution of labour productivity for the Restaurants and Catering sectors shows a slightly declining trend since 2008. However, behind this trend there are important differences when we look at company size. As it can be seen in graph 17, there is a positive relationship between firm size and labour productivity. Moreover, contrary to what has happened for smaller companies, larger ones in this sector have maintained or even increased their productivity figures over the period considered.

**Figure 16** – Labour productivity in restaurants and catering by company size, 2008-2014

Source: *Encuesta Anual de Servicios*, INE

Taking into consideration the above figures, we can conclude that in a labour intensive sector as is the case of contract catering, the capacity of firms to introduce technical innovations as well as to exploit economies of scale, explains to a large extent productivity levels and trends. Larger companies can take advantage of these two competitive elements, compared to smaller ones.

Finally, the interviews have also pointed out to a relationship between the degree of outsourcing in an activity and productivity. More specifically, as outsourcing in the public sector (that constitutes the lions share of activity in the contract catering sector) is made based on cost criteria, outsourced companies have low incentives to improve productivity once they've been assigned a contract.

## 1.2. Industrial Relations and Collective Bargaining

Trade union density in the contract catering sector is relatively high as a large percentage of employees in this sub-sector is employed in medium - large firms. According to the interviews, there is a high percentage of companies with trade union representation structures because elections are made on the basis of groups of workplaces.

When it comes to collective bargaining coverage, it is also very high, reaching almost 100% of the workforce according to trade union officials interviewed. The only problem reported in relation to this issue is the case of facility management companies, that may apply another collective agreement, not necessarily the contract catering agreement. Coverage problems are not accordingly in relation to the existence of significant coverage gaps, but the existence of competition in the application of collective agreements from other sectors.

Hotels and catering is similar to other sectors in the regulation of working conditions and collective bargaining structure. There are three main levels of collective bargaining: state-level, province and company.

The Fifth National Labour Agreement for the Hotels and Catering Sector (Acuerdo Laboral de ámbito Estatal para el sector de Hostelería, ALEH) is a state-level sectoral collective agreement that constitutes the regulatory base for collective agreements at regional or provincial level. The aim of the ALEH is to guarantee a minimum floor of common working conditions for all workers in hospitality activities throughout the country. The ALEH regulates the structure of collective bargaining (defining the levels for collective bargaining and the issues that can be negotiated in each of them), professional classification, the trial period of the contracts, the training contracts, the professional training, the disciplinary regime, the extrajudicial solution of labor disputes, the effective equality of women and men, health and safety at work and subrogation clauses in the case of the subsector of contract catering.

The 5<sup>th</sup> ALEH was signed in 2015 by the main social partners: in representation of the trade unions, the National Federation of Workers of Retailing, Hotels and Catering, Tourism and Gambling of the General Workers' Confederation (Federación Estatal de Trabajadores de Comercio, Hostelería Turismo y Juego, CHTJ-UGT) and the National Federation of Retailing, Hotels and Catering and Tourism of the Confederation of Workers' Commissions (Federación Estatal de Comercio, Hostelería y Turismo, FECOHT-CCOO); and in representation of the employers, the Spanish Federation of Hotels and Catering (Federación Española de Hostelería, FEHR) and the Spanish Confederation of Hotels and Tourist Accommodation (Confederación Española de Hoteles y Alojamientos Turísticos, CEHAT). In this agreement an important part is dedicated to the specific regulation of the sub-sector of contract catering.

