



# Capacity building for social dialogue in Slovakia

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This report is available in electronic format only.

# Introduction

This paper analyses the capacity of Slovakia's social partners to effectively engage in social dialogue at various levels. The paper forms part of a wider, comparative project, managed by the European Foundation for the Improvement of Living and Working Conditions (Ireland) and the Work Life Development Programme (Sweden). It is aimed at helping social partners in the 10 new EU Member States and the three acceding and candidate countries (Bulgaria, Romania, and Turkey) to build their capacity for social dialogue with a view to anticipating and managing change. The report concentrates on studying the organisational, financial, and personnel capacities of the national, central organisations of employers and trade unions for anticipating and managing change, anticipating future developments and implementing outputs.

The research was done through interviews with representatives of the central organisations of social partners. Under specification of this research, only national level central organisations of employers and trade unions that participate in the social dialogue are covered.

Following a brief introduction, the report reviews the legal, social and political framework for social dialogue capacities, discusses existing organisational, financial and human resource capacities for social dialogue. This is followed by an analysis of tripartite and bipartite social dialogue as well as a look at the international participation of the trade union and employer organisations. The paper concludes with some general comments on the strengths and weaknesses of the existing social dialogue capabilities and the prospects for the future development of effective social dialogue in Slovakia.

# Industrial relations context

## Historical background

The Slovak Republic was established on 1 January 1993, but capacity building for social dialogue started earlier – during the common Czechoslovak state. After the dissolution of the previous Revolutionary Trade Union Movement (ROH) in March 1990, a new Trade Union Confederation was established. The establishment of the new Trade Union Confederation was based on full acceptance of the International Labour Organisation (ILO) principles. Two relatively independent confederations – the Czech and Moravian Trade Union Confederation (ČMKOZ) and the Confederation of Trade Unions of the Slovak Republic (*Konfederácia odborových zväzov Slovenskej republiky*, KOZ SR) were established. These were the two largest national trade unions associated at federal level under the Czech and Slovak Trade Union Confederation (ČSKOZ). The creation of the confederation structure enabled the structures of the national confederations to remain principally unchanged after the break up of Czechoslovakia in 1993. Since then, KOZ SR has been operating as the leading trade union organisation in Slovakia.

Historically, completely different developments influenced the formation of employers' organisational structures. At the time when the trade union structures were already established, the process of formation of the employers' representation had just started. This time shift was caused by the fact that in the past the main employer was the state. The process of the formation of organisational structures representing the genuine interests of employers was slower than that of the trade unions because privatisation was carried out in several stages and took a longer period.

The employers' organisations were mostly established in 1991 (along with the process of the major privatisation of companies in the industrial sector). Most of them were associated with the Federation of Employers Associations (*Asociácia zamestnávateľských zväzov a združení Slovenskej republiky*, AZZZ SR) and in the Federation of the Industry. The Federation of the Industry was abolished in 1995 and subsequently the AZZZ SR became the sole central representative employers body in Slovakia. In 2004, AZZZ SR split and a new central organisation of employers was established – the National Employers Union (*Republiková únia zamestnávateľov Slovenskej republiky*, RUZ SR).

Social partners represented by KOZ SR on the trade unions side and, by AZZZ SR and RUZ SR on the employers' side are independent of the state and can establish independent legal entities. Their boards are elected in line with their internal rules. In order to participate actively in industrial relations and in social dialogue the above-mentioned central organisations of social partners need to build up their capacities.

## Legal framework

As far as the legislation for industrial relations and social dialogue is concerned, the basic rules for bipartite social dialogue were laid down by Act No. 2/1991 on collective bargaining, which was adopted by the Parliament of the Czechoslovak Federal Republic. The contextual issues of industrial relations were regulated by the common act on the Labour Code. Both of these acts have been developed and amended in order to create better conditions for the liberalisation of collective bargaining, especially in the private sector. Recent changes in the Labour Code were influenced also by the adoption of the EU Directives within the framework of Slovakia's pre-accession talks with the EU.

National level tripartite social dialogue was established with the aim of carrying out the transformation process in cooperation with the newly formed social partners' representatives. Tripartism was also aimed at achieving agreement on the intentions and goals of economic and social reform in order to avoid/reduce social tensions and to create, as far as possible, conditions for preserving social peace. The procedures for tripartite social dialogue were guided by the statute and operational rules of the Economic and Social Concertation Councils (*Rada hospodárskej a sociálnej dohody*, RHSD) prepared in 1990. Since 1991 representatives of Slovak central organisations of trade unions (KOZ SR) and

employers (AZZZ SR) have been participating in national level tripartite social dialogue in Slovakia (until the break-up of the Czechoslovak state in 1993, the federal and Czech tripartite RHSD had also operated there).

Between 1997 and 1998 tripartite participation was temporarily broken. From 1999 to 2004 Act No.106/1999 on economic and social partnership regulated tripartite social dialogue in Slovakia. From 2004 when AZZZ SR split, RUZ SR also participates in national level tripartite social dialogue. After the abolition of the above Act the Economic and Social Partnership Council (*Rada hospodárskeho a sociálneho partnerstva*, RHSP) was established. It operates according to the new rules introduced on 1 December 2004. The general framework model of social dialogue applied in Slovakia is available in the annexes of this paper.

# Social dialogue in Slovakia

## Key actors

**KOZ SR** is the largest trade union organisation in Slovakia associating almost all sectoral and branch trade unions. According to its statute, the KOZ SR represents a voluntary association of independent trade union organisations, which have been established with the purpose of defending the rights and justified interests of their members. The right of citizens to unionise is one of the fundamental rights and freedoms guaranteed by the Constitution of the Slovak Republic, as well as by the Charter of Fundamental Rights and Freedoms, which became an essential part of the Constitutional Act No. 23/1991 of the Coll. of Laws. ILO Conventions on freedom of association and the right to unionisation and collective bargaining, which the Slovak Republic has adopted, are significant documents concerning the assertion of the trade unions rights, too.

