



# Capacity building for social dialogue at sectoral and company level

Croatia

**Introduction**

**Social dialogue at sectoral level**

**Social dialogue at company level**

**Future development and proposals**

**Annex**

This report is available in electronic format only.

## Introduction

### Background information

The main goal of this research study is to establish the existing level of the capacity of social partners in the Republic of Croatia for social dialogue at different levels. Following from this, the next goal is to create and provide assistance to social partners in establishing appropriate structures and enabling these structures to foresee, achieve and manage common goals, especially in light of changes related to the future membership of the Republic of Croatia in the European Union. This study is comparative – it is being undertaken in several Member States of the European Union that became EU members in 2004, as well as the acceding countries (Bulgaria and Romania) and candidate countries (Croatia and Turkey). Because of the comparative nature of the study, the national data for the Republic of Croatia shall be compared with national data for other countries where the research has been undertaken.

This research study was undertaken and co-ordinated by the *European Foundation for the Improvement of Living and Working Conditions* in Dublin, Ireland as a part of a broader project of the European Commission. The data collected in this study shall also be used for other research and in databases of the *European Foundation for the Improvement of Living and Working Conditions*.

There are two phases to this research. The first, undertaken in 2005, researched the possibilities of improving the social dialogue capacity of social partners (trade unions and employer organisations) acting at the national level, while in this, the second phase, the possibilities of improving the social partners' social dialogue capacity at the sectoral (branch/activity) and local, i.e. individual employer, level are researched.

This study is based on the questionnaire prepared by the European Foundation for the Improvement of Living and Working Conditions, which is the same for all the countries taking part in the study. Besides the data collected through this questionnaire, other statistical data and other available literature on the topic have been used. This study includes data on social partners, trade union central organisations (peak organisations/confederations) and the Croatian Employer organisation, represented in the Economic and Social Council, which provided the data regarding the social dialogue at the sectoral and company level as regards their sectoral member organisations. Since the Association of Croatian Public Service Unions – Matica has not responded to the questionnaire, the data on this trade union central organisation has been provided based on other sources.<sup>1</sup>

### Historical background

Following the democratic and free elections held in 1990 and the referendum on the country's independence held in 1991, the Republic of Croatia has become an independent, sovereign and internationally recognised state as of 8 October 1991. The country's territory covers a surface area of 56,594 sq. km and territorial sea and internal waters of 31,067 sq. km.<sup>2</sup> The Republic of Croatia is administratively divided into 21 counties, 124 townships and 426 municipalities. This number of counties includes the capital, Zagreb, which also has the status of a county. By mid-2004, the population of

---

<sup>1</sup> See: Rješenje Ministarstva gospodarstva, rada i poduzetništva o utvrđivanju sindikata koji ispunjavaju uvjete da budu zastupljeni u tripartitnim tijelima na nacionalnoj razini [Decision of the Ministry of Economy, Labour and Entrepreneurship on Determining Trade Unions Complying with the Conditions for Representation in Tripartite Bodies at National Level] («Narodne novine» [«Official Gazette»], 29/2004) and Bocksteins, Harry and Vermuijten, Sandra. Analysis of the role and future development of trade unions in the western Balkans. Final report. European Commission. October 2005, pp. 50–72.

<sup>2</sup> Basic statistical data on the Republic of Croatia are provided according to the Republika Hrvatska. Državni zavod za statistiku. Statističke informacije 2005. [The Republic of Croatia, State Statistical Office, Statistical Information 2005], pp. 5, 6, 24, 28 and 29. <http://www.dzs.hr>.

the Republic of Croatia was about 4,442,000. That year, the active population numbered 1,719,509, of whom 1,409,634 were employed and 309,875 unemployed. The registered unemployment rate in 2004 was 18%, while according to the survey of the labour force (ILO methodology), the general unemployment rate was 13.8%. Unemployment has decreased slightly in the last several years, so in July 2006 there were 270,753 unemployed, with a registered unemployment rate of 15.7%. In 2004 there were 1,162,000 persons in an employment relationship.<sup>3</sup> Of this number, some 627,000 employees (54%) were employed in the private sector and 536,000 (46%) in the state sector or the transformation/privatisation sector. In 2004, the gross domestic product per capita (estimate at current prices) amounted to USD 7,742.20 (EUR 5,689.00). The average monthly net salary in 2004 amounted to HRK 4,173.00 (EUR 544) and the average monthly gross salary was HRK 5,985 (EUR 780). The export to import ratio was 48.4%. Gross foreign debt of the Republic of Croatia amounted to EUR 24.67 billion in 2004 and the average ratio of HRK to USD was 5,6369, and HRK to EUR was 7,6712.