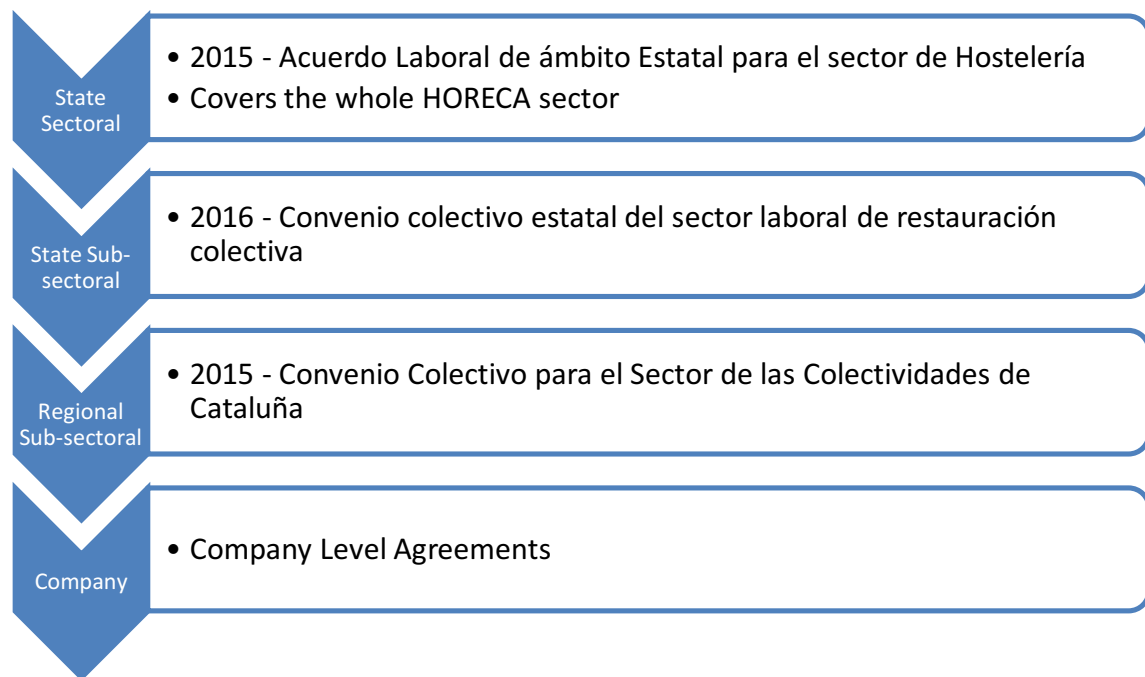
In 2015, the first national-sectoral collective agreement on contract catering was signed. This agreement was hierarchically under the 5<sup>th</sup> ALEH, but contained some specific regulations for the contract catering sub-sector. The I Collective Agreement of the Contract Catering Sector is a framework agreement that establishes the structure of the collective bargaining of the sector and the rules of concurrence for lower level collective agreements.

CCOO is the most representative trade union in the contract catering sector. When the first and second sectoral collective agreement at regional level were signed, the most representative trade union was UGT.

Employers organisations are divided in relation to the level where collective bargaining has to take place. The most internationalized companies preferred a state level collective agreement, whilst in the specific case of Catalonia, some companies opted for regional collective agreements.

In addition to the state-level collective agreements there are regional/provincial ones. The analysis of clauses in the contract catering sector has been focused in the case of Catalonia, that has its own collective agreement on contract catering

**Figure 17** – The structure of collective bargaining in the contract catering sector



## 2. Content analysis

### 2.1. Employee Reward

#### *Meso Level*

Employee reward in the hospitality sector is regulated by collective agreements at provincial/regional and company level. When negotiating wage increases, the inter-sectoral national level agreements on collective bargaining and employment provide the benchmark for negotiating increases at sectoral level. These general recommendations are then adapted to the specific conditions of the sector and/or region.

Previous studies on the hotels and catering sector have showed how there is no influence of productivity evolutions when deciding real wage increases in collective



agreements (Roqueta et al 2009). Moreover, wage clauses in the hospitality sector are mostly based on the salary system per unit of time. Salary supplements relative to the quantity and quality of work, such as attendance pluses or productivity complements are exceptional. Linking wages to the productivity of the company or its benefits is practically non-existent in the HORECA sector. This is despite the fact that, as pointed out by the employer interviewed, greater wage diversification is necessary in order to achieve a better adaptation of the work force to the organizational requirements of companies. Salary items such as hourly availability, premiums or participation in company results would, in effect, facilitate the concordance between wage costs and the production system of the company, improving both the company and the worker their economic expectations.

In the case of agreements at provincial level, the main aspect regulated is the setting of pay levels. In the case of Catalonia, there is a regional agreement that includes different pay rates depending on the province where the workplace is located and the category assigned to the employees. However, in the subsector of contract catering business practices make the application of the agreement more complex. Although 85% of workers are covered by the Hotels and Catering Agreement of Catalonia, 15% are covered by the elderly care agreement. Contract catering companies thus take advantage of the fact that the agreements for workers in elderly care homes have worse conditions than the Hotels and Catering Agreement.

The basic wages of a cook in hotels and catering (in the province of Barcelona) is €1277 and that in elderly care is just over €800. There is a difference of almost €390 for doing the same work or more (CCOO delegate).

There are not only differences in pay but also in other conditions, including sickness coverage.

In relation to productivity clauses or performance related pay, the interviewees noted that there is a rather standardised pay system with very little scope for variable pay or linking wages to productivity. It is possible that for higher level occupational groups, and in particular those with monitoring responsibilities, there are individual agreements in case a certain target is reached, but they're not extended to all workers. This is in particular the case of centre managers, whose pay has a variable part established by the national level sectoral agreement.

### *Micro Level*

The interviewees have made clear the absence of performance-related clauses at company level in collective agreements.

There are some collective agreements that contain clauses on the transformation of temporary/fixed-term contracts into open-ended contracts. In particular, for new

entrants with temporary contracts or probationary period, an assessment of performance will be made upon termination of the temporary contract in order to decide whether to offer an open-ended contract. However, the criteria used in order to compare performance across workers is very often not specified, hence opening the door to arbitrary interpretations and behaviour.

