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# Labor Relations: Contemporary Issues in Human Resource Management

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## Abstract

In this chapter, we examine the labor relations through the role of trade unions, collective bargaining, wages and benefits across the European Union. We conclude that labor relations have a direct influence on the labor market, designing the lines for taking decisions in organizations, but also, by governments. Our argumentation explains the relationship between employers and employees through legal rights (established by the law), negotiation process, collective bargaining, 'actors' in this process, wage and benefits, social and security protection.

**Keywords:** negotiation, collective bargaining, trade unions, wages and benefits, social protection, European countries

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## 1. Introduction

Today's workers want more than a salary, and they want additional benefits to enrich their lives, to increase their importance at workplace and to be valuable for the organization. The labor relations are more than a static interpretation of contract between an employee and an employer. Means a sum of connections between skills, abilities, values and opportunities at work. Employee role in organization has grown in importance and variety over the time. For them, the labor relations become a way to live, to self-development and to obtain recognition. The employers realize that to keep motivated and committed people in organization need more than a salary. It is about benefits in financial terms, but, also, talking about safety at work, security, rights and duties. Benefits are necessary to assure the job satisfaction.

Labor relations are the term used to define the process between employers and employees, management and unions in order to make decisions in organizations. The decisions taken

refer to wages, working conditions, hours of work, and safety at work, security and grievances. Why is an important topic for Human Resource Management?

It is known that wage and other economic benefits for employees represent not only their current income, but also the potential for economic growth and the ability to live comfortably during the active life and after the retirement. Wage is considered as an important economic variable for competitiveness. The world economic crises have shown that the role of wages in sustaining demand in a context of stagnant growth and very low inflation is very important and needs a particular attention from the part of management boards, government and employees, through their representatives.

Wages and benefits received by employees for their work represent the compensation or 'the price paid by employers for their workers services'. This requires a specific analysis due to the fact that the work is realized under a contract and requires an active commitment of the workers [1]. From this perspective, the wage issues require a specific analytical framework because the work cannot be separated by the human beings, and according to the several studies, the level of payment and economic benefits of employees are positively related to employee satisfaction at work.

Wage and salary are considered as most important and difficult collective bargaining issue. In the employment relationships, the collective bargaining process has several implications at individual levels, for the employers, as a determinant of production and labor costs, among employers on the competition market, between employers and employees as a distribution of added value, for employees, as a key factor for their income and sustainability on a dynamic labor market, among employees, expressing the solidarity through the 'wage floors' applying to different groups of workers at a given bargaining level.

The parties could negotiate the total package of wage and benefits in individual terms or in collective terms, but reflecting the aim of labor contract: The employees must be paid for their work, and the employers must receive qualitative work.

Also, the negotiations reflect the interest of all the parties involved: managers, employees through their representatives and government.

In this chapter, we examine the labor relations through the role of trade unions, collective bargaining, wages and benefits across the European Union. We conclude that labor relations have a direct influence on the labor market, designing the lines for taking decisions in organizations, but also, by governments. Our argumentation explains the relationship between employers and employees through legal rights (established by the law), negotiation process, collective bargaining, 'actors' in this process, wage and benefits, social and security protection.

For the policy-makers to find a balance between assuring the rights and promoting competitiveness in their organization, also to make their employers more productive is a key priority, drawing on a range of policy measures. Important aspects cover wage settings, collective bargaining, employees' representativeness, safety and security needs, working hours and contracts. All these influence the policies and the labor market flexibility. The employees find satisfaction in being able to perform tasks adequately and are more willing to perform a better job, increasing the involvement at workplace and become more implies [2–5].

## 2. Data and methodology

The necessary data to conduct our research were collected from various statistics, official reports, databases of the worker-participation.eu and ICTWSS: *Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts*. The analyzed countries are EU-28, grouped in five analytical clusters, defined by European Commission as industrial regimes [5], namely: (a) North Europe: Denmark, Finland, Norway and Sweden; (b) Central-West Europe: Austria, Belgium, Germany, Luxembourg, the Netherlands and Slovenia; (c) South Europe: France, Greece, Italy, Portugal and Spain; (d) West Europe: Cyprus, Ireland, Malta and the United Kingdom; (e) Central-Eastern Europe: Bulgaria; Czech Republic; Estonia; Latvia; Lithuania; Hungary; Poland; Romania and Slovakia.