KOZ SR is based on the confederation principle, which secures freedom in the activities of individual members. The individual member trade union associations are not obliged to accept the KOZ SR decisions automatically, and if they wish they may leave the confederation. Relations between the KOZ SR and the respective sectoral member unions are carried out predominantly through their formal bodies such as the congress, presidency and council of the KOZ SR president or through the KOZ SR programme, decrees and conferences' resolutions.

KOZ SR associate trade union organisations cover more than 90% of trade unionists in Slovakia. The trade union organisations affiliated to KOZ SR are organised on the basis of economic sectors or industrial branches, rather than by professions and occupations, with the exceptions of the trade union associations of locomotive drivers, doctors and teachers. Currently 37 trade union associations are members of the KOZ SR. They represent private industry and the public sector. Currently, trade union membership is higher in public sector organisations than in the private business sector. According to trade unions representatives, the number of trade union associations in KOZ SR is stabilised. However, some slight decrease may take place due to the reduction of trade union organisations in some private companies.

The Metal Workers Union (**OZ KOVO**) is the largest trade union association in KOZ SR and it represents around 80,000 employees. OZ KOVO plays an important role in the trade union movement and influences its activities. However, its position is less dominant than it used to be. The other large KOZ SR member organisations are the Trade Union of Employees in Education and Science with up to 80,000 members and the Slovak Trade Union of Health and Welfare Workers with around 72,000 members. The 10 biggest sectoral trade union associations in KOZ SR cover more than 70% of the total trade union membership in the country.

During the last 15 years no substantial changes occurred in the trade union organisational structures. However, there has been a decline of trade union membership, particularly in the private sector. For example, while trade union membership in Slovakia in 1990 was almost 2.4 million people it dropped to 1.8 million in 1993, and has further declined. According to the information provided by the KOZ SR representatives, recently the trade unions affiliated to KOZ SR covered about 570,000 employees and membership seems to have stabilised now. Currently, trade union density is around 30%.

One of the main roles of the KOZ SR is the coordination of sectoral and branch trade unions activities with regards to negotiations with employers and government representatives at national level tripartite social dialogue. The KOZ SR has also established also regional structures – the Regional KOZ Councils. Their mission was to allow regional trade union organisations to participate in regional social dialogue and deal with actual issues in a particular region. However, the role of the regional trade union structures was not very important because they had no real regional partners on the employers' side. KOZ SR abolished its regional structures but sectoral or branch level trade union organisations may establish their own regional structures.

**AZZZ SR** was established in 1991 with a purpose of creating conditions for the dynamic development of entrepreneurship in Slovakia and to protect and promote the common commercial interests of its members. When the Federation of the Industry was abolished in 1995 the AZZZ SR became the only representative body of employers. The AZZZ SR combined employers' associations operating e.g. in industry, transport, telecommunications, cooperative farms, banks and insurance companies, education and health care sectors. Recently, AZZZ SR had 37 various employers' associations from the private as well as public sector. Membership in AZZZ SR is voluntary and conditional for associated employers' entities, which are representative in branch and have the competencies, as a rule, to conclude collective agreements.

The AZZZ SR coordinates the activities of its members to deal with issues of common interest; provides comments on draft proposals to legislation; and protects employers' interests in consultations with representatives of the state and trade unions. It submits its own views and is lobbying on the process of decision-making regarding national and international economic and business issues. AZZZ SR also provides training programmes, consultations and organises professional events such as seminars and conferences. The AZZZ SR played an important role in the coordination of sectoral employers' member organisations activities in the negotiations with KOZ SR and the government about national-level tripartism. It has also the possibility to express and enforce its interests through its links with political parties and while lobbying in the parliament. AZZZ SR is independent of the state and is made up of independent legal entities. AZZZ SR has established three regional offices, which however, did not participate actively in regional social dialogue.

The membership of AZZZ SR fluctuates and has slightly decreased during the last five years. Approximately 550,000 employees (close to 25% of all employees employed in the economy) were covered by AZZZ SR membership in 2000. At that time, about 50% of more than 60,000 companies active in Slovakia, and approximately 70% of large companies employing more than 500 employees were members of AZZZ SR. In 2004 the AZZZ SR split and its representativeness decreased by more than half of its membership. In 2004, AZZZ SR associated 17 federations of employers' organisations, which employed approximately 235,000 employees. According to AZZZ SR representatives, membership has stabilised and they do not foresee a membership decrease in 2005. However, there is a trend in some companies to leave the national central employers' organisation.

Currently AZZZ SR represents employers in the public sector and cooperatives as well as in the private industry (e.g. chemical and pharmaceutical industry, paper and pulp industry, glass industry). The Association of Self-employers is also a member of AZZZ SR. AZZZ SR has informal cooperation involving consultations on various proposals concerning economic policy with the Slovak Chamber of Commerce and Industry (*Slovenská obchodná a priemyselná komora, SOPK*) where some employers' organisations are also associated.

With regards to AZZZ SR organisational structures: there were practically no changes introduced in the last 10 years. However, in April 2004 the AZZZ SR split because some employers were not satisfied with the activities of the AZZZ SR. These employers established a new national level employers' central organisation – **RUZ SR**.

Several influential employers associations, e.g. the Slovak Council of Industrial Unions with almost 58,000 employees, the Association of Transport, Post and Telecommunications with around 78,000 employees and the Association of Metallurgy, Mining and Geology with approximately 30,000 employees left the AZZZ SR and moved over to RUZ SR. The split of the national employers' main organisation caused some problems in employers' representation in the tripartite RHSD. The representatives of these two central employers' organisations had problems with the division of the seven seats available for them in RHSD.

According to the RUZ SR representatives 16 employers' unions and associations and six companies from the private sector are members of the RUZ SR in 2005. Employers associated in RUZ SR employ around 270,000 people. RUZ SR

representatives assume their membership will slightly increase in 2005, mostly by employers' organisations, which were not yet members of AZZZ SR. Currently, the RUZ SR represents employers covering almost 25% of employees working in the private sector. It is the most representative employers' organisation in manufacturing industry and commerce. Member employers produce around 70% of the GDP and 80% of national export.

