Industrial Relations in Central and Eastern Europe: Recent Developments and Future Challenges

Comparative Study

The project is funded by the European Union

The project is implemented by the Center for Economic Development
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The present comparative study explores the state of play and the outlooks of industrial relations and social dialogue in six new EU Member States and a candidate country during the post-crisis recovery period. The recent trends cover the period between 2012 and the end of 2016, while future development is projected in the short- and medium run.

The report is powered by a methodology which was developed in a collaborative and coordinated way with partner institutions from Bulgaria (Center for Economic Development CED), Croatia (Institute for Development and International Relations IRMO), Czech Republic (Research Institute for Labour and Social Affairs RILSA), Estonia (University of Tartu-CASS), FYR of Macedonia (Centre for Research and Policy Making CRPM), Poland (Institute of Public Affairs IPA), Romania (Institute for Public Policy IPP). This was also used for developing the national studies on industrial relations in the relevant countries in the same period.

The use of a consistent methodology results in a uniform design of the national reports and in the application of coherent research approaches, certainly adapted to national specificities. They included desktop research of information and key publications by the most prominent national institutions and experts working in the area of industrial relations. The national studies were informed by analyses and research papers from all major worker and employer organisations in all participating countries.

Highly valuable information on industrial relations trends in CEE in general and the relevant countries in particular comes inter alia from the studies conducted by the European Commission and by the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND).

The sources of statistical information included EUROSTAT, national banks, national statistical offices, and the relevant ministries and state agencies in the participating countries.

As part of the methodology the research teams conducted several focus group discussions, case studies and in-depth interviews with experts in the area of industrial relations and representatives of worker and employer organisations. These organisations operate at a national and sectoral/branch level as well as in individual enterprises.

The most challenging part of the research effort were the so-called ‘foresight workshops’, that is discussions which tried to analyse and predict the development of industrial relations in the short and medium term. The participating experts and social partner representatives deliberated the latest developments in the global landscape of industrial relations and in the relevant countries, which occur under the impact of digitalisation and the advent of new and off-mainstream forms of employment.

The different sections of this comparative report firstly set out summaries of the latest trends in industrial relations and social dialogue in the countries under review that are followed by concrete examples and an overview of the most important developments in each country.
1.1. Institutional and political framework of industrial relations in Central and Eastern Europe

Social dialogue and its various institutions underwent fundamental transformation in the 1990s as a result of the wide-ranging social and economic changes which occurred following the end of the communist era. Although in subsequent years relations between the government and social partners, as well as between social partners themselves, developed in various ways, the basic settings of social dialogue, the institutions involved and the topics covered essentially did not change during the period under study. Social dialogue and the legislation relating to this issue have, for many years, remained stable. The specific content and status of social dialogue in the monitored period was influenced in particular by relations between the government and social partners and the overall decrease in the number of trade union members.

View of the relatively short period of development of industrial relations in Central and Eastern Europe and the lack of long-standing traditions and sustainability, the process of building a system of industrial relations can be viewed as work in progress. Industrial relations are heavily dependent on the prevailing political environment and this acts as a barrier to building a solid foundation for their development. During the period under review, significant amendments to legislation were introduced in an attempt to address the consequences of the economic crisis that are by and large positive and contribute to greater flexibility, but mostly benefit employers. The relations between social partners may be described as predominantly confrontational and characterised by a lack of trust and partnership.

The period under consideration in Bulgaria was characterised by frequent resignations and changes of governments in the wake of street protests against government policies, by the installation of three caretaker governments and by an unfavourable socioeconomic environment which was hardly conducive to a normal social dialogue. In such a situation, tripartite cooperation lacks stability and consistency, while government, employers and trade unions do not endeavour towards the achievement of common objectives and priorities. Political stability turns out to be a vital precondition for an efficient social dialogue with a pronouncedly dominant role of the State.
Conversely to the years of the economic crisis when mobilisation was observed across trade union structures in defense of their members, social dialogue during the economic recovery period has not seen much activity and development.

A number of publications and studies have pointed out that despite the well-developed legislative and institutional framework for a social dialogue, efficient implementation of the principles of social partnership in Bulgaria is lacking. The spirit of solidarity, mutual trust and shared responsibility between unions and employers which leads to ensuring and protection of workers’ rights and to a stable and predictable working environment in the enterprises is still absent. Similar views and assessments were expressed by experts and representatives of the social partners during their discussions in the focus groups. Social dialogue in Bulgaria is considered to be well structured, but not efficient enough. In the main, social partners perform advisory functions in the State’s decision making process. The recent years have seen greater decentralisation – and increasing efficiency – of social partnership at sectoral/branch level as well as at enterprise level.

Results of the various research projects implemented in Croatia in recent years indicate that in the post-2012 period industrial relations in the country have been affected by continued deterioration, which started with the economic crisis. The Croatian system of industrial relations since 2012 was impacted by a number of new acts with direct implications on its functioning. The most important change concerns adoption of the new Labour act in 2014. The new Labour act reduced the employment protection legislation index from 2.55 to 2.28. It introduces new previously unknown schemes such as unequal working hours’ schedule, additional employment contract or posting of workers. It relaxed the rules for the use of temporary agency workers and fixed term work and made part-time work more attractive for the employers. The new Labour act was enacted without approval of both the employers and trade unions who for diametrically opposing reasons objected its adoption.

The Act on representativeness for participation in the tripartite bodies and collective bargaining was adopted in 2012 and amended on several occasion afterwards, bringing important changes to Croatian system of industrial relations. It imposed the new stricter rules for determining representativeness of the trade unions and employers and it also limited the after-effect of collective agreements to a period of three months since their expiry. The Act on promotion of employment should also be mentioned since it introduced the unconventional new schemes such as occupational training without com-
mencing employment or the daily work for vouchers in the agriculture. The employers generally supported these measures but the trade unions opposed them claiming that they make work on standard contracts less attractive for the employers.

The Czech Republic has no specific comprehensive legislation covering trade unions, employers’ organisations and collective bargaining, rather the legal relationship between these parties is provided for in a number of separate pieces of legislation. The basic legal provisions concerning industrial relations with respect to both trade unions and employers are contained in Act No. 23/1991 Coll., the Charter of Fundamental Rights and Freedoms, which makes up a basic pillar of the Czech Republic’s constitution, and which in Article 27 provides for freedom of coalition and the right to associate and form unions. From 1990 to 2013, the establishment and existence of trade union organisations and associations was provided for in Act No. 83/1990 Coll., on the association of citizens. Since 1 January 2014, this subject area has been covered by the new civil code (Act No. 89/2012 Coll., the Civil Code).

Other important legislation with respect to industrial relations includes Act No. 262/2006 Coll., the Labour Code, which provides the legal basis for negotiating collective agreements at the company and higher levels, and Act No. 2/1991 Coll., on collective bargaining, which regulates the collective bargaining process at the company and higher levels, as well as the settlement of collective disputes and the extension of higher-level collective agreements.

Collective bargaining in the Czech Republic occurs at both the company and the sectoral (or cross-sectoral) levels. The most common level of collective bargaining in the Czech Republic consists of that held at the company level. Collective bargaining at the national level does not exist.

It is possible to conclude both higher-level collective agreements (HLCAs) and company-level collective agreements (CLCAs) in the Czech Republic. Both higher-level collective agreements and company-level collective agreements are legally binding. Higher-level collective agreements serve as a framework or guide for the determination of company-level collective agreements, i.e. HLCAs set out minimum standards with respect to wages and working time which are subsequently adhered to in company-level collective agreements; CLCAs can set out higher standards, but not lower.

No register is maintained of company-level collective agreements concluded in the Czech Republic; however, higher-level collective agreements are monitored by the Ministry of Labour and Social Affairs of the Czech Republic (Ministerstvo práce a sociálních věcí České republiky, MPSV).
The number of HLCAs concluded during this period remained largely unchanged. However, it is also clear that the number of CLCAs concluded declined in the same period; the data is, however, only illustrative and in the long-term perspective it is not possible to draw conclusions regarding trends – the data includes only those CLCAs concluded by member unions of the Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS) and, moreover, only those who participated in the survey conducted by ČMKOS (20 member organisations of a total of 29 participated in the 2015 survey) which, in effect, precludes the drawing of year-on-year comparisons as well as the generalisation of trends.

The vast majority of negotiations on new collective agreements (or amendments to collective agreements) commence in the fourth quarter of the year. Contracts are signed mainly in the period between December and the following January. This applies to both bargaining at the company and sectoral levels. Higher-level agreements are usually concluded for a period of one year, although there is a growing tendency for the validity period to cover longer periods of time. Company-level collective agreements are usually concluded for a period of one year. The government influences the outcome of the wage bargaining process indirectly through minimum wage legislation, tax measures and increases in the salaries of civil servants.

The legislative framework of industrial relations in Estonia has largely remained the same since 2012, and minor changes that were introduced in the post-2012 period, did not affect the overall dynamic of collective bargaining. However, the change introduced as regards collective agreements, aimed at allowing more flexibility for employers, arguably weakened the position of unions in collective bargaining. It can also be seen in the light of incentivizing employees’ unions in Estonia to engage more actively in negotiating collective agreements.

The need to restructure and update the whole body of legislation concerning industrial relations is being recognized on the state level, and is being addressed through legislative initiatives, which bear the potential for positive change.

The new Employment Contracts Act (ECA – in force as of 2009) came as a result of a major effort to reform Estonian labour market in the context of economic crisis and loosen the rigid regulations of the previous ECA. On the one hand, the ECA, due to many reasons, still did not leave much to be determined by collective agreements – it extensively codified all issues of individual
employment (e.g. working time, holidays, dismissal of employees, probation period, etc.); however, it allowed for the use of so-called derogative agreements on night work, rest time and issues of atypical employment in general. The ECA introduced flexicurity as a new underlying principle of organization of Estonian labour market. In practice, it made both employment and dismissal of workers much easier, at the same time aiming at providing security for the unemployed in the form of extended benefits.

The European commitment of FYR of Macedonia has contributed to some changes in the area of industrial relations and social dialogue. The country opened its economy to the European market, which represents the largest share of Macedonia’s trade. As a result, the EU accession process in transitional countries introduced a series of new requirements which implied the adoption of the new models of labor relations and social dialogue characterized by active role of the social partners in the policy-making processes. Since its independence, Macedonia made efforts to harmonize its Labor Law with the EU standards. This process of aligning the law with the Acquis enabled many new laws and provisions to be drafted and include points against discrimination, collective bargaining, trade unions and strikes. However, the effects of the economic and political transition process are still felt.

The Labor Law was adopted in 2005 and since it was amended 17 times, with the last amendment in February 2016, still does not fully reflect the challenges of the new world economy. According to some stakeholders “it is outdated as it is, and does not offer flexibility to either party.”

Between 2012 and 2017 tripartite social dialogue in Poland went through turbulent changes, beginning from a breakdown of the Tripartite Commission (TK) in 2013, through launch of the Social Dialogue Council (RDS in 2015), to a relatively smooth functioning of the newly established tripartite bodies in a volatile political environment of 2017. Minor role of social partners in shaping anti-crisis policies after 2012 (and even before) was due to reluctance of government to take social partners’ arguments into account.