The main indicators taken into account are collective bargaining coverage, trade union density, collective bargaining coordination index and collective bargaining centralization. The chosen period was 2013–2014 for the analyzed countries, except for Portugal where no data were available for collective bargaining centralization. Also, for Cyprus, we used the data available only for the south part of the county.

**Table 1** presents the descriptive statistics for included variables, the number of analyzed countries, the minimum and maximum values for the chosen indicators, the mean and standard deviation.

For the sample of 28 EU countries, we studied the bivariate correlations between the variables, using Pearson correlation coefficient and the associated p values. A value lower than 0.05 dictates the significance of the used variables, while the correlation coefficient values are a number from –1 to 1, which determines whether the sets of data are related. The closer to 1 the more confident we are of a positive linear correlation and closer to –1 the more confident we are of a negative linear correlation. The person correlation values closer to zero indicate the lack of any relationship between the variables.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	std. deviation
Collective bargaining coverage	28	12.50	98.00	59.3036	26.85535
Trade union density	28	8.00	74.00	30.8214	19.33344
Collective bargaining centralization	27	1.00	4.60	2.0552	1.00857
Collective bargaining coordination index	28	1.00	5.00	2.5357	1.29048
Valid N (listwise)	27				

Source: Authors' calculation.

**Table 1.** Descriptive statistics.

For collective bargaining coverage and trade union density, we calculated the mean for the chosen period based on the data provided by worker-participation.eu, while, for collective bargaining coordination index, we used the estimated index values based on a five-point scale [6]. Collective Bargaining Centralization is an indicator calculated by Visser as:  $\text{Level} - (\text{Frequency or scope of additional enterprise bargaining (FAEB} = \overline{0,3}) + \text{Articulation of enterprise bargaining (AEB} = \overline{0,3})) / 4 (= \text{max value}) + (\text{AEB} + \text{Derogation (DER} = \overline{0,3}) - 1) / 5 (= \text{max value})$ , and the index scores are between 0 and 3, in which '0' represents the lower value and '3' the higher value [6].

### 3. Wage systems and institutions: unions and management wage concerns

The wage systems and institutions that served the issue are deepening linked by the market, legislation and industrial relations. The market is the factor, which reflects the macro- and microequilibrium between the labor force and state, the differences in labor and cost productivity. The legislation has the relementation role for work and the conditions to made it and put into provisions the relationships between employers, employees and government. Setting the minimum wage is a requirement for a special category of workers, and an objective for the policy of governments.

The total economic package should be negotiated between employers and employees by their representants to estimate accurately the total cost of the contract of work, in term of salary and benefits. The collective bargaining has different dimensions and indicates, in a general way, how the conditions and requirements of the work interact with legal and market regulation. Even if the collective bargaining is independently and autonomous than the legislation, the results of the negotiations should be in accordance with the legal provisions.

The collective bargaining process is the actual negotiations carried out by the parties to reach an agreement. Artful use of this process can improve the relationship between an employer and employees and has as result a contract for both parties [7, 8].

The bargaining process implies the representative of employees, the management representatives. Successful negotiations depend on the knowledge and skills of the negotiators, which should prepare their side's interests in the bargaining issues. They should make realist proposals and within the framework of negotiations. The bargaining items could be: mandatory, as rates of pay, wages, hours of employment, overtime pay, holidays, pensions, insurance benefits, employee security, job performance, management-union relationship, subcontracting or relocating union members' work, medical exams and permissive, as indemnity bounds, preferential hiring, pension benefits off retired employees, use of union label, employer child care, plant closings.

Concerning these issues, many changes have been noticed in industrial relations over the last decade due to long-term development trends caused by an ever-changing socio-economic environment. The trends shifts occur especially since the beginning of the recent economic and financial crisis and their impact varied across European Union Member states.

In the table, we group the EU member states in five analytical clusters, defined by the European Commission as industrial relations regimes or arrangements: (a) North Europe: Denmark, Finland, Norway and Sweden; (b) Central-West Europe: Austria, Belgium, Germany, Luxembourg, the Netherlands and Slovenia; (c) South Europe: France, Greece, Italy, Portugal and Spain; (d) West Europe: Cyprus, Ireland, Malta and the United Kingdom; (e) Central-Eastern Europe: Bulgaria; Czech Republic; Estonia; Latvia; Lithuania; Hungary; Poland; Romania and Slovakia. These countries are grouped in relation to some collective features related to union density, bargaining coverage rates, employee representativeness and role of the state and social partners in the industrial relations [5].

