

POLICY BRIEF – LITHUANIA

Lithuania, same as other countries in the East-European and Balkan cluster falls within countries with the lowest union density (8,5% in 2022) and collective bargaining coverage (25,6% in 2021) and the highest wage and income inequality (Gini coefficient – 36,2% in 2022). Such situation is highly determined by the:

- absence of collective bargaining ‘culture’ and traditions: trade unions are still often treated as soviet heritage, public distrust in trade unions, prevailing (neo)liberal policy discourse;
- relatively weak trade unions: low union density, weak human and financial capacities, limited strike opportunities (rather strict strike regulation, almost absent strike funds);
- reluctance of employer organisations to assume obligations at national, sectoral, branch level collective bargaining;
- rather strict employment and labour regulation, which leaves little room for manoeuvre for collective bargaining.

Despite rather negative preconditions, the research showed a lot of positive developments in collective bargaining in Lithuania at all – national, sectoral and company – levels.

- At the national level Tripartite Council of the Republic of Lithuania – the main national social dialogue institution – plays an important role in the decision-making process in the area of social and working life. It also plays an important role in reducing income inequality – through the national level bargaining for minimum wage.
- At sectoral level since 2018-2019 national and sectoral level collective agreements are regularly signed and renewed in the public sector covering also some remuneration issues. Such agreements currently are valid in education, health, social care, and some other sectors. They play an important role in rising salaries of public sector employees.
- At company level, despite the low collective bargaining coverage in the private sector, in companies with active trade unions collective bargaining takes place and collective agreements, covering comprehensive wage schemes, are signed. Moreover, employees covered by collective agreements receive higher wages, are better protected, they feel safer during crises.

National social partners agree, that effective collective agreements not only ensure higher living standards and better working conditions for the covered employees, but also increase standards in ‘related communities’, i.e. neighbour companies, sectors and regions, thus ensuring higher equality.

Therefore, the main way to ensure decent living and working conditions and reduce income and wage inequality is related to fostering collective bargaining coverage and impact thereof. In Lithuania main pathways include:

- further improvement of collective bargaining in the public sector,
- acceleration of sectoral collective bargaining in the private sector,
- strengthening legal, human and financial capacities of trade unions,
- introduction of (legislative) incentives, encouraging employers to enter collective bargaining,
- awareness rising in the society and among employees, creation of trust relations and increase transparency of remuneration policy, sharing of good practice examples.