Industrial relations in Romania have seen significant changes during the period of the economic crisis which started in 2007, as the amendments to the legislation on labour, on the organisation of industrial relations and on social dialogue had impact on industrial relations, which did not succeed in defining a coherent development framework, but, conversely, made it more difficult for
social partners to participate in, and contribute to, decisions which involved them directly.

One of the major legal amendments on the topic is related to Social Dialogue Law No. 62/2011 – the former Trade Unions Law, which aimed at ensuring a better representativeness of trade unions and employers’ associations, participation of civil society in dialogue, set the institutional framework for social dialogue and improve labour disputes resolution. Social Dialogue Law No. 62/2011 imposed difficult to reach criteria regarding trade union formation, affiliation and representativeness (at least 15 members employed by the same unit and at least 50% + 1 of the employees of the same unit), with impact on the associative movement in the field related to this study.

At the same time, Social Dialogue Law No. 62/2011, corroborated with the amendments to the Labour Code, imposed by Law No. 40/2011 amending and supplementing the Labour Code (Law No. 53/2003), made it impossible to negotiate the collective bargaining agreement at national level and, further, led to its disappearance, and collective bargaining between employees/representatives of employees/trade unions and employers/employers’ associations could only be performed at the level of unit, group of units and sector if the following conditions are cumulatively fulfilled:

- Social partners (trade unions and employers’ associations) who participate in the collective bargaining and sign the agreement at industry level should be representative for that sector (should represent at least 50% + 1 of the number of employees in the sector);
- Participation in negotiation of all social partners and a joint agreement on all clauses to be able to register the collective bargaining agreement;
- Only the National Tri-Partite Council may extend the validity period of the collective agreement;
- The Ministry of Labour, Family, Social Protection and Elderly, with the approval of the National Tri-Partite Council, should issue an order stipulating that the sector-level collective bargaining agreement should produce effects at the level of all units within the sector.

We should also consider that negotiating an industry-level collective agreement which fulfils the above-mentioned conditions is all the more difficult since, apart from the legal limitations, certain industries are quite heterogeneous in terms of membership. This removal of provisions related to the collective bargaining agreement with national coverage should have followed the model of other European countries where agreements concluded at in-
Industry/unit level are stronger in terms of specific requests which may be negotiated; however, in Romania it is about the crucial issue of coverage and representativeness of employees in enterprises with less than 21 employees (as the collective bargaining agreement is not mandatory below this head-count), and a significant number of active persons was not covered by collective bargaining agreements in 2015. Beyond all legal aspects, it is important to bear in mind that, in the field of industrial relations, the ongoing changes in the institutional framework (especially related to Social Dialogue: from a Directorate within the Ministry of Labour to Delegated Minister, then again full-fledged Minister) especially those related to social dialogue did not ensure a stable framework to enable solutions to the previously mentioned legislative deficiencies.

1.2. Main actors in industrial relations

In the post-2012 period industrial relations in all participating countries were marked by further weakening and fragmentation of the trade unions. This could be explained by advance of nonstandard work and reluctance of young people to join the trade unions. The membership base is “dying out” and the unions appear unable to attract new members to their ranks. The density of unionization and general workers’ awareness about trade unions continues to fall – the trend is self-enforcing, since the weaker the unions are, the fewer people are willing to join them.

There are two leading trade union confederations in Bulgaria. Both are recognised as nationally representative ones in accordance with the Labour Code. This recognition entitles them to have representativeness at sectoral, provincial and municipal level as well. The status of a nationally representative organisation guarantees the participation of the organisation in the tripartite cooperation, in the other forms of social dialogue and in collective bargaining.

The most powerful trade union is the Confederation of Independent Trade Unions in Bulgaria (CITUB). The other organisation is Confederation of Labour Podkrepa (‘Support’). Many attempts were made during the transition to democracy and market economy for the creation and affirmation of other trade union formations, but in the end of the day these two organisations have come to play a central role. The last Census of 2012 again confirmed that they are the only two nationally representative organisations with a combined mass of nearly 350 000 members or 18% of Bulgaria’s workforce. Approximately 280 000 of all trade union members are in CITUB and 90 000 are in Podkrepa. Overall, membership in trade unions is decreasing, especially among the workers.
in the nationally representative confederations. At the same time, a number of other trade union organisations – independent and unrelated with the nationally representative confederations – are being created in various sectors and branches, and work to protect the interests of their members.

Conversely, trade union density remains relatively steady at around 21% mainly due to the reduction of employment levels in many sectors and branches during the previous years (until 2013). The CITUB engages in proactive campaigns to recruit new members and promote the benefits of trade union membership; however, these campaigns have not been as successful as they could be. Particularly active have been the efforts among small and medium-sized enterprises (more than 90% of the businesses in Bulgaria) and among those engaged in ‘new forms of employment’.

According to the ICTWSS database version 5 of 2015 (referenced in the Bulgaria report of the European Commission, February 2016), trade union membership (measured by the proportion of paid workers participating in unions) was 17.5% in 2012, while membership in employers’ associations was around 50%. Around 29% of the workers were covered by collective labour agreements in 2012.

Following the last Census of 2012, four employer’s associations were recognised as nationally representative ones. Two other associations have lost this status. Bulgarian laws permit one company to be a member of more than one association of employers. This makes it very challenging to estimate the number of their members and accordingly the density of employers’ associations. Based on Eurofund data and on the results of the 2012 Census, 14% of all companies in Bulgaria are members of employers’ associations. The density of employers’ associations is estimated at 29% of the companies in the private sector.

The four employers’ associations mentioned above are (the numbers in brackets indicate the number of their member companies): Bulgarian Industrial Association (3 217), Confederation of Employers and Industrialists in Bulgaria (5 636), Bulgarian Industrial Capital Association (6 614) and Bulgarian Chamber of Commerce and Industry (21 977). The other two associations – Union of Private Economic Enterprise (UPEE) and Bulgarian Union of Private Entrepreneurs Vuzrazhdane – were not recognised as nationally representative organisations. Vuzrazhdane joined the Bulgarian Industrial Capital Association. The more interesting case is the UPEE, which managed to prove its representativeness by filing additional documents and was recognised by the Council of Ministers as a nationally representative employers’ association in the summer of 2016. In practice, this means that five associations are included
in the National Council for Tripartite Cooperation; however, three other associations have challenged this decision and have initiated a procedure for the expulsion of the UPEE.

Apart from these associations, there are other self-standing and independent formations of companies and enterprises in various sectors and branches. Despite the consolidation of employers’ associations during the transition years, the process is far from over. Relations among employers’ associations are complicated and occasionally controversial, which has a negative bearing on industrial relations and social dialogue. From time to time one can even hear some of them trade allegations of ‘collusion with the State’, so there is still room for building more trust and partnership among employers’ associations.

In the period between second half of the 1990s and 2009 trade union density in Croatia was stable at around 35%. However, since beginning of the crisis unions faced declining membership. According to results of research implemented in 2014, the trade union density in Croatia was 26%, which represents shrinking of the membership base for 1/4 in the period of only five years. The reasons for this trend could be found in length and depth of the crisis but also in fact that many young people refrain from joining the trade unions.

Industrial relations in Croatia are characterised on all levels by fragmentation of the trade unions scene and unity of the employers. In 2015 there were more than 600 registered trade unions out of which some 150 were associated with one of four representative trade union confederations. In 2013 four representative trade union confederations have been associated with 365,412 individual members. All confederations compete for members since none of them is specialised in particular sectors of the economy or professions. Due to fragmentation, trade unions sometimes avoid focusing on building direct relations with employers. Instead, they focus on the state searching for the legislative solutions to issues that normally should be addressed at the bipartite level. An additional problem is that collective agreements at all levels are negotiated with the trade unions and not with trade union confederations, which reinforces fragmentation of the union movement. Fragmentation weakens the trade unions because it complicates the process of creating unitary union positions.

On the side of employers, the Croatian Employers’ Association (CEA) assembles more than 5,000 companies that employ more than 50% of workers in the private sector, or close to 400,000 workers. This establishes CEA as the only relevant national-level social partner on the side of employers. However, CEA’s internal structure does not always correspond with the structure of union organisations. It is divided into 25 branches, some of which were created to
cater to interests of particular groups of employers, which lowers its capacity to participate in bilateral and trilateral agreements at the level of specific sectors. Relatively underdeveloped sectoral collective bargaining further weakens the organisation. Some companies, especially the smaller ones, do not see the benefits from becoming members of the organisation, despite widespread practice of extending sectoral collective agreements.

The setback in social dialogue after overcoming the initial shock of the crisis caused the shift in focus of the trade unions from traditional activities to political and protest oriented actions. An additional side-effect of the weak social dialogue was more cooperation and unity between the trade unions compared to a pre-crisis period. In 2014 on two separate occasions the trade unions used the instruments of direct democracy to veto arguably controversial government reform proposals that were previously not consulted with the social partners. On both occasions trade unions launched the national level people’s initiatives which according to Croatian constitution and the Act on referendum could be started by collecting signatures from at least 10% of voters.

The first initiative addressed the issue of outsourcing auxiliary activities in the public sector. In May 2014 government decided to implement outsourcing of all auxiliary services in the public sector (except in healthcare) in order to reduce public spending and increase the efficiency. If implemented, some 25,000 workers would be transferred from the relative safety of the public sector into insecurity of the private sector. Seventeen trade unions from the public sector (including those in healthcare) with some 125.000 members were quick in protesting against this decision. In June 2014, they launched the people’s initiative that would ban outsourcing in the public sector by means of a special act.

The second people’s initiative concerned government’s decision to let the motorways, which are public property, to a private partner under concession for 40 years. The concession was to be granted because the roads were built with the help of loans that started to overburden the state budget. Opposing this decision in October 2014 the peoples’ initiative was launched by two trade unions in the area of road transport, seven civil society organisations, which are among most active in the country, as well as five trade union confederations. The organisers intended to prohibit the planned concession by means of amendments to the Act on road transport arguing that the concession scheme would decrease the quality and make the motorways more expensive.

Outcomes of both people’s initiatives were very similar. They both man-
aged to collect the needed number of signatures, which demonstrated strong organisational capacities of Croatian trade unions. On both occasions, the Ministry of Public Administration took several months to validate the accuracy of collected signatures. During this time, despite protests, government continued to work on its proposals. Furthermore, Croatian Parliament sent inquiries to the Constitutional Court asking if proposed questions were in compliance with the Constitution. Finally, on both instances the government abandoned its proposals before expected verdict of the Court. This proved to be premature, because the Court prohibited direct voting on the outsourcing and monetization by declaring it as unconstitutional.

Trade unions in the Czech Republic play by far the most significant role in terms of employee representation not only in terms of competency, but also due to their existence in the workplace and function with respect to social dialogue, particularly collective bargaining. Trade unions only are entitled to represent employees with concern to general labour relations, collective bargaining aimed at concluding collective agreements, and tripartite negotiations conducted in the context of a tripartite body.

Employees may also be represented by works councils, however, such bodies do not enjoy legal recognition and are entitled to act merely as mediators between employers and employees through enhancing consultation and the flow of information within a company. No national register of works councils exists; however, they would appear to be extremely rare.