Trade Union trends have not been stable across the EU member states, and many differences are noticed both in the change of employers' density and the level of unionization. In the literature are underlined different types of trade unions, starting from those highly concentrated and reinforced, (just one confederation in Ireland) to those intensive fragmented (12 confederations in Italy) [9]. However, if the trade unions are grouped under a large confederation (see, for instance, German Confederation of Trade Unions), the absolute number can deceive us in establishing the actual level of system fragmentation. Within the Nordic countries, the higher proportion of employees in Unions is registered in Finland (74%), followed by Sweden (70%), Denmark (67%) and Norway (52%). In the Central-West Europe, trade unions tend to group up in one (Austria: ÖGB), two (Luxemburg: OGB-L and LCCB; the Netherlands: FNV and CNV) or several union confederations (Slovenia: seven confederations with ZSSS dominant). Since the fall of manufacturing employment, Eastern German unification, ideological competitiveness and socio-economic factors, this region predominant trend of employers unions' density has gradually fallen in the recent years. In Southern Europe, the trade unions are formed and grouped together in accordance with political beliefs and religious views. The lowest regional and EU-28 level are registered in France (8%), country that actually benefits by strong union support in elections for employee representatives and poses the capability to mobilize a large number of workers. The other southern European countries proportions are situated between 19 and 35% of unionized employees from total workers, with the higher percentage recorded by Italy where the number of trade unions is the largest of any countries in the EU. In the western countries, like the United Kingdom and Ireland, trade unions grouped in one or two confederation coexist with individual independent unions that are enforced with considerable power and influence. With around half of all employees belonging to unions, Cyprus<sup>1</sup> and Malta occupy the first two positions from the Western European Countries. Those are characterized by the existence of two large unions' confederations in each country (PEO and SEK for Cyprus and GWV and UHM for Malta), with a large spectrum of workers, although in Malta teachers, bank employees and nurses are grouped in independent unions. The Central-Eastern Europe union density has fallen since the transition to a new economic and political system in the 1990s. Nowadays, the Central-Eastern system is characterized by the existence of one up to six union confederations and, in some cases (Slovakia for instance), by individual unions marked with significant autonomy and impact.

The relative change in employees and trade unions trends is a consequence of the recent economic and financial crises impact. These recent developments can be explained through

<sup>1</sup>The data is available only for the south part of the island, officially recognized by the state government.

factors like low level of employment of young people, part-time hiring, together with the higher number of fixed-term contracts which dropped the number of unionized employees since 2008 in many European countries. Recent developments appear to have slowed, at least for the moment, the downfall of the trade union density.

In European industrial relations or arrangements, collective bargaining represents a fundamental element through which employers and their organizations, on one side, and trade unions, on the other, can typically determine wages and working conditions, and relations between involved parties. Collective bargaining coverage represents 'an indicator of the extent to which the terms of workers' employment are influenced by collective negotiation. It is calculated as the number of employees covered by the collective agreement divided by the total number of wage and salary-earners' [10]. The contrast between the European Member states is particularly strong with regard to collective bargaining coverage. In North, Central-West and South Europe, the coverage rate is above 60%, with the exception of Luxemburg. Between West Europe and Central-Eastern Europe, only Malta has a coverage rate above 60%. The lower collective bargaining coverage is registered in Poland (10–15%) and the United Kingdom (29%). In the literature, coverage rates are correlated with the employers' density rates, and in several countries like Germany and the Netherlands, the two concepts are connected and associated one with other. As Carley [11] noted 'in these countries, employers who are member of employers' organization are generally bound by collective agreements. In other cases, coverage rates go beyond employers' density rates due to statutory extension procedures that are supported and legislated by governments. This is the case in France, where statutory extension compensates for low trade union membership levels [11].

**Table 2** also shows that the level at which collective bargaining takes place also differs across EU member states. For instance, while for North, Central-West and South Europe groups, the sector is the main place where negotiations between the involved parts occur, in the West (with the exception of Cyprus) and Central-East Europe, different standards are applied and the bargaining processes between employees and trade unions are at company level. Although this is the overall trend in the analyzed groups, some of the EU countries have a mixed level approach (Luxemburg, the Netherlands, Slovakia), and collective bargaining takes place at both industry and company level or other different styles are adopted (in Belgium, negotiations take place at the national level, while in France and Spain, we have three levels procedure: national, industry and company/organization).