Table 1: *Trade union and employers' central organisations in Slovakia*

Organisation	Since	No. of member organisations		No. of employees represented	
		2000	2004	2000	2004*
KOZ SR	1990	40	37	660,000	506,000
RUZ SR	2004	Not actual	22	Not actual	270,000
AZZZ SR	1991	37	17	550,000	235,000

\* Figures represent the declared representativeness of social partners for participation in RHSP

Table 2: *Operation levels*

Organisation	Private sector	Public sector	Dominating sectors
AZZZ SR			Chemical and pharmaceutical industry and public service
KOZ SR			Metal industry and public service
RUZ SR			Manufacturing industry and trade

## Finances

The central organisations of employers and trade unions are independent, and they are responsible for their financial budgets. Membership fees are the main source of their finances. The state does not participate in the financing of trade unions and employers' organisations. The only explicit financial contribution of the state to support social dialogue is the funding of costs of activities of the RHSD Secretariat – since 2005, the Secretariat of the Economic and Social Partnership Council (RHSP).

The trade union membership fee (amounting to 1% of the member employee's net monthly salary) is collected by local trade union organisations in companies. Considering the average net nominal wage in the national economy in 2004 (approximately SKK 12,500) the average trade union membership fee a month could be SKK 125 (approximately three euros). Previously, the collection of trade union membership fee was done automatically by the employer (as a service for trade unions), and the deducted amount from the employees' monthly pay was transferred to the union's bank account. Now employers are not obliged to do this and trade unions must collect the membership fee (although some employers still do so on a voluntary basis). A smaller part of the membership fee – from 10% to 30%, is submitted to the sectoral or branch trade union association where the local trade union organisation is a member.

The KOZ SR office is financed by the trade union membership fee. According to the KOZ SR representative, the contribution to its budget represents 3.5% of the membership fee collected from all trade unionists affiliated to KOZ SR trade unions. In 2004, the annual budget of KOZ SR was about SKK 21 million (approximately 53,850 euros at an exchange rate SKK 39 per euro). In 2004, the KOZ SR office received some additional financial funding (SKK 1.5 million) from the Centre for Employment, Social Affairs and Family (*Ústredie práce, sociálnych vecí a rodiny*) to finance projects focused on the development of regional trade union structures. According to the KOZ SR representatives, the available financial resources are insufficient for KOZ SR operations. The annual budget is insufficient for KOZ SR office staff salaries and does not allow for the necessary modernisation of information and communication technology in the office.

The trade unions retained most of their own property, in particular recreation facilities that were built up during the years of the previous political regime. These facilities were turned into business organisations managed by the SOREA Company. SOREA provides hotel services for the public i.e. not only for trade union members. According to sources, the financial resources generated by these business activities are managed and utilised by sectoral or branch trade union associations. KOZ SR representatives assume the financial resources of the KOZ SR office may even decrease in 2005 as some potential decrease in trade union membership is foreseen. And for financial reasons, KOZ SR recently abolished its regional structures – the KOZ SR County Councils.

Financial resources for the operation of the AZZZ SR and RUZ SR offices are collected in a different way to the trade unions. Companies that are members of the employers' associations (usually organised according to sectors) pay a fee for their membership to the association. Employers' associations, which are members of AZZZ SR or RUZ SR, pay membership fees to AZZZ SR and RUZ SR. The membership fee in AZZZ SR and RUZ SR is calculated on the same basis – fixed amount of SKK per employed workers in the enterprises covered by the membership. According to sources, the financial resources of AZZZ SR and RUZ SR offices are collected mostly from the membership fees.

In the case of RUZ SR, the membership fee in 2004 was SKK10 per worker employed in enterprises covered by RUZ SR. The membership fee is collected either directly from the member company (in case a single company is a member) or indirectly by the sectoral employers' member association. RUZ SR was established in April 2004, after the split of AZZZ SR and some discussions took place between the RUZ SR and AZZZ SR representatives regarding the share of collected membership fee for 2004. However, no concrete information about ending this debate is available.

According to the RUZ SR office representative, RUZ SR had no other financial resources in 2004, apart from the membership fee. The interviewed RUZ SR representative did not provide information on the actual annual budget for 2004. However, one can roughly calculate the potential RUZ SR office budget from the officially declared 270,000 employees covered by RUZ SR and the statutory membership fee of SKK10 per worker. From this calculation we can estimate the annual financial budget of the RUZ SR office could be around SKK two million in 2004 (considering its nine-month operation). According to the RUZ SR representative, financial resources available for RUZ SR were satisfactory to cover the personnel costs and other activities performed in 2004. As far as the annual budget for 2005 is concerned, RUZ SR representatives expect higher needs for financial resources, in comparison with 2004. RUZ SR plans several new activities, e.g. the RUZ SR conference, some seminars, legal expertise, and especially, activities related to RUZ SR membership in UNICE. In 2005, the statutory membership fee was increased by SKK 20 per employee.

Financial resources for AZZZ SR activities come from the membership fee, which is also calculated per worker employed in companies covered by the AZZZ SR. According to sources, the AZZZ SR office annual budget in 2000 was approximately SKK 16 million. In 2004, when AZZZ SR split, the annual budget of the office was sharply reduced to around SKK 6.5 million. More than one half of AZZZ SR members moved over to RUZ SR. According to the interviewed AZZZ SR office representatives, apart from the membership fee no other financial support was given to the office. Until the split, the AZZZ SR office also included a training unit – the Management Institute Bratislava, which provided training for managers for a fee. The AZZZ SR Office could have some additional financial sources from these training activities, including sources from some EU projects in this field.

The AZZZ SR office representatives consider the current financial resources to be insufficient for activities, which AZZZ SR would like to perform for the member employers' associations (no single company is member of AZZZ SR). The budget shortage is caused by the intention of AZZZ SR member organisations who will not increase the membership fee (unlike the RUZ SR). Therefore, the AZZZ SR office representatives do not expect a higher annual budget in 2005 than they had in 2004. However, the financial resources will be actually even lower because the operational costs of the AZZZ SR office will increase (due to some price increases) in 2005, in comparison with 2004. The potential reduction of financial resources may lead to restrictions in AZZZ SR office activities.