### Legal framework

The provisions of Articles 43 and 59 of the Constitution of the Republic of Croatia, guaranteeing the right to organise (associate) as a fundamental human right of employees and employers, are of particular importance for social dialogue in the Republic of Croatia. The Republic of Croatia has also ratified conventions 87 and 98 of the International Labour Organisation on the right to organise and collective bargaining. Furthermore, the European Social Charter guaranteeing the right to organise has also been ratified by the Republic of Croatia. On several occasions, trade unions have pointed out and objected to the fact that convention 151 of the International Labour Organisation on labour relations in public service and convention 154 on collective bargaining have not been ratified. The right of employees and employers to organise has been further regulated by the Labour Act, which has also regulated the issues of collective bargaining and the legal force of collective agreements. This statutory regulation also envisages the possibility of establishing the Economic and Social Council as a body of national tripartite cooperation, bringing together the government of the Republic of Croatia, trade unions and employer organisations. In addition, the Labour Act regulates the establishment of works councils and the participation of workers' representatives in supervisory boards and other similar bodies of companies and public institutions. *Lex specialis*, the Act on the Manner of Determining the Representativeness of the Trade Union Confederations in Tripartite Bodies at National Level has regulated the procedure for determining the membership of trade union central organisations in the Economic and Social Council and other national bodies with tripartite membership. The Economic and Social Council has also set out the criteria according to which employer organisations have the right to be represented in the Economic and Social Council and other national bodies with tripartite membership should be determined. The issue of the distribution of trade union property dating from the socialist period has been regulated in the Act on Associations. Representative trade unions represented in the Economic and Social Council have agreed that this property should be divided among them according to the number of members.

### Social dialogue at sectoral level

#### Main actors

Considering the statutory legal preconditions for the establishment of trade unions (10 capacitated persons of age), there is a relatively high number of trade unions established in the Republic of Croatia (RH). At the national level there are 254 trade unions and 24 confederations of trade unions (trade union central organisations) registered. The largest number of registered trade unions is affiliated in six representative trade union central organisations represented in GSV, the body of tripartite social dialogue. Understanding the need to integrate, in April 2004, most of the trade union central

---

<sup>3</sup> Republika Hrvatska. Državni zavod za statistiku. Statistički ljetopis 2005. [The Republic of Croatia. State Statistical Office. Annual Statistical Report 2005], pp. 149. This information is substantially different from the information of the Croatian Pension Insurance Institute that, on 31 December 2004, reported 1,324,474 persons insured on the basis of employment with legal and natural persons. Hrvatski zavod za mirovinsko osiguranje. Statističke informacije [Croatian Pension Insurance Institute. Statistical Information], 2006, 7, p. 1.

organisations concluded the Agreement on Cooperation and Initiation of the Unification Negotiation Procedure, which has not been realised yet. An initiative regarding the integration of certain trade unions appeared in the spring of 2006, when the new trade union central organisation, Glas HR [Main Trade Union Central Organisation of Croatian Employees], was established. In relation to the latter attempt to establish the new central organisation, i.e. integration on the side of trade unions, we want to draw attention to the fact that the data gathered during this research was subject to change.