## **2.2. Participation and Involvement**

### *Meso Level*

Following the Workers' Statute, collective agreements at sectoral level establish the creation of bi-partite commissions on a number of issues, including health and safety at work, training, and gender equality issues. The role of these commissions consists in discussing problems arising from the implementation of the collective agreement and provides additional mechanisms for participation and involvement of workers. However, this participation and involvement is very often very limited in scope, with commissions meeting rarely and having little impact on the areas concerned.

The only field where collective agreements participation and involvement through these commissions could have a more significant impact on productivity is in the case of training or health and safety at work. Direct participation is envisaged in this case through the creation of bi-partite commissions that will meet and will be consulted regularly in order to reduce risks derived from the way work is organized, the characteristics of the workplace, etc.

### *Micro Level*

Company level collective agreements in contract catering sector do not deviate from what has been established at higher level collective agreements. In the case of participation and involvement, no remarkable practice or clause has been identified in this regard.

## **2.3. Skills and Job Classification**

Compared to the hotels sub-sector, workers in the contract catering sector have on average lower qualifications and skills. Moreover, there is less diversity in the functions within the contract catering sub-sector compared to hotels or even restaurants.

*Meso Level*

The job classification system in the contract catering sector is regulated in the 5th ALEH. Lower level agreements take this classification and determine pay levels according to it. The main element of this agreement is the standardization of professional categories. These are divided into 6 functional areas:

1. reception, porters, public relations, administration and management;
2. cooking and supplies;
3. restaurant, hall, bar and similar;
4. floors and cleaning;
5. maintenance and auxiliary services;
6. Complementary services.

Within each functional area, a detailed description of the main occupations and professional categories within it is contained in the collective agreement. These categories, together with the tasks employees have to perform, are taken as the basis for determining pay at lower levels. However, a closer look at the lower category shows a wide and vague formulation, that opens the door for workers to be required to perform any task within the workplace. This category can therefore be used to place workers at a lower level than corresponds to the tasks they carry out.

Regarding training, the 5<sup>th</sup> ALEH contains a commitment to develop vocational training in the sector and provide favourable conditions for workers to have access to it. More specifically, the signatory organizations of the ALEH urge the sectoral agreements at lower provincial and regional level to facilitate access to training and establish the mechanisms in order to achieve this goal. In particular, the agreement encourages social partners at provincial and regional level to adopt the necessary initiatives to favor the access of the workers to the individual training permits.

Moreover, in order to guarantee the professionalism and employability in the hospitality industry, social partners agree in the 5<sup>th</sup> ALEH to the creation and development of a professional sectoral card, which promotes both the initial acquisition of the professional skills as well as the professional improvement throughout the working life, guaranteeing their recognition through the accreditation of both the training and the experience acquired.

In some collective agreements in the sector there are clauses that aim to promote the training of workers, either by specifically rewarding those who have acquired a certain training or by facilitating economically access to it. In the first case, these are salary supplements linked to an aspect of special relevance for the performance of certain activities in the hospitality sector: the learning of foreign languages. The conventional clauses in this regard configure this type of salary perception as a complement of job. It is not enough, therefore, to prove a certain level of knowledge of the language, but the perception of the plus is conditioned, in addition, to the membership of a particular

professional category or to the use of the language by reason of the activity developed in the company.

#### *Micro Level*

The specific regulation of functional flexibility corresponds to second-order collective agreements, i.e., company or provincial agreements.

Functional flexibility and mobility, a practice very often associated with enhanced productivity (as it not only allows a more efficient allocation of human resources in the company, but it also allows workers to have a broader perspective on the company activities, hence increasing their efficacy and productivity).

When we look into the role played by functional flexibility in collective bargaining in the contract catering sector, we observe that instead of being used as an element for internal adaptation and enhanced efficiency, collective agreements emphasise the limits to it rather the potential benefits for all groups in companies. In this vein, trade unions have very often denounced abusive practices by employers in the name of functional flexibility whereby employees in the lower occupational categories are asked to perform tasks that correspond to higher levels without receiving any additional compensation.

### **2.4. Work Organization**

#### *Meso Level*

Work organization is explicitly recognised as a prerogative of management. In relation to work organization, the sectoral agreement for Catalonia for the contract catering sector establishes that it is aimed at achieving an adequate level of productivity in the company based on the optimal use of human and material resources. The representatives of the workers shall have the functions of guiding, proposing, issuing reports, etc., in relation to the organization and rationalization of work.

### **2.5. Inclusion and Diversity**

#### *Meso Level*

The national – sectoral collective agreement on contract catering establishes, in accordance with what is contained in the law, the need for companies with 50 or more employees to recruit persons with disabilities and fulfill the 2% reserve legal quota. In order to facilitate this goal, the collective agreement urges social partners to identify

activities and jobs that may have the least difficulty for their coverage by persons with disabilities.