There is no legal requirement concerning the extent of representativeness of trade unions; the only exceptions concern the tripartite body and members of the armed forces who are excluded from this legislation. Moreover, legislation states that a minimum level of representativeness of 40% is required for trade unions to operate within the police, firefighting and customs services.

There are three main trade union confederations in the Czech Republic – the Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS), the Association of Independent Trade Unions of the Czech Republic (Asociace samostatných odborů České republiky, ASO ČR) and the Confederation of Arts and Culture (Konfederace umění a kultury, KUK).

As in other European countries, the trend of a continuous decrease in trade union membership continues in the Czech Republic. Over the last 10 years, overall trade union membership has decreased from 20.6% to 12.9% (in 2014) of the working population and the trend is expected to continue. The main reason for the decline in membership consists of the retirement of older
members and a lack of interest in union membership on the part of younger employees.

Social dialogue is addressed on the part of employers by the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy České republiky, SP ČR) and the Confederation of Employer and Entrepreneur Associations of the Czech Republic (Konfederace zaměstnavatelských a podnikatelských svazů České republiky, KZPS ČR). The membership of these two largest employers’ organisations is made up of both individual members (companies) and other employers’ and business associations. Both of these organisations are involved in social dialogue. In addition to these two organisations, several other smaller independent employers’ and business associations are active in the Czech Republic.

The tripartite forum at the national level, the Council of Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD) makes up the country’s principal social dialogue institution; the work of the RHSD is strictly consultative. The aim of the tripartite organisation is to reach agreement via mutually respected forms of dialogue in fundamental areas of economic and social development. Above all, it aims to maintain social consensus as a prerequisite for the positive development of both the national economy and the standard of living of the country’s citizens.

The top negotiating body of the tripartite organisation consists of the Plenary Meeting at which the government is represented by a delegation of 8 members, employers’ organisations by 7 representatives – from both the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR, SP ČR) and the Confederation of Employer and Entrepreneur Associations of the Czech Republic (Konfederace zaměstnavatelských a podnikatelských svazů ČR, KZPS ČR) – and the trade union confederations by 7 representatives - from both ČMKOS and the Association of Independent Trade Unions (Asociace samostatných odborů ČR, ASO ČR).

The criteria governing participation are set out in the RHSD Statute. Attendance at RHSD meetings is the only area of social dialogue which requires social partner representativeness.

The conclusions reached at tripartite meetings must be approved by all the participants of the negotiations. If consensus is not reached and joint conclusions are not accepted, the differing opinions of the delegations on the issues under discussion must be published.

The various areas in which the RHSD is involved are defined by the RHSD Statute and consist of: economic policy, labour relations, collective bargaining
and employment, social issues, public service wages and salaries, public administration, health and safety at work, the development of human resources and education, and the Czech Republic’s position within the EU. The first and last areas are very broad and may encompass a range of policies. From the European perspective, the Czech Republic belongs to that group of countries in which the tripartite body covers a particularly wide range of activities.

Regional tripartite bodies also exist which address similar areas to those dealt with by the national body; the specific issues in which they are involved are defined in their respective statutes.

No bipartite body exists in the Czech Republic.

**Estonia** can be characterized as a country with low level of unionization (especially as compared to other European Union members) and a weak collective bargaining tradition. The trend of decrease in collective agreements during the economic crisis, continued into the recovery period, whereby the union density decreased to 6.2%, and the collective agreement coverage for workers reached only 23%. Collective agreements are most often signed at the company level; collective bargaining also plays a great role in minimum wages negotiations. Traditional reasons for low union density cited by members of trade unions include low awareness and low incentive to join unions as collective agreements cover both union and non-union members, as well perception of trade unions as unnecessary relics of the Soviet past. In addition to that, the sole fact that trade unions are perceived as weak precludes people from joining them.

The main representatives of employees in Estonia on the national level are Estonian Trade Union Confederation (EAKL) and Estonian Employees` Unions` Confederation (TALO).

EAKL (19 unions) unites state and municipal government officials, intellectuals, health care workers, transport workers (including road, railway, sea and air transport), industrial workers (including energy, light industry, food industry, timber and metal industry) and people employed in the service sector (postal, communication, trade, hotel and cleaning sector workers, etc.) Its membership is decreasing – from 2010 to 2013 EAKL lost approximately 4,000 members (in 2013 it had 29,852 estimated members). EAKL plays an important part in Estonian collective bargaining as it partakes in national minimum wage negotiations, bilateral and trilateral talks involving the Government, and usually contributes to the development of employee-favoura-
ble legislation. In the post-2012 period EAKL made several statements about the disadvantages of Estonian system of industrial relations, and attempts to curb the strike rights.

TALO (7 unions) is a much smaller confederation that unites cultural workers, engineers, radiologists, national broadcasting employees, journalists, trainers, farmers and the customs officials working in the capital (CASS 2012). Its membership declined 5 times from 2009 – from 15,000 to around 3,000 (2011). Currently, the two confederations cover approximately 3-5% of employees.

On the sectoral level employees are represented through federations of unions. Those usually consist of unions of one sector; however, one federation – the Federation of Trade Unions of Workers of State and Local Authorities (ROTAL) is cross-sectoral and unites workers of police, tax, customs, etc.

On the sectoral level, there have been several developments in the recent years: the first Estonian trade union in a financial sector was created in 2013 (the Union of Estonian Financial Sector Employees, 335 members) and other trade unions were established in the commerce and hotel sectors.

On the company level employees may be represented in negotiations with an employer either by a trade union, or by a trustee, elected from among employees of a given employer. Activities of the former are governed by the Trade Unions Act, while of the latter – by the Employee Trustee Act. As of 2013, approximately 19% of employees were represented by trade unions, and 40% by trustee representatives; 5% of establishments – by trade unions, and 35% – by trustees.

On the national level, employers are represented by the Employers’ Confederation (ETTK).

The Employers’ Confederation is the only national-level body representing employers that is involved in collective bargaining. It comprises both associations of employers and enterprises, and overall represents around 25% of Estonian employers.

Central and local governments can participate in both bilateral and trilateral negotiations as regards various aspects of industrial relations in Estonia. Two-party negotiations involving the local government can happen when the latter is an employer, and, therefore, can enter into collective bargaining with a union or federations of unions of employees (therefore, the bargaining will happen either on organizational or on a sectoral level, depending on the employee representation). The above pattern could be expected in the pub-
lic sector (where local governments are employers); however, it has not been used in practice.

Three-party negotiations involving central and local governments can happen at the national and sectoral levels: between national confederation of unions of employees, employers and the Government; and between sectoral/local federation of unions of employees, association of employers and local governments. The above negotiations usually lead to the signing of so-called social partnership agreements. These agreements might concern minimum wage, additional guarantees (of employment, safety, health), supervision of collective agreements, etc. However, other partners in tripartite negotiations involving central governmental bodies reported continuous dissatisfaction with the framework of tripartite negotiations, where they are usually not included or included only in later stages. The incident of withdrawal from previously achieved agreements, as in the case of the Employment Contracts Act, contributed to the dissatisfaction with the role played by the central government. When national minimum wage negotiations for 2016 started, the central government, in its turn, was not invited to the initial stage of bargaining.

While employers in **FYR of Macedonia** are organized in three organizations/associations: Organization of Employers of Macedonia, Business Confederation of Macedonia and National Federation of Temporary Employment Agencies of Macedonia; employees are organized within three main trade union associations: Federation of Trade Unions of Macedonia, Confederation of Free Trade Unions of Macedonia and the Union of Independent and Autonomous Trade Unions of Macedonia. Problems that persevered are that trade unions are regarded as too close to the political and economic elites and consequently not representing the interests of the employees. The establishment of the Employers’ Organization was faced with the same situation. In recent years, many new unions were founded and trade unions are getting more and more fragmented.

The trade union density in 2013 reached 30%, the employers density stood at 24%, whilst the percentage of employees covered by collective agreements is at 100%, as a result of the general collective agreement (GCA) which covers all employees. In 2013 there were ongoing negotiations about revising the GCA to improve the quality of the document and provide more precise and clear formulations. The amendments were adopted in December 2013 and entered into force in 2014. In the private sector, the GCA is mandatory and universal and enforced to all employers. Consequently, the coverage of collective bargaining in public and private sector in Macedonia is 100%. However, even
though de jure the coverage is 100%, in practice this is not the case. Specifically, the GCA for the public sector is yet to be concluded, as the negotiations continue to drag on. There are few branch agreements (namely health, police and army forces), but there are no agreements for workers in education and administrative workers. Additional challenge is enforcement of GCA in the private sector for small companies.

In Romania the five national trade union confederations, having their activities regulated by the legislation in force, are very active in all discussions with government partners, especially when the Government initiatives impact on employment relations. With regard to the criteria on representativeness at national level, namely:

- Holding the legal status of a trade union confederation;
- Independence in terms of organisation and assets;
- Member trade unions cumulate at least 5% of the number of employees in the national economy;
- Have territorial structures in place;

the following trade union confederations are considered main actors in negotiations with the Government: National Trade Union Confederation “Cartel Alfa”, National Trade Unions Block, National Confederation of Free Trade Unions of Romania – “Frăția”, Democratic Trade Union Confederation of Romania and National Trade Union Confederation “Meridian”, the last having a lower national representativeness.

The management of the trade union confederations has been the same over the past 20 years, with some changes at the level of vice-presidents. Regarding the specificity of their activities, trade unions organise protests, although their scope (expressed as a number of participants) has decreased over the past years. With regard to the topics they managed to impose on the Government agenda, most were related to the public employee wage policy.

From 2012 to November 2016, the Ministry of Labour, Family, Social Protection and Elderly recorded 133 labour disputes, of which 87 in the private sector. In the past years, various corruption scandals had an impact on the credibility of certain trade union leaders.

There are six employers’ associations which claim representativeness for the entire sector – have the legal status of an employers’ confederation; are independent in terms of organisation and assets; their members own enterprises which include at least 7% of the employees in the national economy,
except for employees in the public sector; have territorial structures in at least half plus one of the Romanian counties, including Bucharest. These are:

- National Council of Small and Medium-sized Private Enterprises in Romania,
- “Concordia” Employers’ Confederation,
- General Union of Industrialists of Romania,
- Romanian National Employers’ Association,
- National Confederation of Romanian Employers’ Associations,
- Employers’ Confederation in Industry, Agriculture, Constructions and Services in Romania.

There are other business association structures, such as the AmCham – American Chamber of Commerce in Romania or FIC – Foreign Investors Council, representing both Romanian and foreign capital, which initially were not part of the employers’ associations mentioned above. However, discussions on their legitimacy as social partners led to their affiliation to the Employers’ Confederation “Concordia”.

At central level, the leading approach on industrial relations policies is a result of the co-operation between the Ministry of Labour, Family, Social Protection and Elderly and the Ministry of Economy at Government level. The Economic and Social Council, an autonomous institution currently striving for more efficiency, reviews the quality of the policies in the field, and endorses the draft legislation initiated by both the Parliament and the Government.

Romania’s Economic and Social Council (ESC) is the main central institution that holds the explicit role, as mentioned in the Constitution (Art. 141), of ensuring consultations on draft legislation initiated by the Parliament or by the Government. The fact that this institution is mentioned by the Constitution is very important for its status in relation with the other powers of the state, and its fields of activity are covered by Law No. 248/2013 on the organisation and operations of the Economic and Social Council, as further amended and supplemented. ECS is a tri-partite structure that issues advisory opinions on the draft legislation proposed by the Parliament and the Government.