In the majority of the European member states, the employee representation at the workplace is through unions, except the Central-West area where the workplace structures are represented by works councils (with the exception of Slovenia dominated by union structure, and Belgium and France with both unions and works council).

North Europe, Central-West and South Europe have employee representation at board level, with the exception of Belgium (not featured at board level, apart from a handful of publicly owned organizations) and Italy (no right for employee representation at board level although a proposal have been included in the *Jobs Acts 2002* legislation). In the West Europe, just Ireland accepts employee representation but only in the state-owned sector. In the Central-Eastern

Regime dimension	North Europe	Central-West Europe	South Europe	West Europe	Central-Eastern Europe
Trade union density	65.75	30.66	21.20	40.75	16.33
Collective bargaining coverage	82.25	79	81	46.5	29.61 (*)
Main level of collective bargaining	Sector	Sector (Belgium: national; Luxemburg and the Netherlands: companies)	Sector (France: sector and companies; Spain (new law gives precedence to company agreements)	Company (except Cyprus)	Company (Romania and Slovakia: sector and company)
Leading employee representation	Union based (Norway: “works council” exist in some companies but their role is to improve competitiveness)	Works council based (*except Slovenia—union dominates and Belgium: both unions and works councils)	Union based (France: union and works council; Greece and Portugal: works council exists just in theory; Spain: works councils—although they are dominated by unions)	Union based (Ireland and the UK does not exclude other structures)	Union based (**) (Poland and Slovakia: union and works councils)
Employee representation at board level	Yes: (state-owned and private companies)	Yes (state-owned and private companies (except Belgium)	Yes (state-owned companies (except Italy)	No (except Ireland: state-owned companies)	Irregular (**)
Role of social partners in policy making	Institutionalized	Institutionalized	Irregular; politicized	Rare/specific event-driven	Irregular; politicized; social partners weak
Role of the state in industrial relations	Limited	Limited; strong legalism	State active; clientelistic relations	State strong; rare interventions	State dominant; strong legalism
Countries	Denmark, Finland, Norway, Sweden	Belgium, Germany, (Ireland), Luxembourg, the Netherlands, Austria, Slovenia, (Finland)	Greece, Spain, France, Italy, (Hungary), Portugal	Ireland, Malta, Cyprus, the UK	Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia

(\*) In calculating collective bargaining coverage for Poland, we took the average mean, based on the date provided by <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Sweden/Trade-Unions>. Available from Refs. [12, 13].

(\*\*) Overall other representatives are not excluded.

(\*\*\*) No category: Bulgaria, Estonia, Latvia, Lithuania and Romania and yes: state-owned companies for the rest.

Source: Authors’ calculation.

**Table 2.** Industrial regimes across Europe.

Group, the extent of employee representation at board level is divided between the countries: While in Czech Republic, Hungary, Poland and Slovakia employee representation do exist, in Bulgaria, Estonia, Latvia, Lithuania and Romania, there is no participation at board level, although in some situations employee representatives can have a consultative role in shareholders' meetings.

Moreover, the role played by social partners in public policy-making is different across the five analyzed groups. In the North and Central-West Europe corporatist clusters, the implication of employers' organization and unions in designing policy proposals is extensive, and their connection with political actors is highly institutionalized. In Western countries, although social policy-makers are constantly engaged in social and economic debates, not always their beliefs are reflected in policy outcomes. Distinct practices occur in the other groups involved in the analyses. For instance, in South Europe, the role of social partners in policy-making depends mostly on the individual governments' willingness of inclusion. Despite the fact that the engaged policy-makers are formally involved in the decision-making policy, the government has the freedom to oppose their participation. In the Central and Eastern Europe, an effective social partnership can be undermined by organization politicization which 'combined with the overall weakness of organized interest representation, social partners' politicization seriously limits their influence in the policy-making sphere' [14].