## Part D. The Hospital Sector

### 1. Introduction to Hospitals

The health care and hospital sector in Spain is very heterogeneous, both from the point of view of the employers or providers (public vs private), the subsectors within it (public hospitals, private hospitals, care, etc.) as well as from the characteristics of workers employed (Hernández 2005).

Even though the hospital sector is predominantly public, since the late mid 1990s there has been a rapid increase in private hospitals and private provision. Moreover, many private centres have signed collaboration agreements with the public health system whereby they will also provide some services to patients from the public service. In other words, there has been an increase in externalization of some medical services, particularly in the context of the economic crisis and the declining resources devoted to the public hospital system.

According to data from the Ministry of Health and Social Security, there are 452 hospitals in the public national health system that employs 77.279 doctors and 20.489 doctors in training programs. Moreover, hospitals in the national health system employ 136.574 workers (MSSI 2013). Finally, we should also count workers in the administration and other non-medical services.

The public health system in Spain has been decentralized at regional level where it is managed. In 2002 the process of decentralization culminated with the transfer of powers to those regions where the health system was still managed at state level. This would explain the existence of significant (and increasing) disparities across regions in number of hospitals, doctors and beds per inhabitant.

**Table 6** – Number of hospitals in Spain by size, 2016

	<b>Total</b>	<b>0-200 beds</b>	<b>201-500 beds</b>	<b>501-1,000 beds</b>	<b>More tan 1,000 beds</b>
<b>Number of hospitals</b>	791	571	142	61	17
<b>%</b>	100	72,2	18	7,7	2,1
<b>Number of beds</b>	158.566	50.545	43.253	43.821	20.947
<b>%</b>	100	31,9	27,3	27,6	13,2

**Source:** Ministry of Health, Social Security and Equality

The public health system shares many of the characteristics of the adjustment experienced by the public sector in Spain during the crisis. This includes a wage freeze, and increasing in working time, etc. However, in 2012 the right-wing PP government enacted an urgent law for “guaranteeing the sustainability of the national health system and enhance its quality” that not only implemented some saving mechanisms (for instance, the centralized negotiation of acquisition of certain treatments or medicines in order to benefit from economies of scale) but it also contained other measures aimed at introducing rationalization like now the creation of a common professional scale for all Autonomous Communities in order to facility mobility between the regions, the creation of a central registry of health professionals, as well as the centralized setting of common standards for the compensation of public health workers

### **1.1. Labour Productivity Developments**

The measurement of labour productivity in the hospital faces several problems, not least because of the type of service provided, where efficiency considerations shouldn't, according to some actors, be considered as key dimensions informing management decisions (Martín Martín, López del Amo González 2007). Those studies approaching the analysis of labour productivity developments in hospitals in Spain reveal an almost stagnant productivity over the last two decades. The analysis by Mateu-Sbert and Vicens-Gómez (2013) suggests some improvements in technical efficiency in all regions in Spain, particularly from 2000s onwards, but with important differences across regions.

As the health system is de-centralized in Spain, several studies have tried to understand the impact of this process and in particular, the differences in management of the hospital sector across regions in order to shed light into regional hospitality differences (*ibid.*). In a recent study using multi-level analysis techniques, Pérez-Romero et al. (2017) show a small improvement in productivity over the period 2010-2012 in public hospitals in Spain. Moreover, the study also shows the existence of significant differences across regions in the level of productivity or technical efficiency.

### **1.2. Collective Bargaining and Industrial Relations**

There is no collective bargaining in the public hospital sector. Workers in the public sector are covered by general regulations for public employees. However, there are negotiations between trade unions and public health authorities that have delivered several agreements and that perform a similar function to collective bargaining. It is nonetheless important to note that collective bargaining is different depending on the contractual position of hospital workers. Thus in the case of civil servants

(funcionarios), their working conditions are laid down in the laws regulating the public sector employees and the public health sector. By contrast, those with an employment relationship regulated according to the Workers' Charter (personal laboral), collective bargaining will develop according to the general labour regulations.

Taking this into account, all employees in the public sector working in the profession of nursing and care work, recruited as non-civil servant staff, are covered by the Collective Agreement for non-civil servant staff of the Public Administration and the agreements negotiated at regional level. The working conditions of civil servant staff, on the other hand, are regulated according to the regional agreements concluded in each autonomous community by the most representative social partners and members of these administrations.

In the private hospital sector, collective bargaining is very fragmented and lacks articulation. There is no national level agreement and only in some provinces there are sectoral collective agreements covering private hospitals in that province. Many private hospitals lack their own collective agreement and there is a predominance of individual negotiations between management and employees. The number of private hospitals has increased rapidly in recent years, though there is no available data on the number and employees. Moreover, many of these hospitals have signed collaboration or association agreements with other public hospitals whereby they provide certain services that cannot be provided in the public sector.