Table 3: *Finances of central organisations in 2004*

<b>Organisation</b>	<b>Budget sources</b>	<b>Approx. annual budget</b> in Million SKK
AZZZ SR	Fixed amount of SKK per employee employed	6.5
KOZ SR	3.5% of total trade unions membership fee	21
RUZ SR	SKK 10 per employee employed	2

## **Human resources**

Sectoral trade union associations fund the KOZ SR office activities but the office itself does not provide services directly to the trade unionists. Sectoral and branch trade unions, as well as local trade unions in enterprises provide these services. They provide services such as free of charge advisory legal assistance, aid in re-training, use of trade union recreation facilities, provision of information and training for union officials, etc. In general, the management and the professional staff of sectoral trade unions consist of one or two members but in the largest unions the staff could reach 20 people and more.

Currently, the staff of the KOZ SR office consists of 30 people, of whom 17 have university degree education and one has a bachelor degree. The rest of them have full secondary school education. According to the KOZ SR representatives, the office has not enough staff, in particular, experts for international relations, lawyers and economist. There is a hope that some of these positions will be filled in 2005.

Regarding the use of information and communication technology, the KOZ SR office is well equipped with computers and all employees use them in their everyday work. Electronic communication is also commonly used and the KOZ SR office staff has regular access to the internet. The predominant working language is English.

The AZZZ SR activities are managed and coordinated by the AZZZ office. After the split of AZZZ SR the former staff of the AZZZ SR office was reduced. Currently, the AZZZ SR office staff consists of eight people of which three have university degree education and five have full secondary school education. According to the interviewed AZZZ SR office representatives, the current budget of the office does not allow them to have satisfactory personnel capacities – they lack one legal expert, at least. They hope, the number of office staff will increase in 2005. The AZZZ SR office is well equipped with computers. All staff has access to computers as well as to internet. Everybody communicates regularly via e-mail. The predominant working language is English.

Currently the RUZ SR Office employs only four people. According to the interviewed RUZ SR office representative, the office tries to work as effectively as possible and managers in the member companies covered by RUZ SR support its activities. They are usually acting as members of specialised working groups and committees of RUZ SR. Taking this into account; the interviewed RUZ SR office representative evaluates the current staff of the office as satisfactory. No changes are planned for 2005.

Three of the four-member staff of the RUZ SR office have university degree education and one has full secondary school education. The office is well equipped with computers and no problems were mentioned regarding the use of information and communication technology. Everybody use electronic communication and has access to the internet. The predominant working language is English.

Table 4: *Human resources in central organisations*

Organisation	Total staff	With university education	Staff per 10,000 members	Working languages and main language used
AZZZ SR	8	38%	0.34	English, German, Russian and Spanish
KOZ SR	30	57%	0.59	English, French, German and Russian
RUZ SR	4	75%	0.15	English

Table 5: *Structure of central organisation office staff*

Organisation	Gender	Managers	General staff	Secretaries	Other	Total
AZZZ SR	M	1	2	-	1	4
	F	1	2	1	-	4
KOZ SR	M	5	11	-	-	16
	F	1	10	3	-	14
RUZ SR	M	2	1	-	-	3
	F	-	-	1	-	1

# Collective bargaining

Collective bargaining has a long tradition, is well developed and plays an important role in social dialogue in Slovakia. Act No. 2/1991 on collective bargaining regulates the procedures of collective bargaining. This Act appoints the partners for collective bargaining and also defines the respective procedures for collective bargaining. The exclusive right for collective bargaining is assigned to trade unions and employers' representatives. If there is disagreement in collective bargaining issues, mediation and arbitration procedures may be applied. At the same time, the Act defines the principles and procedures for declaring a strike by trade unions and the lockout by employers. Collective bargaining in Slovakia is carried out at two levels:

- sectoral level: where the so-called higher level collective agreements (*Kolektívne zmluvy vyššieho stupňa*, KZVS) are concluded between representatives of sectoral or branch employers' and trade unions' associations; and
- company level: where the collective agreements are concluded between local trade union organisation and the company management.

Collective agreements regulate collective labour relations between employers and employees and specify the rights and duties of the parties concerned. Collective agreements may improve upon the employees' rights and standards of terms and conditions of employment set out by the Labour Code, other laws or government decrees, but may not reduce them. As far as the member organisations of the employers' and trade unions' central organisations is concerned, apart from the national tripartite consultations they do not participate in any other national-level collective bargaining. Representatives of the state also take part in collective bargaining held at sectoral level for civil service and public service organisations.

Sectoral collective bargaining is relatively widespread and plays an important role in industrial relations. Sectoral collective agreements can lay down more favourable employment and working conditions for employees than are provided in the Labour Code. Agreed provisions in sectoral collective agreements may be improved but not worsened in company collective agreements. Sectoral collective agreements may cover also companies where no local-level collective agreement is signed.

Member organisations of KOZ SR, RUZ SR and AZZZ SR regularly bargain collectively at sectoral level. The AZZZ SR, RUZ SR and KOZ SR representatives assume the sectoral collective bargaining will remain important in Slovakia. However, according to the RUZ SR representative, sectoral collective agreements reduce the flexibility of local level collective bargaining and employment conditions, especially wages. Collective agreements have legal validity and the duties agreed in them are usually kept. If not, mediation and arbitration procedures should be applied.

No collective bargaining takes place at regional level because employers as well as trade unions have no bargaining structures there. AZZZ SR still keeps regional offices in some regions, but KOZ SR recently abolished its regional structures. The AZZZ SR representatives presume the importance of regional tripartite social dialogue will increase in the future.