The central institutional architecture described is supplemented, at industry level, by roles with impact on the field of industrial relations, assumed by the line ministries. At this level, co-operation with actors in the field of industrial relations varies, from formal structures created by Minister Order, having more or less precise duration and scope, to rather informal structures, open to the participation of any non-governmental stakeholders.
At local level, the field is managed quite differently, through prefectures, and consultations with actors in the field depend on the importance given by prefects to this topic. The practice varies; some working/consultation structures include non-governmental organisations, while others do not, as this also depends on the structure and power of non-governmental organisations that work in one county or another. The topic is more important in highly industrialised areas, with complex social implications generated by the restructuring of some fields of activity which ensure the livelihood of the families in that area. Here the negotiation “power” of trade union leaders is stronger, and the county authorities pay more attention, even if only formally, to the compliance with legal procedures before adopting any decision with impact on this field. Romania has 42 counties, and dialogue on industrial relations is rather infrequent below county level.

As of 2016, there are three trade union organisations in Poland deemed representative at the national level, thus entitled to seats in the Social Dialogue Council (RDS) (until 2015, in the Tripartite Commission on Social and Economic Affairs (TK)). Those are the Independent Self-governing Trade Union Solidarity (NSZZ Solidarność), the All-Poland Alliance of Trade Unions (OPZZ) and Trade Unions Forum (FZZ).

Works councils have existed since 2006. In order to establish a works council, at least 10% of employees working for the employer need to express a request for an election (in a general ballot) to the body. The works council is elected for a four-year term. The threshold for establishing a works councils is 100 employees. Works councils have proved to be a failure: according to the official statistics (Ministry of Labour), while 3,401 works councils were established for the first term, only 567 works councils have been re-elected for the second term, and for the third term the number fell down even more – to 299. The main reason is the fact that works councils are ill-equipped by the law, and their prerogatives are narrow.

Union density appears to have stabilized at a low level: according to survey data it was 10% in 2013, 12% in 2014, and 11% in 2015. The recent module by the national statistics shows that unionization is actually higher than it used to be assessed of based on survey data: 17% of people working on the basis of employment contracts belonged to trade unions in 2014.

According to the European Company Survey (2013), in private sector establishments with more than 10 employees 15% of establishments and 39% of employees were covered by trade unions, and for works councils the figures were 13% and 20% respectively.
As of 2016, there are four employers’ associations considered representative at the national level, hence holding seats in the Social Dialogue Council (RDS) (until 2015, in the Tripartite Commission on Social and Economic Affairs (TK)). Those are: Business Centre Club (BCC), Confederation Lewiatan (Konfederacja Lewiatan), Employers of Poland (Pracodawcy Rzeczypospolitej Polskiej, Pracodawcy RP) and Polish Crafts Association (Związek Rzemiosła Polskiego, ZRP).

It is difficult to assess the current employers’ organisation density. Employers’ organisations have not been growing in the recent years, although the Employers of Poland (Pracodawcy RP) reported a massive increase in the volume of aggregate employment of their associated employers in 2014, claiming the figure amounts to some 5 million people (working for approximately 10,000 employers). In 2012, the confederation disclosed that some 4 million employees worked in their member companies in total. According to the self-reported statistics, the BCC covered some 350,000 employees, the Confederation Lewiatan claimed to cover about 650 000 employees, and ZRP structure covered around 700 000 workers.
CHAPTER 2.

ECONOMIC RECOVERY AND CURRENT TRENDS IN SOCIAL DIALOGUE IN CENTRAL AND EASTERN EUROPE

2.1. Economic and social situation in Central and Eastern Europe since 2012 and onwards

During the period under review, the countries participating in the study demonstrate robust economic recovery trends. In 2016, the average rate of unemployment in the EU stood at 8.2 percent – a drop by 0.9 percent as compared to the previous year. On the other hand, the employment rate reached its highest level since 2008. Youth unemployment has also been steadily decreasing across the EU. They should equally be viewed as major and important factors for the development of industrial relations. These, in turn, also exert influence on economic trends.

Despite this, most participating countries are still encountering structural problems and problems relating to social and economic convergence as compared to the older EU Member States. In some countries, exceedingly high levels of poverty continue to prevail. The issues of long-term unemployment, youth unemployment, emigration and immigration, shortage of qualified labour and pension reform debate are deeply intertwined with the future development of industrial relations in the participating countries, as well as with their economic development in general. Economic scenarios foresee a moderate growth and emphasize the necessity to invest more in human capital, increase productivity and strive for more competitive edge. Income growth in an overall environment of shortage of labour and the efforts to balance out this disparity with the dynamics of work productivity will remain a centre-stage issue. In this context, the role of trade unions in negotiating collective bargaining agreements but, equally, their responsibility for the consequences of such agreements will increase. In light of these serious challenges, social partners have a duty to actively engage in finding solutions through the mechanisms of social dialogue and partnership.

The constructive social dialogue focused on strategic topics and reforms could contribute to strengthening the competitiveness of the economy. It is essential that both the trade unions and employers have clear positions and defined roles, including within the framework of the discussions on the European Semester.
2.2. Social dialogue and collective bargaining in CEE in the context of economic recovery

Social dialogue was weakened by the economic crisis, and the long-term trend of decentralization of collective bargaining accelerated. Practices in collective bargaining at various levels vary greatly across the countries under review and providing a succinct overview is a challenge.

2.2.1. National level

The future of tripartism in all participating countries still depends on the governmental side's good will or lack thereof. As long as the state is interested in social dialogue, it will likely continue its high involvement with tripartite institutions. However, when such inclinations are gone due to whatever reasons, the government's backing off from social dialogue will lead to marginalisation of tripartite institutions.

Tripartite cooperation in Bulgaria, although it is already relatively well legislated in institutional terms, is still conducted in a pro-forma and often times in an inefficient manner:

- disregarded are the social partners’ opinions and proposals on key issues concerning the development of the country;
- the government adopts decisions unilaterally and then simply informs the social partners;
- the use of tools which are well established in European industrial relations practices, such as national agreements and social pacts, has been put off to the future;
- fragmentation of social partners and of social partnership – the participation of as many as seven social partners in the National Council for Tripartite Cooperation makes it difficult to consolidate the positions of social actors on important issues, fuels-up confrontation and detracts from the efficiency of the social dialogue.

The period of recovery after the economic crisis has not seen any significant shifts or developments in social dialogue at national level and in tripartite cooperation. The National Council for Tripartite Cooperation continues to be an authoritative forum for the discussion and coordination of major aspects of Bulgaria’s economic and social policy; however, frictions occur from time to time in the relations between trade unions and employers, and in the end of the day the controversies are resolved unilaterally by the representatives of the State. It has become business-as-usual for trade unions or employers to boycott the work of the National Council for prolonged periods of time or on
particular topics. Actual bargaining in these cases is very limited and heavily hindered.

Typical examples in this respect are the changes in the pension system or the bargaining on the minimum socially insurable incomes and on the minimum wage level for the country.

Tripartite social dialogue in Croatia takes place within the Economic and Social Council (ESC). It is an advisory body that consists of representatives of the government, Croatian Employers Association (CEA) and representative union confederations. The most important tasks of the ESC concern providing opinions on the legislative proposals in the field of labour, economy and social security and encouraging peaceful settlement of collective and individual labour disputes. The coordination between social partners within the ESC is supported by the Independent Service for Social Partnership operating as part of the Ministry of Labour and the Pension System. The results of the ESC could be described as poor, despite its relatively long tradition. This is due to inability of the ESC to reach compromises and long-term social agreements.

The latest Agreement on the functioning of the ESC was signed by the social partners and the government in July 2013. According to its provisions each social partner is represented by four representatives, while the government has six representatives. Such composition was caused by fact that currently there are four representative trade union confederations (Union of Autonomous Trade Unions of Croatia – UATUC, Independent Trade Unions of Croatia – ITUC, Croatian Trade Union Association – CTUA and MATICA - Association of Croatian Trade Unions – MACT) which all need to be represented in the ESC.

Accordingly, Croatian Employers Association as the only representative employers’ association was granted the same number of representatives. In this latest ESC agreement, the government was granted more representatives than each social partner, which previously hasn’t been the case (Focus Group with the Employers’ Representatives, 2016). Another important change is that now all regulations must be discussed at the ESC before government considers them. However, the problem remains that more than 50% of all acts and amendments discussed at the ESC haven’t been previously included in the annual normative plans of the government’s activities. Therefore, social partners often complain about the lack of time to prepare for some topics on the ESC’s agenda.

In 2014 the Economic and Social Council didn’t hold its regular monthly meetings for months due to boycott of its work by the trade unions who claimed that procedures related to adoption of the new Labour act were uni-
lateral and unacceptable. However, this boycott was unsuccessful. It didn’t stop the act from being adopted and it failed to bring changes which would permit greater participation of social partners in the process of formulating new legislation.

In the period since 2012 the ESC continued to show the same weaknesses as previously. The Council functioned primarily as a forum for consultations and exchange of information between social partners. Moreover, agendas of the ESC continued to be crammed with excessive number of topics, from the most basic technical questions to most important ones. Therefore, it seems that making agendas of the Council more selective represents the precondition for improving its efficiency. In the future, the most important strategic questions would have to be discussed on the ESC while other issues should be resolved at the level of working groups or sectoral councils.

The Agreement on the functioning of the ESC also provides possibility of organizing the Council at the lower than the national level, i.e. the county and city level. Although such ESCs have been established in many counties and cities in the last 15 years, the level of their activity is very diverse. The greatest problem lies in fact that sessions of the local ESCs are frequently not associated with sessions of the local assemblies or with policy making processes at the national level, which makes their conclusions ineffective.

Weak performance of the tripartite social dialogue in Croatia is visible on the example of measures to be implemented in the framework of the European Semester. In 2016 the social partners were formally included in this process through special session of the ESC and the accompanying thematic meetings. However, their participation was only of consultative nature. The social partners discussed the government’s draft measures but they didn’t participate in the process of their creation and their often critical observations have not been taken into account.

Social dialogue in **Czech Republic** is significantly affected by the level of communication between the government and social partners. The first signs of an economic crisis appeared in the Czech Republic in 2008 during the term of office of Prime Minister Miroslav Topolánek’s right-wing government which, however, was replaced prematurely in April 2009 by the caretaker government of Prime Minister Jan Fischer who pledged to communicate with social partners and to fully respect their views. Thus, relations between the government and social partners were consolidated in the period April 2009 to July 2010. Subsequently, however, the right-wing government of Petr Nečas (Civic Democratic Party, Občanská demokratická strana, ODS) elected in May 2010
refused to respect the results of previous social dialogue. Consequently, relations between the government and social partners, particularly with the trade unions deteriorated. Most of the anti-crisis measures proposed by the government did not consider the opinions and views of the trade unions, which was reflected in an increase in the level of industrial unrest (protests, demonstrations, appeals, etc.). The government indicated on several occasions that it would not give in to the views of the social partners, thus further worsening the already poor mutual relationship. This culminated in the trade unions leaving the tripartite meeting of 23 March 2012 due to the government apparently refusing to respect their conditions.