In the case of the care sector, public provision is marginal. The turning point in developments in this sector occurred in 2006, when the law on the promotion of autonomy was signed. The law established both economic and service benefits. Service benefits are made through the public offer of each Autonomous Community's Social Service System by means of public or state-subsidised centres and services. In this sense, it must be emphasized that the number of public residences (service benefits) has remained quite constant over the last six years. Therefore, the number of public residences for dependent people accounted for 13% of the total number in 2002, while in 2008 (two years after the law was enacted) this figure was 20%. Moreover, austerity measures have had a very negative impact on the expansion of publicly funded care residences and services.

The most representative unions have actively supported the 2006 law, acknowledging its importance for professionalizing the sector. However, the implementation of the law, mainly focused on financial subsidies rather than services provision, has made the unions to adopt a critical position, claiming for a development of direct public provision. Trade unions believe that the way in which the 2006 has been implemented has contributed to further precariousness in the sector, rather than to tackle it, as envisaged initially.

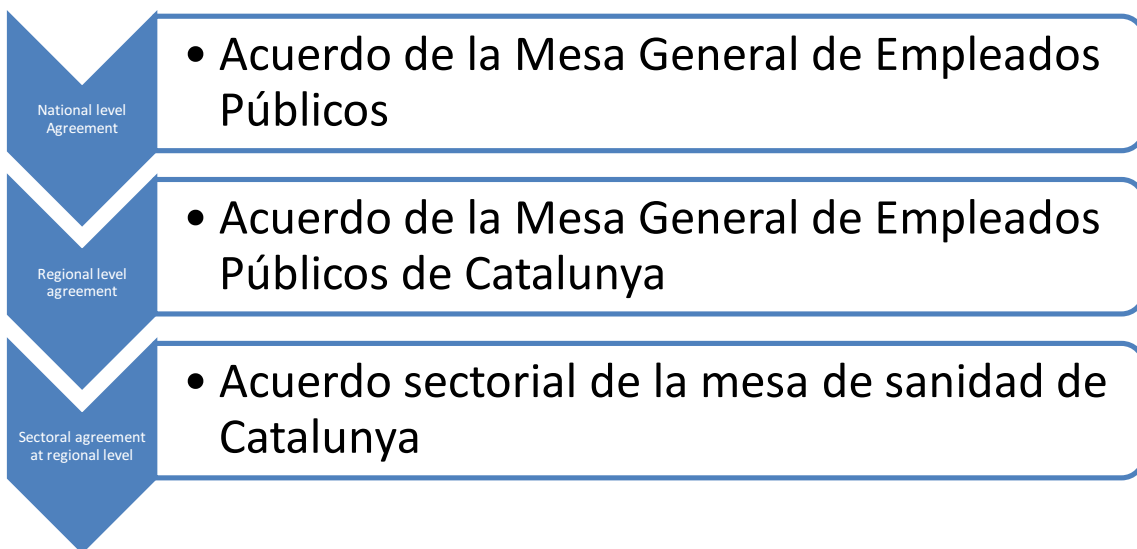
Collective bargaining in the care subsector (particularly, the elderly care subsector) develops autonomously from that in the hospital sector. In particular, collective bargaining in the care sector is more centralized than the hospital sector. The health care



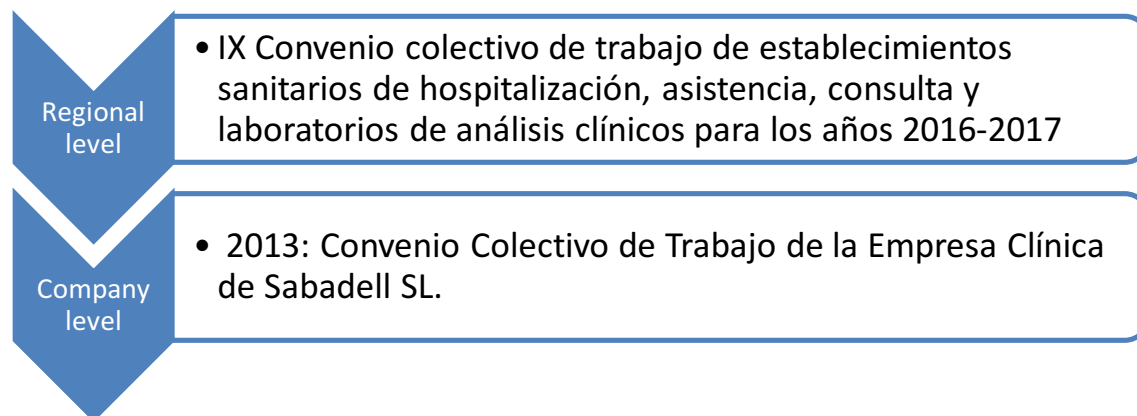
subsector has developed a more centralized collective bargaining structure where sectoral agreements at a national level provide a general regulatory framework for health care workers. As a matter of fact, the national sector agreement opted to include the health care sector within social services rather than within the health sector. Thus in the collective agreement of private centres for elderly care, social partners explicitly excluded those companies delivering health care services as their main activity.