Central employers' and trade unions' organisations members usually do not participate in company collective bargaining because their member organisations are independent subjects having enough competency and capacity for independent collective bargaining at local level. RUZ SR is an exception because apart from employers associations also some single companies are members. The management of these companies participate in company collective bargaining. Members of KOZ SR support their member organisations in training of their negotiators.

According to the views of all interviewed social partners representatives, the importance of company-level collective bargaining will increase. All parties interviewed consider their current capacities for sectoral and company collective bargaining as sufficient. Currently approximately 35% of employees are covered by collective agreements.

Table 6: *Participation of employer and trade union members in collective bargaining*

<b>Member organisations of</b>	<b>National-level collective bargaining</b>	<b>Sectoral collective bargaining</b>	<b>Regional collective bargaining</b>	<b>Company collective bargaining</b>
KOZ SR	NO; only via KOZ in RHSD/RHSP	YES	NO	NO
RUZ SR	NO; only via RUZ in RHSP	YES	NO	In some cases*
AZZZ SR	NO; only via AZZZ in RHSD/RHSP	YES	NO	NO

\* Apart from employers' associations also single companies are members of RUZ SR.

According to the interviewed social partners representatives a comprehensive implementation of the European-level collective agreements on stress at work and teleworking in sectoral or company collective agreements in Slovakia is not yet planned. The employees use teleworking very rarely and the topic of stress at work is usually included in occupational health and safety issues, as part of collective agreements.

# Tripartite participation

National-level tripartite social dialogue between employers' and trade unions' representatives and representatives of the state played an important role in the process of economic and social transformation in Slovakia. It took place at the Economic and Social Concertation Council (RHSD) in Czechoslovakia. The government of the independent Slovak Republic had adopted this model of tripartism, which worked in unchanged form since 1993 to 2004. KOZ SR and AZZZ SR (initially small trade union centre representing employees in culture and art – the KUK was involved, too) representatives participated in negotiations with representatives of the government. Apart from RHSD no other national-level tripartite body has been operating in Slovakia.

The membership of the employers' and trade unions' organisations in RHSD was based on their representativeness. Each partner had to be influential in the economy, to represent at least 10% of population active in the national economy and be active in at least five of eight counties of the country. According to the rules, each party had seven representatives in the RHSD.

Social partners at the RHSD were entitled to prepare their views and suggestions in response to important measures proposed by the government in the area of economic and social policy. Although this process included several conflicting issues in the last 15 years, the strife between the social partners did not result in any radical social actions. The results of the tripartite concertation do not have legal validity however; conclusions of tripartite concertation on the national minimum wage serve for collective bargaining on wages.

One of the major outcomes of tripartism, the national general agreement, played an important role in relationships between the trade unions, employers and government. The Slovak Government signed seven national general agreements (hereinafter GA) with the representatives of the social partners for the years 1991–1996 and 2000. The adopted measures were mainly about duties of the government relating to the implementation of the economic and social reforms. Negotiations were demanding, however, employers and trade unions organisations were able to conclude these general agreements. The fulfilment of included measures was sometimes problematic and contributed to increased tensions between the parties concerned. Disagreements culminated in 1996–1997 when social partners, especially the trade unions, refused to sign a new GA for 1997. They also temporarily stopped the tripartite negotiations at the RHSD and tripartite concertation did not work during 1997–1998. However, the social peace was not broken and the transformation process continued.

In 1999, when the new government took power, the tripartite negotiations resumed and in order to reinforce the tripartism in Slovakia the parliament approved Act No. 106/1999 on economic and social partnership. After a three-year break, the parties also concluded a new national GA for 2000. The GA for 2000 consisted of four main policy areas: the economy, employment, incomes and social affairs.

Some tasks were fulfilled, e.g. a reduction in the taxation burden, however, some others, e.g. increasing the real wages or reduction of unemployment, were not achieved. In spring 2001 the parties assessed the fulfilment of agreed tasks and the trade unions had several critical comments. KOZ SR representatives were not satisfied with the results and refused to negotiate for the new GA for 2001. Though the goals of the GA for 2000 were achieved in the meantime, no new national tripartite social pact has been signed in Slovakia.

Representatives of central employers' and trade unions' organisations participated in social dialogue and in public bodies managed by tripartite boards. According to the Act No. 387/1996 on employment: the National Labour Office (NUP) was managed by tripartite self-governing bodies, e.g. the Supervisory Board and Governing Committees of regional and district labour offices. The Supervisory Board of NUP consisted of nine members, representing employees, employers and the state. Regional self-governing bodies dealt with assessment and approval of projects for implementation of active

labour market policy measures in the regions, including decisions on allocation of related financial resources. Changes in legislation on employment services annulled the operation of the NUP as a tripartite institution in 2004.

Regional tripartism started to operate in newly-constituted regional county administration in 1998 when County Councils of Economic and Social Concertation were established in four of the eight existing counties. However, regional tripartism was rather formal and regional employers and trade unions representatives were not involved effectively in tripartite social dialogue.

The KOZ SR were dissatisfied with tripartite consultation on governmental proposals for economic and social reforms and the non-acceptance of the trade unions' requirements resulted in pressure actions organised by the KOZ SR against the government (e.g. taking the initiative for a petition regarding the referendum for an early national election). These activities worsened the relationship between the government and trade unions.

At the same time, the employers and the government representatives had considered the activity of RHSD based on the tripartism Act as ineffective. RHSD was consulting a wide range of documents many of which were not suitable for the tripartite social dialogue. Since April 2004, when the RUZ SR was established, the participation of employers' representatives in RHSD also became problematic.

The government submitted to parliament a proposal to abolish the legislation on tripartism. Parliament revoked the Act on economic and social partnership, which became invalid in 31 December 2004. The last meeting of RHSD based on the above legislation took place at the end of November 2004 and the KOZ SR submitted a declaration on ending the current form of tripartism and its continuity based on the new rules. Representatives of the government, AZZZ SR and RUZ SR signed the declaration. The views of the social partners on a draft proposal of statute for a new form of tripartism were sought at this RHSD meeting. Participants at the meeting agreed that tripartism would operate as an Economic and Social Partnership Council (RHSP). Based on the social partners' view the RHSP statute was finalised and became valid on 1 December 2004.