In considering the results and conclusions of this research for the sectoral (branch/activity) level, it should be taken into account that not all of the trade union central organisations are organised in the same way at sectoral level. The organisation of the central organisations SSSH and UNI-Cro is consistent as regards division according to the sectors of the employers' activity, and the employees are members of trade unions that have sectoral orientation in their activity while dealing with employers through their subsidiaries. On the contrary, in the central organisations NHS, HUS and URSH, as associations of higher level, not all the trade union member organisations are organised into sectors, branches or fields of activity. In fact, with these central organisations as trade union member organisations, we may see not only sectoral trade unions with sectoral orientation, but also trade unions operating only with certain employers or that are regionally organised, i.e. they do not cover the whole sector in an organisational way. These trade unions are then affiliated directly into a central organisation as an association of trade unions or into an association of trade unions that, together with other associations, then establishes a trade union central organisation as an association of higher level (confederation). Thus, sometimes, as member organisations, we may also see trade unions and associations of trade unions. This is visible to a lesser extent with NHS, where besides sectoral trade unions, there is also individual participation of some trade unions that do not have sectoral orientation in their activity, and with HUS, which has made a strategic decision on organisation within three sectors (private, in state ownership and public services), but this decision has not been fully implemented yet. This is particularly clear with URSH, whose activities are based on individual trade unions active only within certain parts of sectors or with certain employers. As regards the trade unions without the sectoral organisation orientation in their activity, their activities still touch upon sectors or their parts, so even when this coverage is not general, it may be concluded that they participate in social dialogue at the sectoral level. Therefore, the data collected through this research shall not be fully comparable as regards the organisational level, but this shall not deprive the research study results of their informative character. Regarding the named differences in organisation, in this study the term 'sectoral organisations of trade unions' shall be used to designate all the forms of trade union organisation between the national and company level. As far as the local level of organisation is concerned, this level being different from the level of organisation of trade unions at the company level, it should be mentioned that such kinds of organisations are an exception in RH (e.g. Trade Union of Istria and Kvarner). At the local level (level of townships and counties), collective agreements are concluded only in relation to the regulation of employment relations of civil servants of the local and regional units of self-administration.

Differences in organisational structures and frameworks of trade unions, i.e. central organisations, are followed by the differences in sectors in which trade unions, i.e. central organisations, are active. Considering these differences, one trade union organisation, UNI-Cro, has focused its activity only on the private service sector and has, in response to the questionnaire, not touched upon other sectors. The same goes for HUP, which has left out the public sector, where it is not active.

In RH, all of the trade unions and sectoral member organisations are representative, since there are no specific requests regarding determining and establishing the representativeness and participation in collective bargaining and social dialogue. Representativeness is determined only in so far as the national tripartite bodies are concerned.

## Capacity building for social dialogue at sectoral and company level

Table 1: *Trade union sectoral organisations*

Name	Number of sectoral organisations	Number of sectoral organisations, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	23	7*	9	7	0*	0
NHS	21	4	8	8	1	0
URSH	45	14	16	13	2	0
HUS	9	4	3	1	1	0
UNI-Cro	9	0	9	0	0	0
Matica	5	0	0	5	0	0

\* Trade Union of Employees in Agriculture, Food and Tobacco Industry and Water Supply of Croatia partially covers the agricultural sector, even though inside the SSSH it is considered to be an industrial sector trade union.

As regards membership, the trade union scene seems rather stable. Most of the trade union central organisations have declared that the number of members has grown or stagnated since 2000; only UNI-Cro has given data on the decline of membership, while SSSH also points to the decline as regards the most numerous sector (industrial and agricultural).

The reasons for this are the changes relating to the restructuring of the economy (strengthening the services sector in relation to the industrial sector) and bankruptcies, privatisation and an overall bad economic situation. Besides, trade unions do not gain membership from the growing private service sector and from small employers. Trade unions stress the problem of limitations of the freedom of trade union organisation by the multinational companies. From an organisational point of view, the main sector is private industry, followed by the private services sector and public sector (it should be noted that the industrial-productive and processing part of the agriculture sector is most often mentioned as an industrial sector with trade unions).

Table 2: *Membership of trade union sectoral organisations*

Name	Total number of members	Number of members, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	211,205	128,000	40,000	43,000	0	0
NHS	93,000	20,000	28,000	36,000	2,000	7,000
URSH	41,000	20,000	10,000	10,000	1,000	0
HUS	53,000	30,000	13,000	5,000	2,000	3,000
UNI-Cro	20,099	0	20,099	0	0	0
Matica	55,830	0	0	55,830	0	0

Table 3: *Membership of trade union sectoral organisations in relation to the year 2000*

Name	Total number of members	Number of members, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	↑	↓	↑	↔	↓	...
NHS	↑	↑	↑	↑	↑	↑
URSH	↔	↑	↑	↓	↑	
HUS	↑	↑	↑	↑	↔	↔
UNI-Cro	↑	...	↑	...	...	...
Matica	...	...	...	...	...	...

Indications:

↑	increase
↔	same level
↓	decrease
0	none, value equals zero
...	no available data

Since the legal preconditions for establishing an employer organisation are also very simple (at least three natural or legal persons), there are 39 employer organisations registered at the national level. There are also three employer organisations of higher level registered. Among the employer organisations of higher level from 1994, HUP predominates, which is the only representative employer organisation represented in GSV. HUP is mostly active in the industrial and services sector and it declared an increase of membership in these sectors when compared to 2000.