The two national agreements in the care sector are of great importance when it comes to the organisation and vertical structuring of collective bargaining. In particular, these agreements contain very detailed regulations regarding the articulation with lower level agreements.

**Figure 18** – Collective bargaining structure in public hospitals



**Figure 19** – Collective bargaining structure in private hospitals



## 2. Content Analysis

### 2.1. Employee Reward

#### *Meso Level*

In the case of civil servants, the Estatuto Marco del personal estatutario de los servicios de salud (Framework of the statutory staff of health services), last updated in 2015, establishes a pay system consisting of a base salary (Salario base) and complements (Salario complementario). An important percentage of the complements are variable, consisting of performance-related elements. The complementary remunerations are oriented mainly to the motivation of the personnel, to provide incentives for improving quality of the service, to the dedication and to the attainment of the planned objectives. The system of variable remuneration linked to the fulfilment of objectives is understood as an instrument of management, incentive and motivation that seeks the continuous improvement of the organization. It is based on specific objectives and the continued evaluation of its fulfilment, with the objective of aligning each workers' activities with organizational aims, as well as develop an organizational culture oriented towards the improvement of the processes and the results.

Within the complementary remunerations, there is a specific productivity complement, intended to reward the special performance, interest or initiative of the workers, as well as his/her participation in specific programs or actions and the contribution of the personnel to the achievement of the programmed objectives, after evaluation of the results achieved. A fundamental element in relation to this, is therefore, the evaluation of the performance of statutory personnel that health services must establish through procedures based on the principles of equality, objectivity and transparency. The periodic evaluation should be taken into account for the purpose of determining the variable part of remunerations, linked precisely to productivity, performance and, ultimately, to the content and scope of the activity actually carried out.

The sectoral agreements at regional level include a detailed description of the characteristics of this variable part of the salary. More specifically, in the case of the agreement for hospitals in Catalonia, it is stated that for this mechanism to have a motivating effect, must fulfil a number of conditions:

- the relationship between the variable remuneration and the reasons why it is produced must be very clear, so that the professional explicitly knows the conduct expected by their organization;
- variable compensation must integrate individual and group goals in order to promote teamwork;
- the elements that influence the variable remuneration must be explicit, known and the professional through his/her work, must be able to influence them;

- there must be a fair proportion between variable and fixed remuneration. If most of the remuneration is based on variable aspects, it may generate some uncertainty on the worker, thus having the opposite effect to the desired one. Therefore, the variable remuneration linked to the fulfilment of objectives must represent a sufficiently significant part to be effective but it can't be larger than the fixed part of the wage;
- variable compensation must be directed towards improving processes and results measured in a simple way. The simpler the formulation of the results, the greater the effectiveness of this system;
- the objectives set must be closely linked to the culture of the organization and its values, so that it must emphasise those processes and results that reward activities desired by the organization.

Each organization (in this case, hospital) will then specify the elements to be considered in order to perceive the full amount of the variable part of the salary.

In the case of private hospitals in Catalonia, the collective agreement does not contain any clause linking productivity/performance with pay. It only contains a number of pluses (night-work, seniority, overtime work, transport, etc.), but none of these are based on a performance assessment.

#### *Micro Level*

One example of variable pay in the public sector is contained in the collective agreement for doctors in the Clinic Hospital of Barcelona. This collective agreement covers only those doctors that aren't civil servants. The collective agreement specifies a variable part of the salary for those being heads of unit. The aim of this goal-oriented part of the salary is to align organizational interests with those of heads of unit.

There are some cases of private hospitals that also establish a variable part of the salary linked to performance. More specifically, the collective agreement of a private hospital in Sabadell (province of Barcelona) establishes a pay concept with the name of 'Plus Complement for Objectives' (PDO) that has the following characteristics:

- it includes all the professional groups and workers covered by the collective agreement.
- it's voluntary.
- 75% of its amount is conditioned to achieve some objectives, a part of which (not more than 30%) should be linked to the operating result of the center where the worker is placed. The remaining 25% is fixed for each professional group.
- for the payment to be made it is necessary to have a positive profit after tax (which expressly includes the case of zero deficit after taxes) by Clínica de Sabadell, SLU (Center HUSC).
- a minimum compliance with objectives is required. Attaining this minimum floor gives right to perceive 40% of the variable part. The remaining 60% will be perceived proportionally.