According to the statute, employers' organisations must represent enterprises employing at least 100,000 employees to take part in the RHSP. The same requirement is set for representativeness of the trade unions. The employers and trade unions are entitled to one seat in the RHSP for every 100,000 employees represented. According to the statute, RHSP consists of state representatives and an equal number of employers' and employees' representatives. However, the structure of RHSP is different from the original model where each party had seven representatives in RHSD.

Currently, employers are represented in RHSP by AZZZ SR covering approximately 235,000 employees and RUZ SR covering 270,000 employees. According to the declared membership KOZ SR now represents approximately 506,000 trade union members. KOZ SR is the only national level employee representative body, which meets the requirements for the membership in RHSP. According to the rules, KOZ SR has six representatives in RHSP and the employers also have six representatives (AZZZ SR three and RUZ SR three).

The government has nominated the representatives of the state to RHSP. They include some ministers and their state secretaries who can, if necessary, substitute the ministers at the RHSP meetings. Besides the government representatives the representative of the Association of Cities and Villages of Slovakia (ZMOS) also represents the state. The association is a significant employer, which employs more than 140,000 employees in public administration. Formerly, the representatives of ZMOS were represented in RHSD by AZZZ SR. However, according to the RHSP statute the representatives of public administration bodies are not regarded as employers and therefore, ZMOS is now a member of RHSP as a state representative.

RHSP is a national level tripartite body where consultations of state representatives with social partners can take place. The goal of the tripartite participation is to achieve agreement in particular issues or at least to clarify the views of social partners. The main activities of the RHSP are consultations on:

- important issues of economic and social development;
- proposals of labour legislation;
- the state budget.

The outcome of RHSP consultations are considered as recommendations for the government.

RHSP approves its own operational rules, and if necessary it can establish working groups. RHSP members can invite their experts to deal with particular issues of the agenda at the RHSP meeting.

Tripartite social dialogue is administered by the RHSP Secretariat, which is integrated into the organisational structure of the Government Office of the Slovak Republic. Expenses connected with RHSP secretariat's activity are covered by the government office budget. The expenses connected with employers' and employees' representatives are covered by particular social partner's organisation (the same organisational model of secretariat was used also for the previous RHSD). The chairman of RHSP, who manages its activities and informs the government about the conclusions of tripartite consultations, is, as before the Minister of Economy. The deputy chairmen are the Minister of Labour, Social Affairs and Family and an assigned employer and trade union representative. The chairman and three deputy chairmen form the RHSP presidium.

The first meeting of the new tripartite body was held on 28 January 2005 where the RHSP operational rules, agenda proposal and dates of the meetings in the first half of 2005 were approved. Tripartite meetings take place regularly and to date there have been no major problems in operation of the new tripartite consultations.

The RHSP Statute increases the flexibility of tripartite social dialogue by determining new rules for RHSP consultations. According to the rules, RHSP can negotiate and make valid decisions if more than a half of members representing employers and more than a half of members representing trade unions are present (four representatives of each party, at least). The statute allows for the making of valid decisions in the cases when on consultation the state is represented only by the chairman of RHSP and by the member who submits the document to be consulted – usually the minister or the state secretary. This rule can increase the flexibility of tripartite consultations, which used to be cancelled in the past model due to insufficient attendance of RHSD members. The employers and trade unions as well as the government have nominated more representatives (trade unions have nine, employers 10 and government 17 nominees) than they have seats in RHSP. This solution should guarantee that all tripartite meetings would be able to reach valid conclusions.

The new rules can help to eliminate the often-criticised weakness of RHSD – overloaded negotiations with an excessive agenda of meetings including issues that did not require tripartite social dialogue. The new rules will also enable a reduction in the number of tripartite meetings because the consulted issues, where social partners had objections, would not be consulted once again in RHSP (as was formerly necessary).

According to the KOZ SR and AZZZ SR representatives the importance of tripartite social dialogue is still high and will remain important in the future as well. According to the RUZ SR representative, its importance may even increase – RUZ SR is interested in a more effective social dialogue. However, according to the KOZ SR representatives current tripartite social dialogue is rather formal and does not adhere to the principles of social dialogue usually used in EU.

# International participation

The central organisations of employers and trade unions also represent their members abroad in international organisations. KOZ SR represents its member trade union associations in the ETUC and ICFTU since 1993. KOZ SR representatives consider their membership of ETUC as very useful, because it allows them to share experiences of other trade unionists and provide good opportunity for learning. Membership in ICFTU provides a good opportunity in particular to experience international solidarity. KOZ SR participates also in social dialogue in ECOSOC (since 2004) and in the work of the ILO (since 1993). These activities give KOZ SR a good opportunity to provide its views and participate in discussion on actual issues in EU respective worldwide framework. Since 2001 KOZ SR represents trade unions also in TUAC of OECD.

AZZZ SR represented its members in UNICE as an associated member from 1993 until 2004. According to the AZZZ SR representatives, they used the membership for lobbying on different matters, including Slovakia's EU membership. AZZZ SR representatives assess their membership in UNICE as a useful source of information, and a good opportunity to influence EU legislation regarding the business environment. Membership allowed them to have access also to different EU funds. Since 1993 AZZZ SR has been participating in the activities of the ILO and International Organisation of Employers (IOE), too. Since 1995 AZZZ SR is a member of International Congress of Industrialists and Entrepreneurs (ICIE). However, cooperation with this body is now less intensive than it used to be. Since 2000 AZZZ SR participates also in activities of BIAC of OECD and since 2004 in ECOSOC.

In 2005 RUZ SR became an associated member of UNICE (it replaced the AZZZ SR there). Membership in UNICE is the highest priority of this new central employers' organisation. RUZ SR participates also in ECOSOC and ILO activities. It is interested in cooperation with IOE as well as in membership in BIAC of OECD.