Thus, both trade unions and employers welcomed the new caretaker government of Jiří Rusnok, who was appointed by President Miloš Zeman following the resignation of the government of Petr Nečas in June 2013. In early elections held in October 2013, seven months before the constitutional expiry of the four-year legislative term of the previously elected parliament, the two parties which won the most seats consisted of the left-wing Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD) (50 seats out of a total of 200) and the new party ANO 2011 party (47 seats of 200). A new centre-left government was formed in January 2014 headed by Prime Minister Bohuslav Sobotka (ČSSD). The government declared that it would engage in active social dialogue with the various social partners as a means of maintaining social peace, and that it would establish an effective system for the exchange of experience between the government and social partners. According to the President of ČMKOS, Josef Středula, the relationship between the trade unions and the government was the best it had been in 20 years. Improved relations between the government and the trade unions was also confirmed by several individual trade unions – the positive approach of the government towards social dialogue had a positive impact both on collective bargaining and, generally, the relationship between employees and employers, which was reflected in the overall atmosphere of relations between employers and the trade unions (ČMKOS, 2015). Employers were also appreciative of having good relations with the government and although the government has not always accepted the comments of the two sides (employers and employees), it has always complied with what has been agreed with social partners.

In connection with the economic recovery that commenced in the Czech Republic in 2014, the unions were fully focused on supporting wage growth. During the economic crisis (2009–2013), ČMKOS recommended its member trade unions to conduct collective bargaining on wages according to the specific economic situation of companies or industries and, in certain particularly serious cases, accepted reductions in nominal wages, even if only for the pe-
period of time necessary. In 2015, however, ČMKOS recommended “approaching collective bargaining in such a way that, subject to the overall national economic situation and economic conditions prevailing in the relevant business sector (individual companies), average nominal wages be increased in 2015 within the private sector by 5% compared to 2014”. The same increase in nominal wages was suggested by ČMKOS for 2016. This was the first time since 2008 (with respect to 2009) that ČMKOS had quantified its wage growth demands.

On 15 June 2015, the ČMKOS Council concluded that low wages were becoming a serious problem in the Czech Republic and, consequently, ČMKOS arranged a trade union demonstration in Prague on 16 September 2015 under the banner “End of Cheap Labour in the Czech Republic”; the campaign of the same name was extended by ČMKOS into 2016 and into the year 2017, too. The aim is to break the Czech economy away from the persisting economic concept of low wages. According to ČMKOS, the Czech government is now faced by a choice of whether to further pursue the cheap labour policy (the weak CZK, the low wages policy, low social standards and low tax rates), or to embark on a path involving increasing efficiency, rapid growth and competitiveness. The long-term policy of low wages (low labour costs) and a weak currency exchange rate will, according to ČMKOS, lead to the downward restructuring of the economy towards lower levels of processing as a consequence of which the Czech economy will become seen as a dependent economic area with lower value products, lower labour productivity levels and hence lower wages. In order to address this situation, ČMKOS in its analysis proposed a set of policy measures, the most important of which consisted of more rapid nominal wage growth (in comparison with other EU countries) and a significant strengthening of the CZK/EUR exchange rate (by up to 20%).

A further ČMKOS demonstration was held on 7 September 2016, at which ČMKOS assessed the End of Cheap Labour campaign as having inspired the trade unions in terms of collective bargaining and as having had a favourable impact on company collective bargaining for 2016 – an increase in median wages in 2016 approaching 6.5% which, according to the trade unions, is the highest increase in eight years. With respect to the next round of collective bargaining for 2017, ČMKOS again recommended that, with concern to those companies with suitable economic conditions, trade unions should demand wage increases of 5–5.5%.

Employers do not agree with a five percent increase in wages. A survey conducted by the Confederation of Industry revealed an average wage increase of around 1.7% in 2015, based, of course, on the financial results of individual companies. Employers have also criticised the increase in expendi-
ture on the salaries of state employees. The draft budget for 2017 envisages an increase in the public salaries bill of around 8% as the result of an increase in the salaries of civil servants and the recruitment of new staff (particularly on the part of the Ministry of Finance, Ministry of Interior, etc.). The growth in the wages of state employees will naturally create pressure for further wage increases in the private sector. According to employers, therefore, an overall five per cent increase in wages, as demanded by the trade unions is not realistic – wage growth must respect the long-term development of individual sectors and companies, and must be matched by increases in labour productivity. Employers consider trade union demands for wage growth to be legitimate, however, not to the extent recommended by ČMKOS. Although, otherwise, employers consider relations with employee representatives as solid, and with respect to most issues they are able to find consensus with the trade unions, the topic of wage increases may become a potential source of conflict in the future.

The National Agreement (Národní dohoda) in the field of human resources development, a social partner and government joint project, was signed on 10 August 2015 by the presidents of the SP ČR, KZPS ČR, the Czech Chamber of Commerce and the Czech Agrarian Chamber (Agrární komora České republiky, AK ČR). Employees were represented by the chairmen of ČMKOS and ASO ČR, and regional and local government authorities by the chairmen of the Union of Towns and Municipalities of the Czech Republic (Svaz měst a obcí České republiky, SMO ČR) and the Association of Regions of the Czech Republic (Asociace krajů České republiky, AKČR). The National agreement was also signed by the Minister of Industry and Trade, the Minister of Labour and Social Affairs, the Minister of Agriculture and the Minister of Education, Youth and Sports. The Agreement aims to determine effective solutions to long-term problems affecting the development of both human resources and the labour market – further education/training, support for technical education, improving the quality and scope of in-house training, requalification and so on. The Agreement is in line with other government strategic documents and is not legally binding; however, its significance lies in the fact that it represents the first written agreement between the government and social partners since the early 1990s.

One of the main questions addressed through social dialogue in the recession and recovery period was the issue of minimum wages. In the national level the statutory minimum wage is set through consultations with social partners. During economic recovery, the minimum wage has increased rather quickly – from 290 euros in 2012 to 430 euros in 2016. This process has been accompanied by the rapid increase in average wages and the pressure caused
by the labour shortage in many economic fields in Estonia. While in the course of the crisis minimum wage (MW) stayed at the same level during 2008-2011, the average wage (AW) increased, resulting the decrease in MW/AW ratio. Since 2013 the minimum wage increase has been a bit higher and MW/AW ratio has increased. The minimum wage negotiations have been rather efficient, whereby each year EAKL and ETTK have come to an agreement. The participants of focus groups also pointed out, as a good practice example, the fact that social partners have managed to come to agreement in the minimum wage negotiations before the end of the year during this period and in 2015 they signed the agreement for the minimum wage increase for next two years (2016 and 2017). The range of questions discussed with social partners has widened and the administrative capacity of the social partners has increased due to the help of structural funds. The focus group participants considered the lack of acknowledgement of importance of industrial relations on the state-level to be the most important problem. In part, it can be attributed to the lack of political interest, and in part – to the state’s strategy of avoiding tensions and conflicts.

The new agreement for the establishment of the Economic and Social Council was signed in 2010 between the Government of Macedonia (represented by the ministries of labor, economy, finances and the vice-prime minister), the two representative trade unions (Federation of Trade Unions of Macedonia and Confederation of Free Trade Unions of Macedonia) and the Organization of Employers of Macedonia. The body is presided over by the Minister of Labor, which is sometimes regarded as a weakness as it is the Minister who sets and manages the agenda. However, since its establishment, the functionality of the ESC is still questionable. Since the beginning of the political crisis in 2015 and frequent changes of the post Minister of Labor and Social Policy, who also presides of the ESC, it is difficult to have continuity in working.

The real test for the ESC came when it was required to negotiate the GCA. In this period, the ESC held regular sessions and put efforts to enable dialogue between the three social partners and reach acceptable solutions. As the government’s practices to propose and adopt laws in expedient procedures continue to grow, so did the disability of the established tripartite dialogue to contribute effectively and timely to the laws. It was this instance of neglecting the input and importance of the TU opinion in the process that distorts the setup of the system. Further criticism was addressed with the adoption of the new Law on Minimum Wage, i.e. the Council has agreed to it even before the Law was officially submitted to the Parliament. In this regard it showed distrust towards the institution, by not taking seriously into
consideration the responsibilities of the Council in the process. In many cases the Regulatory Impact Procedure is not being respected and the ESC is not consulted in the process. The ongoing political crisis, which started at the beginning of 2015, severely affects the functioning of the ESC. Frequent changes of the minister for labor and social policy (technical minister) hampers the regular functioning.

The main institutional and political conditions responsible for the state of IR framework in Poland has remained largely unchanged since 2012, even though some institutions have been replaced by new arrangements. Following an unanimous decision of all representative trade unions at the central-level to exit the Tripartite Commission for Social and Economic Affairs (TK) in the summer of 2013, tripartite social dialogue entered a two year long deadlock. The stalemate found a radical solution with reconstruction of the tripartite architecture at two levels from the scrap: in the summer of 2015 the parliament in almost an unison adopted the new law on tripartite social dialogue institutions, the Act on the Social Dialogue Council and the Other Social Dialogue Institutions which called into existence the Social Dialogue Council (Rada Dialogu Społecznego, RDS) and the regional social dialogue councils (wojewódzkie rady dialogu społecznego, WRDS). The latter filled the void left by dissolution of the regional social dialogue commissions (wojewódzkie komisje dialogu społecznego, WKDS). What needs to be stressed out, is the fact that in case of the central-level social dialogue body the change is much deeper than simply changing the banner. RDS is equipped with stronger prerogatives than TK. Those include:

1. RDS is responsible for conducting dialogue ‘aimed at facilitating conditions for socio-economic development, as well as increasing competitiveness and social cohesion’.
2. RDS is to fulfil the principles of ‘participation and social solidarity in the field of employment relations’, while TK’s powers were limited to the ‘maintenance of social peace’.
3. All members of RDS are nominated by the President of Poland, after being proposed by each social partner (government, trade unions and employers).
4. The chair of RDS rotates among the three parties yearly.
5. RDS has a separate budget, and a regular administrative unit serving its needs (established by the Centre for Social Partnership).
6. RDS enjoys the right to a legislative initiative on all the issues for
which it has responsibility and these include ‘socio-economic development, the enhancement of national economic competiveness and social cohesion’.