- the objectives will be individual, service or unit/centre based. The weight allocated to each of them proportion between all of them will and center in the weighting and percentage that is established.
- between the individual objectives the effective accomplishment of a percentage of workday will be included.
- the objectives will be determined by the Directorate respecting the criteria established in the agreement and after consulting the people in charge of each health care unit and the professionals affected in the first month of the year taking into account their assignment to the professional group that provides services informing the joint Commission.
- the objectives will be measured by means of indicators determined previously and that allow to measure the quantitative and qualitative aspects that are determined. The amounts corresponding to 2013 of the PDO for each professional group will be determined before January 31, 2013 within the framework of the Joint Committee of the agreement. The allocation of the global amount will be made in a proportional way contributions of each group;
- the payment of the DPOs will be carried out once the audit process has been completed (maximum in June-July of the following year).

## **2.2. Participation and Involvement**

In relation to participation and involvement, the agreements in the public sector or collective agreements in the private sector do not contain any remarkable aspect. The interviews and texts analysed show the existence of standard instances and mechanisms of participation in training, health and safety at work and equality issues.

## **2.3. Skills and Job Classification**

### *Meso Level*

In the case of public hospitals, the agreements both at national and regional level include a very detailed explanation of the criteria used in order to determine workers' careers, including the conditions (education level, seniority, etc.) for being eligible, the mechanisms to evaluate candidates, etc.

In the case of private hospitals, the collective agreement for Catalonia establishes a job classification based on functional areas. In this way, workers are classified into functional groups and professional levels according to the functions that are developed and in accordance with the definitions contained in the collective agreement for each area and function.

The professional structure established is aimed at achieving greater simplicity, functionality and efficiency in the organization of Human Resources with a denomination of jobs and definition of their functional content that is in accordance with the academic qualification that is derived from vocational training cycles. Within each functional area, there are several groups, that correspond to different skills and qualifications.

In relation to skills and training, the collective agreement contains a specific commitment to apply the framework for accreditation of skills in the private health sector. Moreover, the collective agreement also contemplates the creation of a training committee that will provide recommendations on training needs of workers, progress made by workers with training contracts, etc.

#### *Micro Level*

Similarly to what has been said for the meso level, the examples at micro level are related to the specification of the mechanisms for upward internal mobility within the company. More specifically, the collective agreement for a private hospital in Sabadell contemplates the creation of a bi-partite commission in charge of evaluating the applications for each occupational group and vacancy.

## Concluding Remarks

The role of productivity in collective bargaining in Spain remains marginal in many sectors of the economy, as an input or output. The analysis of clauses of collective agreements in four sectors in Spain, both at micro at meso level shows nevertheless the existence of significant differences across sectors and levels in relation to this issue.

As an input, productivity levels play an increasingly important role in wage-setting at company and multi-employer collective bargaining. Making collective bargaining more sensitive to productivity developments by applying the inflation + productivity golden rule has been emphasised by international organisations like the OECD and the European Commission. The peak inter-sectoral agreements on collective bargaining coordination have incorporated productivity as a benchmark for wage-setting at sectoral level. However, this is more clear in sectors with high productivity levels like now automotive. In the other sectors, reference to productivity in wage-setting is less prominent, being inflation the main dimension considered.

**Table 7** – Overview of employee reward clauses in collective bargaining

	<b>Contract catering</b>	<b>Large retail</b>	<b>Automotive</b>	<b>Hospitals</b>
Meso	Minimum floor for wage increase (only inflation, not productivity)	Minimum floor for wage increase (only inflation, not productivity) General guidelines for wage composition (base salary + complements) Establishes possibility for a flexible pay scheme based on quality premia	Sector level important for wage premia and performance-related pay Performance scales included in collective agreements	Public sector: General guidelines for variable or performance-related pay; general guidelines for productivity premia  Private sector: No reference to performance-related pay or variable pay

Micro	Stabilization of temporary employees depending on individual productivity (Gate Gourmet);	Pay reward depending on individual, store and Company productivity (Decathlon, El Corte Ingles)	Pay reward due to Schedule adaptation (Ford); Productivity pay reward different to sectoral agreement (Renault); Productivity team pay reward (Seat)	Variable quality premia in public sector hospitals
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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. The interviews have revealed that trade unions are generally very positive about this, conditioned to guaranteeing a sufficiently high level of base pay common for all workers and the existence of quantifiable dimensions to base it.

The workers’ statute and customary practices in collective bargaining Spain 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. The analysis of collective agreements in the four sectors reveals 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. As a matter of fact, this is one of the conditions posed by trade unions in order to implement these schemes. The contribution of workers’ involvement and participation to productivity through enhanced participation is therefore explicitly recognised in the case of pay, whilst it is vaguely accepted a link between participation and workers’ satisfaction and performance. However, collective bargaining in the sectors analysed provides no examples of involvement –beyond those established in the law.