Table 7: *International participation of central organisations*

<b>Organisation</b>	<b>International organisations</b>
KOZ SR	ETUC and ICFTU (since 1993), ILO (since 1993), TUAC/OECD (since 2001), ECOSOC (since 2004),
RUZ SR	ECOSOC, ILO and UNICE (since 2005)
AZZZ SR	IOE and ILO (since 1993), UNICE (1993-2004), ICIE (since 1995), BIAC/OECD (since 2000), ECOSOC (since 2004)

# Conclusion

National-level employers' and trade unions' organisations are centralised and relatively stabilised in Slovakia. Both, employers (AZZZ SR) and trade unions (KOZ SR) had only one central organisation from 1995 to 2004 when AZZZ SR split and the RUZ SR was established as the second central organisation of employers.

AZZZ SR, RUZ SR and KOZ SR participate in national-level tripartite social dialogue, which changed in late 2004 when the legislation on tripartism was abolished and the Economic and Social Concertation Council was replaced by Economic and Social Partnership Council. Member organisations of AZZZ SR, RUZ SR and KOZ SR participate in well developed and relatively widespread sectoral collective bargaining.

All surveyed central organisations of social partners have well established offices regarding the education and skills, including languages, of their staff. However, their relative personnel capacity (total number of staff) compared with their membership differ significantly.

A lack of financial resources seems to be a common problem, which limits the personnel capacities of all analysed central organisations' offices. An insufficient number of professional experts is, to some extent, a factor which limits their development activities, especially regarding better participation in EU-level social dialogue.

An analysis of the strength and weaknesses of current capacities of central organisations of employers and trade unions shows that the 'bottom-up' model of organisational structures upon which these organisations are based represents the implementation of the principles of democracy and secures their independency of the state. However, when this model is applied to the allocation of financial resources for social partners' central organisations it is assessed as rather a rigid one. It does not allow for the flexible funding of these organisations in order to react effectively to the new demands and challenges. From that perspective the development of the personnel capacities of social partners' central organisations is important.

The 'top-down' model used for the coordination of member organisations and information dissemination, is assessed as one of the main strengths of the current organisational capacities of surveyed central organisations. At the same time, the lack of regional structures is the most relevant weakness of their organisational capacities. Employers' and trade unions' central organisations are not prepared for effective participation in social dialogue at regional level where regional development projects are prepared. Therefore the proposal for a foresight project is focused on building their organisational capacities in the regions.

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# Annexes

## Annex 1 Strengths and weaknesses of capacities for social dialogue

Only representatives of trade unions and the government attended the workshop and participated in the group work analysing the strengths and weaknesses of social partners capacities for social dialogue in Slovakia.

Capacity	Strengths	Weaknesses
<b>Organisational</b>	It is based on principles of democracy – bottom-up organisational structure, decision-making and competency delivery. Well developed sectoral social dialogue; Top-down information dissemination; Clear rules for recognition, collective bargaining and conflict resolution.	Fragmentation of trade unions' sectoral structures; Defending and pushing through individual interests; Demanding coordination for actions in common interest of unions; Absence of employee representation in SMEs and in some large companies; Absence of regional structures for social dialogue.
<b>Finances</b>	Independency of the state and other outside subjects; Clear rules for collecting financial resources.	Bottom-up financing – decisions are made by local organisations; Lack of flexibility in gathering resources; Insufficient sources for operation of social partners' central organisations – especially for participation in development projects and building regional structures.
<b>Human resources</b>	Properly qualified and skilled staff for current activities of trade unions central office; Regular using of PC and access to internet; Employers have good access to professional experts from associated companies.	Limitations in number of staff are caused by insufficient financial resources, particularly: - lack of competent staff for regional social dialogue - lack of experts for new challenges and development projects.

Organisational structures are well developed at national and sectoral level. The Labour Code regulates the employees' representation in enterprises. The establishment of trade union organisations and works councils in companies is the matter of initiative of the employees. The absence of structures necessary for effective social dialogue at regional level is considered as the most relevant organisational weakness of trade unions and employers.

According to the representatives of central organisations of trade unions and employers (especially KOZ SR and AZZZ SR) the available resources are hardly sufficient for their activities. The current bottom-up model for the collection of financial resources for social partners' central organisations at national level is rather inflexible. The local level trade unions and employers organisations are not keen to deliver additional resources to allow higher level structures to better respond to new opportunities and challenges, e.g. for effective participation in regional development projects. From this perspective, the representatives of central organisations of trade unions and employers consider the gathering of sufficient financial resources for the development of regional social dialogue to be one of the most relevant tasks.

The weaknesses in human resources are related to the above-mentioned problem with insufficient available finances. The central organisations of trade unions and employers intend to establish competent regional representatives in eight centres of regional administration in Slovakia. It is assumed, regional representatives of social partners would need some special training for effective participation in social dialogue regarding the preparation and implementation of regional development programmes and projects.

## Annex 2 Foresight project

The aim of this development plan is to eliminate the most relevant weaknesses in the current organisational capacities of central organisations of trade unions and employers participating in national-level social dialogue in Slovakia. Representatives of central organisations of employers did not participate in the group work.

### What?

Building organisational structures for tripartite social dialogue in the regions.

### Why?

Competencies of central state administration are decentralised to regional self-government bodies. Competencies of regional administration include duties and tasks as well as finances regarding regional development in the economic and social field. The representatives of central organisations of social partners consider social dialogue as an important tool to support regional development. Nevertheless, neither trade unions' nor employers' organisations have established their professional regional structures allowing them to participate effectively in tripartite social dialogue with regional administration. An absence of regional social dialogue may have a negative influence on the preparation of regional development projects, including any targeting co-financing from EU funds.

### When?

The topic is considered as urgent and therefore it is suggested to start concrete actions in building regional structures in the second half of 2005.

### Where?

The idea is to establish regional representation of trade unionists and employers in all - i.e. eight regional administration centres – seats of counties. The pilot project that was recently initiated in order to develop bipartite social dialogue in Slovakia at national, sectoral and regional level may serve as model for this project.