7. RDS is to present an annual account of its activities to the Speakers (Marszałek) of the Sejm and Senate.

As of 2016, there are the 13 tripartite sectoral committees in Poland:

1) Tripartite Committee for the Energy Sector (Zespół Trójstronny ds. Branży Energetycznej);

2) Tripartite Committee for the Social Conditions of the Metallurgy Sector Restructuring (Zespół Trójstronny ds. Społecznych Warunków Restrukturyzacji Hutnictwa);

3) Tripartite Committee for Miners’ Social Security (Zespół Trójstronny ds. Bezpieczeństwa Socjalnego Górników)

4) Tripartite Committee for Social and Economic Issues and the Restructuring Conditions of Sulphur Mining and Processing Industries (Zespół Trójstronny ds. Społeczno-Gospodarczych Restrukturyzacji Górnictwa i Przetwórstwa Siarki)

5) Tripartite Committee for Textile Industry (Zespół Trójstronny ds. Przemysłu Lekkiego)


7) Tripartite Committee for the Chemical Sector (Zespół Trójstronny ds. Branży Chemicznej)

8) Tripartite Committee for Fishery and Sailing (Zespół Trójstronny ds. Żeglugi i Rybołówstwa)

9) Tripartite Committee for Construction and Public Utilities (Zespół Trójstronny ds. Budownictwa i Gospodarki Komunalnej)

10) Tripartite Committee for Railways (Zespół Trójstronny ds. Kolejnictwa)

11) Tripartite Healthcare Committee (Zespół Trójstronny ds. Ochrony Zdrowia)

12) Tripartite Committee for the Brown Coal Mining Sector (Zespół Trójstronny ds. Branży Węgla Brunatnego);

Immediately after their departure from the Tripartite Commission, all three trade unions formed a joint “Inter-union Protest and Strike Committee” (Międzyzwiązkowy Komitet Protestacyjno-Strajkowy) to direct the national-scale campaign under the banner “Stop ignoring the people” (Dość lekceważenia społeczeństwa). The campaign culminating point was the ‘National Days of Protest’ (Ogólnopolskie Dni Protestu) between 11 and 14 September 2013, reaching the peak with a massive demonstration in Warsaw with between 100 and 200 thousand people participating in the march, making it the biggest such rally after 1989. Although the action was openly anti-government, protest organisers maintained distance from all political parties, opposition included. The demonstration was well received by public opinion, and evoked sympathetic comments in the mainstream media, usually rather hostile towards trade unions. What needs to be stressed out, is the extensive list of postulates addressed by the protesters, including:

- amending the law on national referendum, so that any motion drawing support of at least 0.5 million citizens would be mandatorily subject to referendum without the parliament’s approval;
- revoking the amendments to the Labour Code on the so-called flexible working time;
- returning to the former retirement age thresholds (65 years for man, and 60 years for women);
- refraining from the foreseen elimination of the retirement privileges of workers employed in special working conditions;
- introducing regulations curbing the extent of ‘junk jobs’;
- halting the process of public school closures, shifting the weight of financing the primary and secondary education from the local government, and increasing public expenditure on education and health-care;
- increasing income thresholds for the purpose of social assistance eligibility;
- introducing measures allowing to support enterprises maintaining current employment volume despite economic difficulties;
- raising the level of the national minimum wage up to 50% of the national average pay;
- introducing regulations on compensations for the energy-intensive industrial operations.

While the union protest improved the image of unions as a responsible collective actor, the postulates had no chance of being translated into policy or law, as the protagonists would stay out of social dialogue for nearly next two years.
In Romania the Social Dialogue Law No. 62/2011 provides for a National Tri-Partite Council (NTC), a national advisory body that brings together the social partners, namely presidents of trade unions and employers’ associations which are representative nationally, Government representatives (appointed by a decision of the prime minister, at least at the level of a secretary of state, from each ministry, and from other structures of the state), the representative of the National Bank of Romania, the president of the Economic and Social Council (ESC), and other members agreed with the social partners. The NTC activity has long been scarce and with limited efficiency, with very rare working sessions. In 2015, four years after its establishment, the National Tri-Partite Council agreed on voting a Regulation governing its organisation and functioning, and afterwards the working meetings became much more frequent.

With regard to collective bargaining, we should bear in mind that Social Dialogue Law No. 62/2011 led to the disappearance of the single collective bargaining agreement, stipulating that collective bargaining agreements may be negotiated at the level of unit, group of units and sector of activity and is mandatory in small and medium-sized enterprises with more than 21 employees. In Romania there are 426,295 active SMEs only in the non-financial economy, the lowest SME density in EU28, and they have 2.71 million employees, indicating an average of 6.3 employees/company. This means 2.71 million employees not covered by a collective bargaining agreement, of a total of 9.16 million active persons at national level (30%).

Some trade unions claim that the disappearance of the collective bargaining agreement is the result of the pressure placed by the Foreign Investors Council and AMCHAM, associative structures of the private sector, which are not members of the employers’ confederations.

### 2.2.2. Sector/branch level

Article 51 of the Labour Code in Bulgaria provides that collective labour agreements (CLAs) are concluded at enterprise, sector/branch and municipal levels. Only one CLA can be concluded at enterprise, sector and branch level. CLAs at municipalities are concluded for various activities financed by the municipal budget, which is why more than one CLA can be concluded at this level. All information in this section is quoted from the 2016 Annual report on collective labour agreements and disputes of the National Institute for Conciliation and Arbitration (NICA).

The majority of the CLAs and CLA addenda in the last five years were concluded at enterprise level (92.7%). The second largest body of CLAs and adden-
da are the municipal ones with 6.4%, while the sector/branch level accounts of the lowest share with less than 1%.

The tendencies observed in the recent years indicate that the number of concluded CLAs is declining steadily. The tendency is especially pronounced at enterprise level; however, sufficient studies and analyses of the reasons are still lacking. Most probably, this is due to employers’ unwillingness to commit to new CLAs and to the withdrawal from union membership in certain enterprises. In other cases employers and unions have reached a consent on the main bargaining issues, but it is not officialised in a CLA and usually relates to the prolongation of an active CLA or to the application only of the clauses in the sectoral/branch CLA. The ratio between new CLAs and CLA addenda is also steady with one addendum concluded per three CLAs.

The NICA database indicates that there are 29 sectors/branches which had CLAs during various periods. The largest number of CLAs at sector/branch level is found in economic activity ‘Processing industry’ (11 CLAs) and in ‘Culture, sport, entertainment’ (5 CLAs). The number of CLAs in other economic activities is one or two. In seven activities there are no CLAs at all. One noteworthy fact is that the chemical industry has not had any collective agreement at branch level for more than twelve years. In recent years, problems have been observed in branches such as light industry and food and beverages industry. There are also many economic activities, primarily in the area of business services, which have not seen any sectoral collective agreements at all (banking, insurance, real estate transactions). In the last two sectors trade unions are not present, either.

In 2016, the efforts of the social partners at sector and branch level led to the conclusion of three new sectoral CLAs, 29 branch CLAs in companies of national relevance and one addendum for the prolongation of an active CLA, or 34 CLAs altogether.

According to a joint declaration of the trade unions of February 2017, the CLAs concluded at enterprise level in 2016 (1 304) exceeded by 78 the CLAs signed in 2015. The total number of CLAs in 2016 was 1 415.

In Croatia there are no national level collective agreements. On the inter-sectoral level there are two cross-sector collective agreements, namely the “General collective agreement for employees in public services” and the “Collective agreement for the civil servants and civil service employees”. The General collective agreement for employees in public services concerns some 185,000 workers or around 22% of the total number of employees. It was negotiated in late 2012 for a period of four years and it expired in mid-December
2016. At the time of writing this text negotiation on the new General agreement hasn’t yet been started while expired agreement stays valid until mid-March 2017. The Collective agreement for the civil servants and civil service employees concerns around 51,000 of civil servants and support staff, including police officers as employees of the Ministry of Interior. It was negotiated in August 2013 for a period of three years and in mid-2016 it was extended until August 2017.

Back in late 2012 the adoption of the General collective agreement for employees in public services came after government’s termination of its predecessor, following unsuccessful negotiations on revocation of the Christmas bonuses, vacation allowances and anniversary bonuses for 2012 and 2013. The government argued that these revocations were necessary due to crisis of the public finances. The currently valid General agreement, unlike its predecessor, doesn’t oblige the government on payment of these bonuses. It indicates that these issues will be negotiated by the social partners on a yearly basis during process of adopting the state budget. Furthermore, the 2013 annexes to the General agreement for employees in public services and Collective agreement for the civil servants and civil service employees, set temporal reduction of certain bonuses stipulated in these agreements.

However, in the post 2012 period the existence of these, for the government more favourable, agreements proved to be insufficient for preventing payment of contested bonuses, because they were also guaranteed by the sectoral accords. Therefore, from 2013 to 2015 the government adopted several acts which deprived material rights (such as Christmas bonus, vocational allowance, etc.) guaranteed in collective agreements. The trade unions in 2014 requested assessment of the constitutionality of these acts. Still, contrary to what they hoped for, the Court ruled that such interventions are not unconstitutional. The Acts on withholding of rights were all adopted for a fixed time period and at time of writing this text they are no longer in force.

The situation with suspension of provisions from collective agreements indicates that in Croatia all issues covered by collective agreements could be addressed by agreements at all levels (cross-sector, sector or company-level). Additionally, cross-sectoral and sectoral accords tend to be very similar to some company-level agreements, while all of them often contain provisions that are mere repetitions of the Labour act. Finally, as a general rule, collective agreements in Croatia rarely influence basic wages of workers and their developments, which is opposite to situation in most EU15 countries.
In February 2013 all public sector gross wages were reduced by 3%, due to the impacts of the crisis. This was done through linear decrease of coefficients for all employees in public administration and public services which were not set by collective agreements. Initially the public sector trade unions rejected this measure but after several months most of them accepted it and signed the agreement on wages in the public sector for a 5-year period. The provisions of this agreement indicate that the government is obliged to open negotiations on increasing coefficients when the GDP increases for three consecutive quarters and the budget deficit falls below 3%.

Similar agreement was previously signed in 2009 between the public sector trade unions and the government. Back then, in circumstances of deep recession, the trade unions accorded to freeze provisions of the pre-crisis agreement on 6% increase of the wage base in public administration and public services. The government for its part assumed the obligation to allow 6% increase after for two consecutive quarters the average GDP would grow more than 2%. These conditions materialized in mid-2015 and soon afterwards the government and the trade unions started negotiations. Unfortunately, these negotiations didn’t produce tangible results which could partly be explained with political instability that was present in Croatia at that time.

After forming of the new government in November 2016 social partners created a working group aimed at searching solutions on how to implement the pre-crisis agreement on 6% increase of the wage base for public administration and public services. In December 2016 government and the trade unions of public administration workers agreed that during course of 2017 the wage base of civil servants and civil service employees will be increased for 6%; namely 2% in January, additional 2% in August and the final 2% in November. In January 2017 the wage base of public service workers was also increased for 2%, despite fact that government failed to reach an agreement with the public sector trade unions who demanded some additional material rights. This was done because according to Croatian laws the single employer (in this case the state) is not allowed to have different wage bases for its workers.

The various sectors of the Czech economy were affected by the economic crisis in different ways and over different periods of time and this also applied to the economic recovery. While some sectors (postal services, telecommunications) were affected by the crisis to a relatively small extent, other sectors were faced with the consequences of the crisis until 2015 (construction). Moreover, there are substantial differences between sectors with respect to the functioning of bipartite social dialogue.
In 2015, eight sectors of the national economy succeeded in concluding the equivalent of national agreements, i.e. so-called sectoral agreements; they were concluded in the following sectors:

1. information technology and electronic communication,
2. energy,
3. construction,
4. chemicals,
5. hospitality, catering and tourism,
6. public service and administration,
7. agriculture,
8. textile, clothing and leather industries.