Table 4: *Employers' sectoral organisations*

Name	Number of sectoral organisations	Number of sectoral organisations, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	26	20*	6	0	0*	0

\* Association of Food Industry and Agriculture partially covers the agricultural sector, even though inside the HUP it is considered to be an industrial sector association.

Table 5: *Membership of employers' sectoral organisations*

Name	Total number of members	Number of members of sectoral organisations, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	5,000	2,700	1,600	0	700	0

Compared to the year 2000, HUP has declared an increase in the number of employer members of sectoral member organisations. HUP stresses the problem of a lack of government support of employer organisations in enterprises that are still in government ownership.

### Organisational and financial capacities

There are differences in the organisational capacities at the sectoral level, especially as regards personnel resources. This may be explained through the orientation of trade unions and their activities that are (not) oriented towards a sector, and is also related to the financial capacities of trade unions. As expected, the central organisations with greater membership have more employees and declare their satisfaction with the personnel resources (thus, SSSH points to the fact that it

## Capacity building for social dialogue at sectoral and company level

employs 25 lawyers only in county offices) and skilled personnel to run collective bargaining at the sectoral level, while the central organisations with less numerous membership declare a moderate lack of personnel resources and skilled personnel, so they rely to a larger extent on cooperation and personnel resources of individual trade unions that, as a part of their employment in the trade union, also perform work for the trade union central organisation. According to the collective agreements, shop stewards, who are freed totally or partially of their obligation to work, in fact work for the trade union. These shop stewards are formally employed by the employer where they perform their trade union activities, but really work for the trade unions to which they belong.

Among the employees in trade unions at the sectoral level, there is a predominance of female employees.

Table 6: *Employees in trade union sectoral organisations*

Name	Employees in sectoral organisations			Number of employees in sectoral organisations, according to sectors				
	Male	Female	Total	Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	43	48	91	46	34	11	0	0
NHS	19	29	48	11	17	16	2	2
URSH	1	3	4	1	2	1	0	0
HUS	...	...	...	...	...	...	...	...
UNI-Cro	5	4	9	0	9	0	0	0
Matica	...	...	...	...	...	...	...	...

Table 7: *Position on availability of personnel resources and skilled personnel in trade union sectoral organisations for running collective bargaining*

Name	Personnel resources in sectoral organisations	Skilled personnel in sectoral organisations
SSSH	Enough	Enough
NHS	Enough	Enough
URSH	Moderate lack	Moderate lack
HUS	Enough	Enough
UNI-Cro	Moderate lack	Moderate lack
Matica	...	...

As regards financial resources, trade union central organisations with more numerous membership believe their sectoral organisations have sufficient financial resources, while the central organisations with less numerous membership take a position that there is a moderate lack of financial resources of member organisations, and they continue to explain it with the number of members and salaries, which in certain sectors are smaller than in others. One central organisation points to the difference between sectors as regards financial resources. The same goes for resources for giving legal and other assistance to their members – there are differences between sectors based on the membership in sectors and trade unions, ownership in sectors, employers, etc.

Table 8: *Position on availability of financial resources for running collective bargaining and giving legal or any other assistance to members of trade union sectoral organisations*

Name	Financial resources of sectoral organisations for running collective bargaining	Financial resources of sectoral organisations for giving legal or any other assistance to members
SSSH	Enough	Enough
NHS	Enough	Enough
URSH	Moderate lack	Moderate lack
HUS	Enough	Enough
UNI-Cro	Moderate lack	Moderate lack
Matica	...	...

General organisational capacities of sectoral organisations of trade unions are evaluated as good by the central organisations with more numerous membership, while those with less numerous membership think that these capacities are moderate. Almost all central organisations view sectoral organisations in the industrial sector as having the most organisational capacity, after which comes sectoral member organisations operating in the private service sector and public sector. Central organisations with less membership think that the situation is bad for trade union organisations in the private service sector, public sector and agriculture.

Table 9: *Position on organisational capacities of trade union sectoral organisations to conclude sectoral collective agreements*

Name	Organisational capacities of sectoral organisations to conclude sectoral collective agreements	Organisational capacities of sectoral organisations to conclude sectoral collective agreements, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	Good	Good	Good	Good	Good	...
NHS	Good	Good	Good	Good	Good	...
URSH	Moderate	Good	Good	Moderate	Poor	...
HUS	Good	Good	Good	Good	Moderate	Moderate
UNI-Cro	Moderate	...	Moderate	...	...	...
Matica	...	...	...	...	...	...