The role of the state and its involvement in collective bargaining differs significantly across EU countries. In North, Central-West and West Europe, state interventions are limited and in the latter region quite rare. In Southern European countries, although there exist strong pressures toward less state regulation regarding collective bargaining and working conditions, the state assumes an almost exclusive role in governing change, particularly in the recent economic context. Regulatory amendments framework, alongside clientelistic relations with social partners, has mainly limited the governing capacity of trade unions and employer organizations over industrial relations. In Central-Eastern Europe, the collective bargaining is dominated by the government; meanwhile, the existing legislation remains the only instrument in settling work relations disputes.

In **Table 3**, the correlations between different institutions of wage bargaining are described. Pearson correlation coefficients demonstrate the positive relationships among all the variables and strong association between: collective bargaining coverage with coordination (0.746) and centralization (0.774), among trade union density with collective bargaining coordination (0.595), and the both way and powerful relationship between coordination index and centralization. Strong actors are interrelated with centralized and coordinated institutions and high rates for bargaining coverage; meanwhile, fragile and weak players are connected with low levels of coordination and de-centralization.

Except Collective Bargaining Coverage and Trade Unions Density mentioned already in the analyses, two more indicators appear in **Table 3**: Collective Bargaining Coordination Index (CBCI) and Collective Bargaining Centralization.

Collective bargaining coordination represents the combination between the level of bargaining and the range of sectors/organization that are bound by the collective agreement that

Institutional correlations		Collective bargaining coverage	Trade union density	Collective bargaining coordination index (CBCI)	Collective bargaining centralization
Collective bargaining coverage	Pearson correlation	1	.450**	.746**	.774**
	Sig. (1-tailed)		.008	.000	.000
	N	28	28	28	27
Trade union density	Pearson correlation	.450**	1	.595**	.402*
	Sig. (1-tailed)	.008		.000	.019
	N	28	28	28	27
Collective bargaining coordination index (CBCI)	Pearson correlation	.746**	.595**	1	.879**
	Sig. (1-tailed)	.000	.000		.000
	N	28	28	28	27
Collective bargaining centralization	Pearson correlation	.774**	.402*	.879**	1
	Sig. (1-tailed)	.000	.019	.000	
	N	27	27	27	27

\*Correlation is significant at the 0.05 level (one-tailed).  
 \*\*Correlation is significant at the 0.01 level (one-tailed).  
 Source: Authors' calculation.

**Table 3.** Institutional features/linkages of wage bargaining.

succeeds negotiations. *Collective bargaining coordination index* (CBCI) was first developed by Kenworthy [15] and put in application with some small adjustments by authors like Visser which estimates the indexed values based on a five-point scale [6]:

- If maximum or minimum wage rates/increases based on: enforceable agreements between the peak association(s) of unions and employers affecting the whole economy or entire private sector with or without government involvement, and/or government imposition of wage schedule/freeze, with peace obligation, then a score of '5' is set.
- A '4' score is set if wage norms or guidelines (recommendations) are based on centralized bargaining by peak associations with or without government involvement, informal centralization of industry-level bargaining by a powerful and monopolistic union confederation and extensive, regularized pattern setting coupled with high degree of union concentration centralized bargaining by peak association(s), with or without government involvement, and/or government imposition of wage schedule/freeze, with peace obligation.