**Table 8** – Overview of involvement and participation clauses in collective bargaining

	<b>Contract catering</b>	<b>Large retail</b>	<b>Automotive</b>	<b>Hospitals</b>
Meso	Bi-partite committees in health and safety at work, skills and training and equality	Bi-partite committees in health and safety at work, skills and training and equality	Bi-partite committees in health and safety at work, skills and training and	Bi-partite committees in health and safety at work, skills and training and

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			equality	equality (both public and private hospitals)
Micro	Consultant committee evaluating several issues such as productivity in relation to performance related pay (Mediterranea de Catering; Proyecto Labor)	Consultant committee evaluating several issues such as productivity in relation to performance related pay (LIDL)	Consultant committee evaluating several issues such as productivity in relation to performance related pay (Ford and Seat)	

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).

There is however one sector where work organization clauses at company level are the norm; this is the case of 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.

**Table 9** – Overview of work organization clauses in collective bargaining

	<b>Contract catering</b>	<b>Large retail</b>	<b>Automotive</b>	<b>Hospitals</b>
Meso	<ul style="list-style-type: none"> <li>• High rate of part-time</li> <li>• Female employment</li> <li>• Subrogation has contributed to increase stability</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively Low incidence of temporary employment</li> <li>• Demand peaks through extension of working time</li> <li>• Functional flexibility facilitated by the broad occupational categories</li> </ul>	<ul style="list-style-type: none"> <li>• Open-ended contracts predominate, but increasing reliance on TAW</li> <li>• Importance of apprenticeships</li> <li>• Team work and quality circles widespread</li> </ul>	<ul style="list-style-type: none"> <li>• Work organization in both private and public hospitals not negotiated in collective bargaining</li> </ul>



Micro	Working time arrangements in case of dependant family members (Gate Gourmet)	Sanctions due to lack of productivity (Mercadona)	All company collective agreements include articles on work organization arrangements and participatory mechanisms Adapted Schedule depending on demand (Ford); Collective and individual minimum levels of productivity (Renault); Productivity as main aim of the Company agreement (Renault); Team organization aimed to productivity (Seat)	
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One of the key areas in order to improve labour productivity is training and skills development. We would accordingly expect this to be one of the areas with the strongest link with productivity. In all sectors analysed, sectoral agreements are in charge or defining the main occupational categories and job classification schemes. In each of the sectors analyzed, we find different mechanisms for classifying jobs. However, the definition of functional areas with different tasks and categories is a common trait to all four sectors analyzed. The definition of functional areas has the objective of facilitating functional flexibility, but at the same time, posing limits to it. In some cases, a very vague definition of tasks involved in each of the functional areas is purposely made in order to facilitate mobility between them.

**Table 10** – Overview of Skills and Job Classification clauses in collective bargaining

	<b>Contract catering</b>	<b>Large retail</b>	<b>Automotive</b>	<b>Hospitals</b>
Meso	6 functional areas and 23 categories	5 occupational groups; very different tasks within each group	8 groups and three functional divisions within each group	Public hospitals: Emphasis on establishing clear rules for career development  Private hospitals: based on

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				functional areas
Micro	Multi-tasking depending on demand (Gate Gourment)		Pay reward depending on category (Renault)	Emphasis on skills accreditation mechanisms in order to facilitate career mobility

Training policies in the collective agreements of the four sectors analyzed are mostly dealt with at sectoral level, as this is one of the issues where this sector has almost exclusive competence to regulate. However, 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.

Finally, the area where less evidence has been found of a relation with productivity enhancing collective bargaining is inclusion and diversity. The interviews with trade unions and employers have revealed very limited presence of clauses in relation to this in collective bargaining either at meso or micro level. The interviews with trade unions and employers have revealed a shared view on these issues as being closer to the sphere of corporate social responsibility and 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.

The analysis of findings in the four sectors allow us to confirm most of the hypothesis formulated in the introductory part to this report. First, in the Spanish industrial relations institutional context, where adversarial relations still predominate, productivity enhancing collective bargaining will be the exception. Collective agreements are still considered mostly as regulatory mechanisms, rather than a way to improve the quality of employment relations and allow companies and workers to improve efficiency and productivity levels. This became clear in the interviews, where in three of the sectors analysed, with the exception of the automotive industry, trade unions manifested the weak presence of productivity issues in collective bargaining at either sectoral or company 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. There are several reasons for this. First, as the skill level increases, workers have more incentives (and power) to engage into positive-sum negotiations with a view to improve their performance and hence wages. Moreover, companies in sectors with more skilled workforce usually compete in quality and not

low labour costs, hence favouring the adoption of more consensual and integrative forms of bargaining in order to involve workers.

Company size is another variable positively correlated to productivity-enhancing collective bargaining. The literature and the interviews have also helped to shed light into this relationship. First, large companies are characterised by a more important role of internal labour markets, hence requiring organizations to set clear performance-based criteria in order to determine who will have access to higher positions. Moreover, in large companies workers have more power, hence providing stronger incentives for management to develop cooperative and positive sum based relations with them.

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