Although again the agreements are not legally binding and deal mainly with the development of human resources in individual sectors (support for cooperation between companies and schools, the further education of employees, etc.), the importance of these agreements lies in the fact that social dialogue at sectoral level in these sectors is functioning to a greater or lesser extent. Conversely, in other sectors (banking and insurance, certain sectors covered by the Czech Metalworkers’ Confederation, OS KOVO) social dialogue at the sectoral level is not functioning – the reasons usually consist of employer reluctance to deal at this level of social dialogue or a lack of partners on the side of employers. Employee representatives believe that this is one of the consequences of the ongoing decentralisation of social dialogue - social dialogue and collective bargaining are being further transferred to the company level, the decision-making of which is totally autonomous.

Wage increases agreed via HLCAs are being formulated in an increasingly vague manner. Moreover, some HLCAs do not contain any provisions on wage growth at all. This can be interpreted both in terms of an unwillingness on the part of employers to commit to increasing wages (because of the economic downturn) and social partners leaving more and more room for agreement on wage development via collective bargaining at the company level.

Employers, however, are currently facing strong pressure from the trade unions and employees. As a result of falling unemployment and an education system that is failing to respond flexibly to the needs of the labour market, some sectors are suffering from acute labour shortages (particularly concerning technical professions, the chemical industry, and the health sector where the Czech Republic has long faced a shortage of nurses and care providers). A shortage of labour naturally creates pressure for further wage increases.
There are some sectors where social dialogue and collective bargaining actively takes place in Estonia. In transport sector the parties have come to an agreement without major problems, the extended contracts entered into force in 2012, 2013 and 2015. In education sector the developments have been rather smooth, too. The wages of teachers have increased and tensions which resulted in teachers’ strike in 2012 have decreased. Also, the extended collective agreement was signed in medicine sector in December 2014 that is in force until the end of 2016.

However, the latter sector has been problematic in terms of collective relations in the recent period. The doctors’ and nurses’ representatives arranged a token strike in 20 September 2016 demanding the increase in funding. This reflects structural problems of Estonian economy, whereby the budget for the next four years foresees additional cuts in funding for an already struggling medical sector, which will entail further increase in queues to doctor’s. According to strike participants, the problem is not only unsustainability of the system of financing the medical sector, but also lack of governmental will during the past 10 years to enact any changes.

2.2.3. Enterprise level

At 2015 yearend the majority of CLAs at enterprise level in Bulgaria were in the Services sector – 1 608 or 85% of all CLAs. The services sector also includes utilities (transport, electricity, district heating, water and sewerage, communications). In the Industry sector there are 233 active CLAs or 12% of all, while in the sector of Agriculture, Forestry and Fisheries there are only 66 CLAs or 3% of all CLAs at enterprise level. This distribution of CLAs actually replicates the ratio between the number of enterprises in the sectors and the gross added value created by them.

The NICA database also provides information, collected through secondary sources, on the number of employees covered by active CLAs at enterprise level. The information is not complete since in nearly 13% of the cases the data are not accessible.

The numbers indicate that CLA coverage at enterprise level in the past three years has dropped from 328 000 persons to nearly 299 000 persons. This is a reduction by 9% or 30 000 people. The distribution by sector is: services – 60%, industry – 38% and agriculture, forestry and fisheries – 2%. A more in-depth analysis reveals that the largest numbers of employees covered by active CLAs as at 31 December 2015 were in the activities ‘Processing industry’ (more than 60 000), ‘Education’ (52 000), ‘Government administration’ (40 000) and ‘Healthcare’ (more than 55 000).
It should be borne in mind that many economic activities with a lesser CLA coverage at enterprise level, such as ‘Agriculture’, ‘Construction’, ‘Tourism’ and ‘Culture’, do have active CLAs at sector/branch level. The majority of actors in these sectors are small enterprises, which are bound by their sectoral CLA, meaning that the actual CLA coverage is higher.

The numbers reveal that the overall CLA coverage at enterprise fell from 14.8% of the persons employed in the economic sectors in 2012 to 13.7% in 2015. This equals a decrease by one percentage point against a 14% decrease of the number of active CLAs at enterprise level.

The numbers also demonstrate that the rate of coverage is considerably higher at enterprises in the public sector, where it ranged from 36% to 38% during the period under consideration against 6–7 % at enterprises in the private sector. The largest share of active CLAs is held by small and medium-sized enterprises – respectively 50% and 30% of the total number. The share of active CLAs at large enterprises is 15 % and in microenterprises it is 5%.

Collective bargaining at the company level in the the Czech Republic is somewhat conservative as far as this theme is concerned. The most important topic covered by CLCAs consists of wage growth, if only because HLCAs by their nature (they tend to establish minimum standards for social partners) do not provide so much space for addressing wage conditions. Other issues which are covered relatively often by CLCAs include increased holiday entitlement, the creation of social funds, contributions towards corporate catering and so on. Conversely, “new” issues (working from home, specific programmes aimed at facilitating the return to work of employees following a period of parental leave, etc.) are contained only in a small percentage of CLCAs, which indeed corresponds with the conclusions of the focus group meetings.

Even at the company level, relations between employees and employers have been affected by the economic recovery – the improved economic environment and the shortage of skilled labour are exerting pressure on employers to increase wages.

In 2008 wage development was negotiated in 74% of CLCAs, and at the onset of the economic crisis the number of CLCAs containing agreements on wage development began to decline. The largest decline occurred in 2010 in which year agreements on wage development were contained in only 42.4% of CLCAs. In 2011, however, a turnaround is evident with concern to wage development with agreements being concluded in 56.1% of CLCAs and this ris-
The number of CLCAs containing agreements on other working conditions varied and, unlike wage arrangements, they did not copy economic development. Moderate growth is evident with respect only to flexible working patterns and the creation of social funds while, conversely, the number of CLCAs containing specific programmes to facilitate the return to work of employees following parental leave, the professional development of employees, equal treatment and the reconciliation of work and family life, and working from home has shown a slight tendency to fall with the economic recovery.

Generally, however, ČMKOS has stated that “in 2015 collective bargaining experienced a marked recovery; employers are more inclined towards social dialogue and consider the trade unions to be negotiating partners.”

At the enterprise level, in Estonia the number of collective agreements signed has gradually decreased since 2007, except in 2012. Only a marginal number of enterprises have signed collective agreements – 26 in 2016 (for comparison, according to Statistics Estonia, there were more than 76,000 active enterprises in Estonia in 2014).

To conclude, collective bargaining in Estonia has slightly changed in the recovery period. While the overall trend of decrease in the bargaining and negotiations remained, bringing a further contraction of the number of collective agreements signed, the nature of relations between the state and social partners has arguably become more amiable and efficient. At the same time, it is harder for trade unions to ascertain their importance in the context of naturally rising average wages (although they have contributed to securing high minimum wages) and labour shortage. Unions remain strong, though, in sectors which require stronger governmental financing and in ones which withstood crisis successfully.

Ever since the transitional period, the workers’ rights in Macedonia are constantly being abrogated. This has been done through various measures. On the one hand, there is systematic violation and, on the other hand, ineffective labor legislation enforcement. Since 2005, only registered trade unions in Macedonia have the right to vote. The right to strike is constitutionally guaranteed, but also highly limited. Today, there are as much as 27 laws where one can find provisions on organizing strikes. The rules for striking are so strict and numerous, making it rather difficult to organize strikes. With the new companies opened in the TDIZ, the situation is even worse, as they face many obsta-
cles when trying to organize themselves in unions, and any effort to organize the workers or call for strike end up with dismissals. Workers are usually hired for “minimal wage” and on short term contracts.

2.2.4. Municipality level

According to Article 51c of the Labour Code, CLAs at municipality level in Bulgaria are concluded for activities financed through the budget of the municipality. The numbers demonstrate that more than 80% of the active CLAs at municipality level are in the municipal activities ‘Education’ and ‘Healthcare’, and 5 % to 9 % of the CLAs are in other activity groups.

Local Economic and Social Councils started to be established in FYR of Macedonia in 2010. The main aim to establish LESCs was to act as consultative and advisory bodies to local governments and to promote establishment of democratic and social dialogue in pursue of sustainable social state, and to involve all social partners, not only at national level, but also at local level, to engage in policy making and decision making about issues of general importance. The tripartite social dialogue at local level is still in the early stages of its development. In 2015 there were 12 LESC, however, further trust needs to be build and strengthened in order for them to start fulfilling their aims.

Major problem in the functioning of the LESC is its cooperation with the national ESC. Under its statute, cooperation with ESC is not envisaged, and consequently none is being carried out. Moreover, the points that are being discussed in the ESC are not being recommended or sent to the local level. Hence, it is necessary to raise awareness about the important role LESCs can play in the tripartite social dialogue and its contribution for better functioning of the local governments and the insight they bring the ESC regarding issues of local importance.
1. In recent years, information technologies have experienced dynamic growth and development. The digitalization of the economy has a strong impact on the labour market modifying workplace dynamics, working conditions and the requisite sets of skills. The transformations brought about by digitalization undoubtedly create new opportunities, but also carry serious risks for the labour market. All countries in the EU are affected by digitalization, which has developed to varying degrees. Some the new EU Member States are lagging in this area.

2. Digitalization creates jobs by generating new business models, new products and new technologies and lowering production costs. Profits vary across the different sectors and companies. However, digitalization can also destroy jobs. According to European Commission estimates up to 60 % of jobs across the EU are at risk from automation in the decades to come. Workers with mid-range skills are in the most precarious position. Digitalization facilitates the outsourcing of jobs to countries with low levels of income. The impact of modern technologies remains a two-way street. According to the latest forecast overall development will be positive: digitalization can create 7 million additional jobs.

3. Digitalization has brought about radical changes to the organization of work, employment and industrial relations. It drives change at both microeconomic level (companies and individuals) and the macroeconomic level (labour market and society). At the microeconomic level, workers are more flexible as to the place and time of work. This has positive effects on the employment of people seeking flexible jobs (women and older workers), but equally those of a more mobile inclination seeking new working modes and new types of employment relations. Such modes are largely employed in the telecommunications industry or teleworking, freelancing or the practice of other independent professions, outsourcing, crowdsourcing and employment in the shared economy sector.

4. According to employers and workers in the countries covered by the report the new work modalities have a significant contribution to raising employment, increasing work productivity and efficiency and, therefore, the competitiveness of enterprises and the economy in general. This is achieved
through their impact on productivity and its continued increase and more opportunities for opening new and restructuring existing jobs (especially small and medium-sized enterprises), coupled with significant cost savings; lowering the shortage of certain categories of specialists — the sources of available workers are no longer limited to specific geographic areas or even countries, which in turn expands access to high-skilled workers; lowering crisis management costs; developing new products and services through flexible work modalities, etc.

5. Individualization of work is a global trend and it has significant impact on the union organization. Even though globally union membership drops, this does not mean that the trade unions should be prevented to perform their role in the social dialogue. Instead, trade unions should look to find ways how to deal with this issue.

6. In line with the requirements laid down by the European Commission, we need flexicurity in an environment of modern technology, which has four main components:
   - flexible and secure contractual relations through modern legislation, collective agreements and labour organisations;
   - comprehensive life-long learning strategies that ensure permanent adaptability and fitness for the employment of workers, especially the most vulnerable among them;
   - efficient active labour market policies;
   - modern social insurance systems.