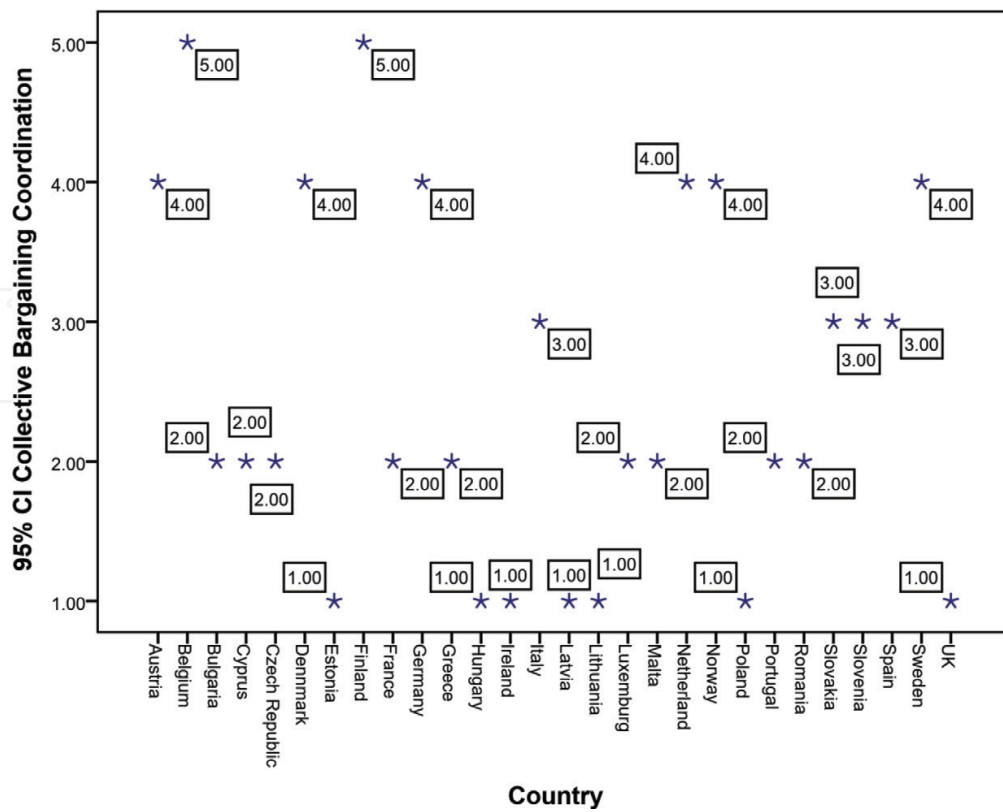
- '3' score is set if negotiation guidelines are based on limited government involvement on central bargaining by major associations, informal centralization of bargaining at industry level and on government arbitration or intervention.
- If we have a mixed sector and firm level bargaining with weak enforceability of industry agreements than a '2' score is considered.
- '1' for none of the above: fragmented wage bargaining, confined largely to individual firms or plants.

From **Figure 1**, we can observe that 7.1% of the analyzed countries (Finland, Belgium) score a '5' value, meaning that economy-wide bargaining is based either on enforceable agreements or on government establishment of a wage schedule, freeze or ceiling. The larger percent (32.1%) is registered by those countries (Luxemburg, France, Greece, Malta, Cyprus, Bulgaria, Czech Republic, Portugal and Romania), which have a mixed sector and firm level bargaining characterized by weak enforceability of industry agreements. In some cases (14.3%—Slovenia, Italy, Spain and Slovakia), the industry bargaining is characterized by an irregular pattern setting and narrow implication of central organization and limited freedoms for firms bargaining. A 21.4% of the analyzed countries register a '4' value score, while 25% of them register fragmented wage bargaining, confined largely to individual firms or plants (Ireland, the UK, Estonia, Latvia, Lithuania, Hungary and Poland).

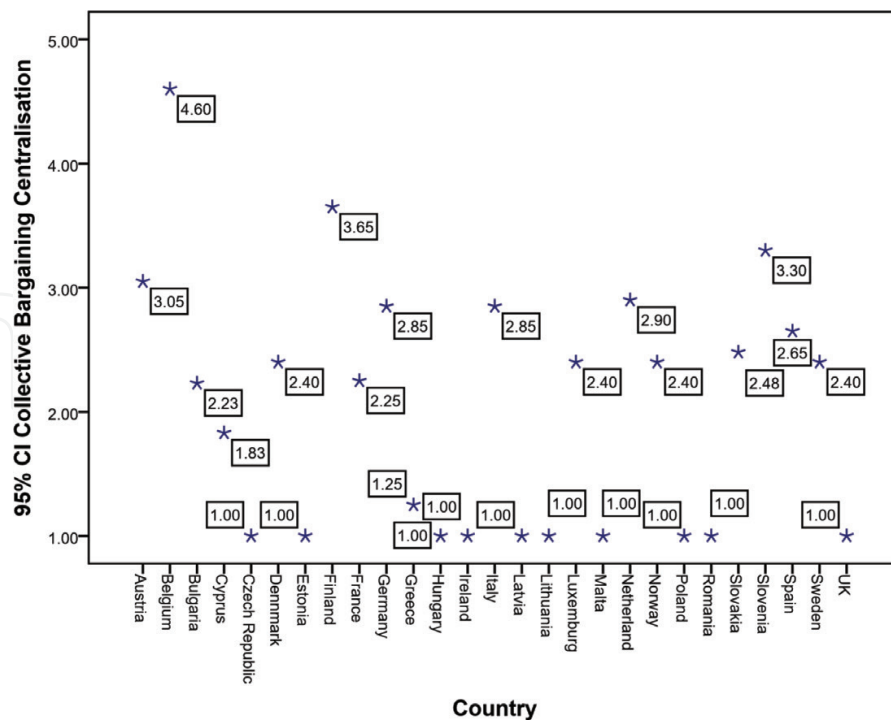
Another used indicator, *Collective Bargaining Centralization* or the actual level of wage bargaining is calculated by Visser [6] as:  $\text{Level} = (\text{Frequency or scope of additional enterprise bargaining (FAEB} = \overline{0,3}) + \text{Articulation of enterprise bargaining (AEB} = \overline{0,3})) / 4$  ( = max value) +  $(\text{AEB} + \text{Derogation (DER} = \overline{0,3}) - 1) / 5$  ( = max value) in which:

- Frequency or scope of additional enterprise bargaining (FAEB) scores is between 0 and 3, in which '0' represents the value for no additional enterprise, '1' for rarity and, respectively, the frequency of additional enterprise bargaining in large firms and '3' for its regularity.
- Articulation of enterprise bargaining (AEB) equals with values from  $\overline{0,3}$ , where '0' score means that this concept does not apply; '1' score is applied for disarticulated enterprise bargaining or if exits is reinforced by non-union bodies; '2' denotes that articulated bargaining is established under union control; and '3' score is applied for disarticulated bargaining abolish or limited by sectoral agreements or existing law.
- Derogation is also valued from  $\overline{0,3}$  where, '0' value stands for inversed favorability; '1' for the linkage between agreements not subject to existing law; '2' agreements are law enforced but under some conditions derogation is possible; '3' favorability is anchored in law and strictly applied, no derogation [6].

In the North Europe, the higher is the collective bargaining coverage, the higher are the rates for coordination and centralization. From Central-West Europe, Belgium has the higher value not only for coverage and density but also for collective bargaining coordination and centralization. The lowest values regarding collective bargaining coordination index (CBCI) and collective bargaining centralization are registered in most Central-Eastern European countries (**Figures 1 and 2**).



**Figure 1.** Collective bargaining coordination index (CBCI), EU-28. Source: Authors' calculation.



**Figure 2.** Collective bargaining centralization, EU-28. Source: Authors' calculation. \*\*\* No data are available for Portugal on Collective Bargaining Centralization.

Regardless the importance of coverage and trade union density, the above described indicators, collective bargaining coordination index (CBCI) and collective bargaining centralization represent important assets in association of wage setting with economic and labor market performance measures. For instance, in the literature has been identified that as the extend of union coverage increases from less than one quarter to more than 70%, unemployment more than doubles, but bargaining coordination growth tend to compensate this effect [16].

The benefits systems are very important for the employees and employers, also. For the employee, the benefits represent that the income needs for necessities of life and is part of the economic package that can receive. For the employers, is a manner to motivate the people, to attract and to sustain their personal development in organizations, to retain the personal and to increase the productivity and competitively on the market.

Another important topic for the labor relations is job security. Today, the security at work became such important as wages and economic incomes and implies rights to work, to be promoted, to perform at work, to be fire or lay-off.

According to industrial relations research, payment level is positively related to employee satisfaction [17–20], employees considering as a primary indicator of the organization goodwill. The unions' objectives concerning the level of wages are direct related to negotiation. The unions' goals in wage bargaining are to achieve a maximum level of wages and benefits for its members and to maintain the jobs as long as possible. Also, the bargaining process follows to assure a structure of wage scales between employees, negotiating for differences in working conditions, skills, seniority, age and job classification.

