

Public sector pay, procurement and inequalities

This was a five-country research project coordinated by Professors Damian Grimshaw and Jill Rubery at the European Work and Employment Research Centre, University of Manchester. The comparative and country reports are all available [here](#).

The research set out to examine the following issues:

- patterns of public sector pay reforms and pay settlements since 2005;
- government and social partner strategies towards public sector pay and the extent of changes in processes of social dialogue and in the industrial relations climate in the public sector;
- changes to government use of public sector procurement and the implications for pay and employment conditions;
- the implications of public sector pay reforms and procurement strategies for indicators of wage and employment inequality;
- lessons for improving the mechanisms for, and quality of, social dialogue.

The countries covered were: France, Germany, Hungary, Sweden and the UK.

Among its general observations, the research found that:

Social dialogue arrangements are relatively weak in the face of major budget cuts and a determination of the state to enforce changes to wage systems.

However, it also noted that it was not only the rights of employees that were vulnerable to government's unilateral actions but also that the needs of service users also tended to be overridden by fiscal concerns.

The research investigated the extent of outsourcing to reduce costs and its impact in practice, particularly on the pay and conditions of workers. The findings suggest that the results of outsourcing are open to debate argues firstly that:

better scrutiny of outsourcing decisions should be introduced involving social dialogue systems to ensure a proper business case exists;

and secondly that:

monitoring of the actual delivery after outsourcing should be more effectively scrutinised and be part of social dialogue as some services may need to be re-internalised and outsourcing should not be considered a one way process.

With the amendments to the procurement directive being debated between the European Council, Commission and Parliament, it is particularly significant that the research says that:

the extent to which quality human resource practices can be included in tender arrangements in the EU needs clarifying - and if necessary changes to EU competition law passed to allow, for example, calls for tenders to insist on appropriate pay and grading, training and staffing levels as a minimum condition in tenders.

The research also looked at the question of gender equality and the extent to which there was a pay premium in the public sector. It found that:

This analysis demonstrates the importance of the public sector for gender equality but also the variations in this role across countries. Cuts to the public sector are primarily, however, hurting women and even where there are pay premiums, these may offset very low and discriminatory wages in the private sector.

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