7. In the countries covered by the study, trade unions and employer organisations have explored the impact of digitalization on the economy and on the new working modalities and mechanisms for protection of worker rights. Very often, with IT-driven changes in the economy it is not clear who the employer and, therefore, negotiating partner is. This creates a number of difficulties relating to worker rights and engenders problems relating to wage calculation and the social protection of workers. New work modalities, such as the shared economy, teleworking, etc. are not yet widespread, but have a presence. The experts are already asking how far these processes will go, forecasting problems with the regulation and control of these new work modalities. This will probably create a new type of welfare state, offering a number of novel solutions. However, another issue to be considered is the extent to which employers will be able to invest in new technologies and processes and, therefore, when the expected changes will become a reality.
8. The labour market is expecting major changes as a result of digitalisation (the disappearance of certain professions, new forms of employment, etc.), the exact nature of which, however, cannot currently be predicted. Social partners are aware of this fact and are making real efforts to prepare for the anticipated changes where possible. To date, however, this has tended to concern trade unions and employers at the headquarters level rather than specific companies and local trade union organisations.

On the basis of the proposed amendments to the Labour Code in line with the National Agreement on Teleworking concluded between employers and workers in Bulgaria a Law amending and supplementing the Labour Code in 2011, aiming to regulate various aspects of employment relations in teleworking. A new section was introduced into the Labour Code entitled ‘Additional requirements for teleworking’. The main goal of the new set of rules is to regulate labour relations in connection with teleworking. The provisions contained in the new section of the Labour Code are fully in line with the agreement reached between social partners in Bulgaria and set out in the National agreement on teleworking arrangements in Bulgaria, which in turn came in response to the 2002 European Framework Agreement on teleworking and the commitments for its implementation into Bulgarian labour law.

A positive example in this respect is the fact that the Confederation of Independent Trade Unions in Bulgaria – the largest trade union confederation in the country – has set up a special working group on the problems of the digitalization of the economy and the advent of ICT. Experts are gathering and processing data about the dynamics of these processes and monitoring the impact of new technologies on work modalities and the specific problems they engender from the perspective of worker rights protection.

The impact of digitalisation on the labour market represents big challenge for the industrial relations. The process of digitalisation is introducing new ways of work flexibility and new types of employment relationships. The legal basis required as a support for digitalisation has not been finalised yet in Croatia while the administrative framework is still rather rigid. New types of skills and competences for future professions are needed and there is a lack of highly educated and skilled labour force. In such new circumstances, the dialogue on co-operative relationship between employers and trade unions is missing. New types of work require different ways of approaching the workers which are potential trade unions’ members. The future size of membership in
the trade unions will highly depend on their own ability for transformation. Croatian trade unions are beginning the process of formulating more complex and innovative strategies towards atypical workers. On the other hand, the employers’ strategy seems to be to advocate changes in legislation which would regulate existence of the new and flexible work arrangements that represent crucial component of the digital transformation.

The process of digitalisation in the EU and in Croatia introduced new ways of working flexibility (temporary work) and new types of employment relationships, such as telecommuting (telework), freelance work or independent professional work (iPro), crowdsourcing, employment in shared economy and on digital platforms. The non-standard, particularly freelance types of work are rising.

The existing administrative and legal framework in Croatia is still rather rigid. It does not follow the trends in digitalisation and needs to be adapted to new market conditions. New types of skills ranging from generic to specialised e-skills are needed for functioning in the new digital environment.

Industrial relations are facing big challenges having in mind the impacts of digitalisation on the labour market. However, it seems that Croatian social partners have not made visible progress in formulating more complex and innovative strategies towards atypical workers. In the new circumstances created by digitalisation, the substantial dialogue on co-operative relationship between employers and trade unions is missing.

From the trade unions’ point of view, it is crucial to make efforts to keep the labour force as much as possible in the standard types of employment and to avoid precarious forms of work. However, new types of work require different ways of approaching the workers, the potential trade union members. The future size of membership in the trade unions will highly depend on their own ability for transformation and the ability of potential new members (frequently atypical workers) to recognize the trade unions’ activities as beneficial.

The employers believe that the rigid and inflexible legislative framework represents an obstacle to digitalisation. Therefore, their strategy is to advocate changes in legislation which would open the ground for new and flexible work arrangements that represent crucial component of the digital transformation. Furthermore, employer associations try to be involved in reform proposals in the areas related to education (such as earlier introduction of computer science in the elementary school curricula), vocational training and the life-long learning.
Social partners in the **Czech Republic** are involved in the development of national strategies concerning digitalisation and the impact of technological change on the functioning of the economy and the labour market. All the parties involved perceive the process of digitalisation, interconnection and the emergence of the fourth industrial cycle somewhat ambivalently. It is fair to state that fears do prevail especially on the part of the trade unions, and an optimistic approach, which perceives technological change as a challenge and a means to achieving greater efficiency, can be seen predominantly on the side of employers.

Although, currently, strategic discussions on advanced digitalisation and Industry 4.0 initiatives are primarily focused at the national level, this theme is also being addressed to a certain extent at the sectoral and regional levels.

The trend in the character of work towards automation and spatial disconnection from the work place means that the trade unions will have to switch to a form of e-communication (e. g. the dissemination of opinions using social media networks) and e-organisation (e. g. on-line applications) etc. A change in the approach to the membership base is inevitable. Trade union confederations and individual affiliate unions will have to improve their levels of professionalism with the support of e.g. legal and economic experts, which will be very costly and which is, at present, not easily attainable. That said, some trade unions (e. g. ČMKOS) already make use of all the communication channels and social networking options available both as a means of propagating their opinions and supporting their various activities.

The question how atypical work relations will influence the industrial relations in the future was also discussed in the forecast seminars in **Estonia**. Participants predicted that atypical working forms will increase somewhat, but will not prevail in the future. They will require special regulation in the future through new legislative acts and will demand for new types of representative form. However, in what forms will they be and how they will work, is still not clear.

In any case, these new trends of employment are relatively new in **FYR of Macedonia**. Neither trade unionists nor employers are paying sufficient attention or making efforts to deal with. Instead their time and effort is directed towards solving more pressing issues. Even mid- to long-term strategies (5-10 years) do not entail these new forms.

Moreover, the situation with the IT sector is in similar situation. Even though this sector has been developing intensely for quite some time, trade unions and participation in employers’ organizations are missing. There is ab-
sence of trade union organizing, even in the largest IT companies, therefore no branch trade unions representing these employees and consequently workers are not protected with General Collective Agreement provisions. Having regard that the IT market will continue to grow, due to future needs of the digitalized world, trade unions and employers should make efforts to organize this sector.

The chaos in the social dialogue and industrial relations system in the country disables the stakeholder groups to focus on the long run. Even though more and more jobs are becoming unconventional, employers’ and trade unions do not have strategy in place how to deal with this situation. According to most, these types of employment are more typical for the service sectors, while the industry will not see much of shift in this regard. Hence, little to no effort is focused on this. Instead the focus is on the existing problems, such as improving the situation of the tripartite dialogue and probably attracting the youth workers in the industrial sectors. However, there is also lack of strategy for this task as well, as companies face greater difficulties each year when trying to find appropriate workforce.

Currently, the political debate and social dialogue in Poland seem to be pre-occupied with current reforms (retirement age, minimum wage, education system reform, etc.) rather than such that would look forward and anticipate future challenges (digitalisation and automation of economy, new forms of work, aging workforce and demographic decline).

During the foresight workshop, the representatives of trade unions discussed the issue of changes on the labour market caused by digitalisation and automation. Reference was made to the so-called end-of-work risk described in the mid-1990s by Jeremy Rifkin. The predictions made by the participants agreed, to a great extent, with the tendencies described in the White House report: disappearing of some professions and appearance of other, fragmentation of employment, precarisation of a considerable part of the middle class, increased share of self-employment and the so-called freelancers, which will reduce the power of the labour force vis a vis the growing power of the capital and at the same time increase of work productivity and economic growth which will not be shared with the persons remaining outside the labour market. In the discussion demands appeared to use the existing mechanisms such as increasing the minimum wage in proportion to the growth of the economy or strengthening the bargaining position of employees and their representatives in order to ensure balance between capital and labour. Proposals were
also put forward of some far-reaching changes, such as a reform of the income redistribution system by introducing a uniform taxation system (at present in Poland there are four simultaneously existing forms of labour taxation: contract of employment, civil law agreements, self-employment and the possibility to pay the flat tax rate and taxation of farmers), namely a progressive tax system. For example, the tax-free amount could grow along with the increasing tax burden for the people with highest earnings. There was also a proposal to impose tax on the work performed by robots and to tax the capital itself if a strong process driving employees out of employment occurs. During the discussion, an idea of unconditional guaranteed income was also mentioned, as an instrument enabling people to satisfy their essential consumer needs and exercise their human rights.

Atypical forms of labour in Romania relate to the employment relations which do not fall under the typical employment model which implies regular full-time work/8 hours, for an indefinite period, with only one employer, for a long period of time. The employer is a structure which may ensure economic and social stability (through national systems, registration with a social, healthcare and pension programme). Despite the increasing number of employees working under such atypical forms in Romania, the system is rigid and reluctant to consider temporary forms of labour outside the traditional working hours, one of the reasons being that in Romania, the digitalisation of economy is perceived as technology replacing the workforce.

Moreover, access to digital services is rather rudimentary at national level, and the market in this field started to develop only in the past years: in the public system – the possibility to pay taxes online; in the private system – the possibility to purchase services by electronic payment. In those institutions/sectors which implemented an online payment system, the activity of their employees was not reformed. The biggest problem is the state’s reluctance to accept new types of agreements for an entire industry based on IT services, undertaking creative activities outside the classical work space.
Although successful in some of their actions, trade unions in the relevant countries failed to reverse the trend of membership decline in the post-2012 period. In order to gain new members, trade unions need to adjust their membership recruitment strategies to meet specific interest of nonstandard workers which are increasing in numbers.

Social partners should reach an agreement on such important issues as the competitiveness of economy, youth unemployment, pension reform, tax reform and emigration. They face a double challenge – of having to make up for the slow developments in this area as compared to older EU Member States in order to further build and improve industrial relations, on the one hand, and adapt to the latest trends in the economy and the labour market, on the other hand.

The study has revealed a high level of unpreparedness (with a handful of exceptions), on the part of trade unions and employers alike, to better understand and adapt to the challenges of the digital economy, the large-scale advent and penetration of ICT and ‘new/novel’ work modalities. To the extent these changes are still relatively uncommon, the countries should not lose time in developing the requisite capacity to meet and adapt to these future challenges head-on, including by seeking innovative approaches to working with the members of both union and employer organisations to fast adapt to the modern trends in industrial relations and the economy in general. Many opportunities in this regard arise in the domain of collective bargaining, particularly at sectoral and industry level.

Clearly, trade unions and employer organisations in Central and Eastern Europe should put a much stronger focus on future problems and their role and place during the Fourth Digital Revolution era.

The comparative report has been compiled and contains citations from the following country reports:

2. INDUSTRIAL RELATIONS IN CROATIA: RECENT DEVELOPMENTS AND FUTURE CHALLENGES, IRMO, Zagreb, 2017.

5. INDUSTRIAL RELATIONS IN FYR of MACEDONIA: RECENT DEVELOPMENTS AND FUTURE CHALLENGES, CRPM, Skopje, 2017.