### Who?

Representatives of social partners central organisations support the implementation of regional tripartite social dialogue. It is assumed that the KOZ SR vice-president (trade unions) and top representatives of AZZZ SR (employers' side) and RUZ SR will be involved in the project.

### Which?

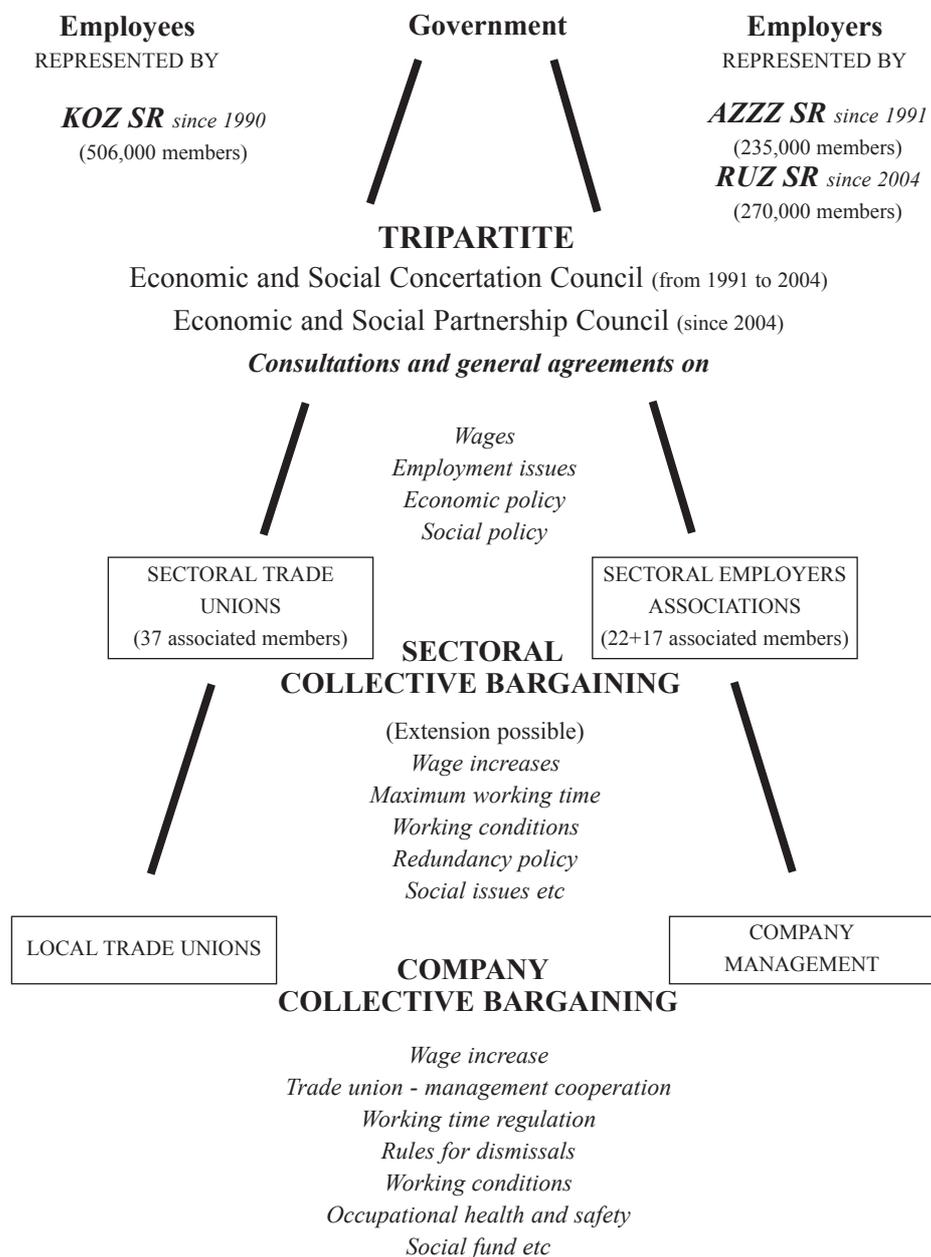
Finances will be provided mainly from the trade unions and employers organisations, with some external funding and will cover:

- wages of regional representatives of trade unions and employers;
- tuition fee including cost of lecturers providing training courses for the above representatives;
- purchase and operation of necessary IT technical equipment.

Regarding human resources it is assumed that the trade unions and employers will establish a regional unit in eight regional county administration centres. Each social partner would employ one expert competent in regional development issues and specialising in the preparation of regional development projects. It is planned to have eight competent experts from both the trade unions and employers.

It is assumed that regional self-administration bodies will provide part-time or full-time (when necessary) administrative support for the operation of the social partners regional units.

### Social dialogue framework



## Annex 3 Sources

In response to the questionnaire prepared by the European Foundation for the Improvement of Living and Working Conditions, the data on each respective social partner organisation has been kindly provided by the following people:

- Eva Mešťanová, Head of International Relations, Department of Confederation of Trade Unions of the Slovak Republic (KOZ SR)
- Peter Ondruška, legal expert of KOZ SR
- Ľubomír Žitňan, expert of National Union of Employers of the Slovak Republic (RUZ SR)
- Ján Púchovský, expert of Federation of Employers Associations of the Slovak Republic (AZZZ SR).

### National team participating at the Prague workshop

#### Representatives of central trade union organisation

Vladimír Mojš, Vice-president of Confederation of Trade Unions of the Slovak Republic for Social partnership

Juraj Džupa, Counsellor of Confederation of Trade Unions of the Slovak Republic.

#### Representatives of the government

Mária Buchtová, Director of Labour Relations and Labour Protection, Ministry of Labour, Social Affairs and Family of the Slovak Republic (MPSVR SR)

Margita Dömenyová, State Counsellor in Labour Relations and Labour Protection, Department of the MPSVR SR.

#### Representatives of central employers organisation

Representatives of Federation of Employers Associations of the Slovak Republic and the National Union of Employers of the Slovak Republic did not take part in the workshop.