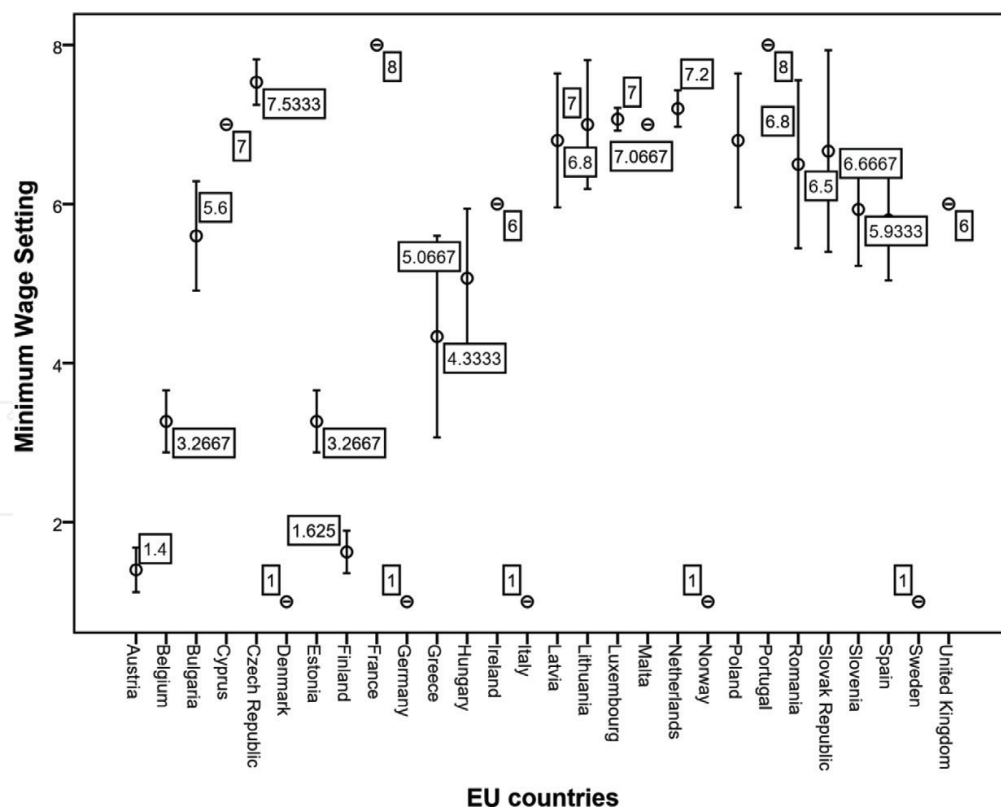
The establishment of a statutory or collectively agreed minimum wages is an important way of policy intervention in wage setting processes. Most of the European member states have different forms of regulations in determine minimum wages enforcement: statutory minimum wages and minimum wages established through collective agreements. In the first type, the minimum wage levels are fixed either by government legislation or through inter-sectoral agreements at national level. In the second situation, the wages are established by consultation with social partners or tripartite agreements. Although these are the main minimal wages set approaches, different combinations of these forms of regulations are not excluded.

Visser sets a nine-item scale to measure the minimum wage setting according to the following statements [6]: '0' value score is set for non-statutory minimum wage; '1' represents the case scenario in which the minimal wages are set in consultation with social partners (sectoral collective agreements) or tripartite agreements; '2' values are associated with the hypostasis that minimum wages are set by national agreements, along unions and employers; '3' the minimum wage is established based on an extended agreement enforced by law or Ministerial decree; '4' through tripartite negotiations, the minimal wages is decided; '5' the government sets the national minimal wages, after voluntary tripartite consultations; '6' minimum wage is adjust by judges or experts; '7' the minimum wage is fixed by the state but in accordance with a indexed-based minim wage; '8' government established minimum wage without fixed rule.

In **Figure 3**, we can observe that in the European Member states, there are some forms of establishing the minimum wage settings. In 46.1% of the analyzed countries, the minim wage is set by government and is based either on fixed rule (26.9%) or is bound by index-based minimum wage (19.2%). In 19.3% of the cases, the minim wages are set by sectoral collective agreements or tripartite wage boards. Only in 11.5% of the countries, the minimum wage is set by national agreements between unions and employers, and in 7.7% of the cases is established based on an extended agreement enforced by law or Ministerial decree. A very small percentage of 3.8% remains for those European countries in which the government sets the national minimal wages, after voluntary tripartite consultations.

Human Resource Management is concerned with the development of both individuals and the organization in which they operate. Wage issues, economic benefits, job security and seniority, grievances and possibilities to resolve them are themes with a high impact at the level of organizations in terms of retaining good people, motivating and promoting, hiring and lay-off. It is a complex world of relations in which people are involved. In this regard, the decisions take reflects the capability of management to respond to the complex requirements and to solve problems.

The chapter reflects the current issues and investigations in this complex and important field of research.



**Figure 3.** Minimum wage setting in EU 28. Source: Authors' representation. \*\*\*No data are available for Romania on minimum wage setting in 2014.

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