The trade union membership fee is almost the only source of financing of the sectoral trade unions. Only one central organisation reported that the member organisations at the sectoral level have income from a real estate lease.

At the sectoral level, HUP, in its sectoral member organisations, has substantially fewer employees than the overall number of employees employed with the trade unions at the sectoral level. Among the employees, there is again a predominance of female employees.

## Capacity building for social dialogue at sectoral and company level

Table 10: *Employees in employers' sectoral organisations*

Name	Employees in sectoral organisations			Number of employees in sectoral organisations, according to sectors				
	Male	Female	Total	Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	3	15	18	12	4	0	2	0

HUP believes that at the sectoral level there is a moderate lack of personnel resources and skilled personnel for running collective bargaining, caused by the moderate lack of financial resources, and is particularly visible when it comes to associations with less membership and a less propitious financial situation in the sectors where these organisations are active. Therefore, the resources for legal and other assistance are also moderately lacking. Sectors where the situation is fine are civil engineering, tourism, catering and financial services.

Table 11: *Position on availability of personnel resources and skilled personnel in employers' sectoral organisations for running collective bargaining*

Name	Personnel resources in sectoral organisations	Skilled personnel in sectoral organisations
HUP	Moderate lack	Moderate lack

Table 12: *Position on availability of financial resources for running collective bargaining and giving legal or any other assistance to members of employers' sectoral organisations*

Name	Financial resources of sectoral organisations for running collective bargaining	Financial resources of sectoral organisations for giving legal or any other assistance to members
HUP	Moderate lack	Moderate lack

Table 13: *Position on organisational capacities of employers' sectoral organisations to conclude sectoral collective agreements*

Name	Organisational capacities of sectoral organisations to conclude sectoral collective agreements	Organisational capacities of sectoral organisations to conclude sectoral collective agreements, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	Moderate	Moderate	Good	...	Moderate	...

The membership fee of the organisations that are members of HUP also represents the main source of financing.

### Roles and competencies

At the sectoral level, all the sectoral trade union organisations are representative, i.e. have the right to collectively bargain. The number of concluded sectoral collective agreements is the consequence of co-signing certain collective agreement by more trade unions in certain sectors. Trade unions that are not organised according to the sector structure have also reported collective agreements concluded with more important and stronger individual employers, or in parts of sectors, as sectoral collective agreements. The coverage of trade union membership with the collective agreements is

high (mostly over 50%), but the procedures of collective bargaining are considered quite disappointing by trade union central organisations, especially because of the lack of willingness of the employer organisation to conclude sectoral collective agreements. The coverage of trade union membership is also largely influenced by administrative broadening of the scope of the application of the collective agreement, through the decision of the minister with competence over labour issues, to all the employees in a certain sector (in a certain branch or field of activity). As regards collective bargaining, trade unions point to the problem of unclear representativeness of sectoral employer organisations (it is not clear who the employers are that these associations represent). Some trade unions also name the problem of disintegration of trade unions and mutual competition between trade unions themselves in the process of collective bargaining as important problems.

Table 14: *Sectoral collective agreements concluded in year 2005*

Name	Number of sectoral collective agreements concluded	Number of sectoral collective agreements concluded, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	5	3	2	...	...	...
NHS	5	1	1	3	0	0
URSH	2	1	0	1	0	0
HUS	7	3	2	1	1	0
UNI-Cro	...	...	8	...	...	...
Matica	...	...	...	...	...	...

Trade union central organisations evaluate the experiences of collective bargaining in the services, industrial and agricultural sectors as encouraging. When the perspective of sectoral collective bargaining in the next three years is evaluated, three trade union central organisations think that the importance of collective bargaining at this level shall increase and two think that it shall remain the same.

Table 15: *Experiences of trade union organisations with sectoral collective bargaining*

Name	Experiences with sectoral collective bargaining	Experiences with sectoral collective bargaining, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
SSSH	Quite disappointing	...	...	...	...	...
NHS	Quite disappointing	Not encouraging	Not encouraging	Not encouraging	Not encouraging	Not encouraging
URSH	Quite disappointing	Encouraging	Encouraging	Not encouraging	Encouraging	Not encouraging
HUS	Quite disappointing	Encouraging	...	Not encouraging	Not encouraging	Not encouraging
UNI-Cro	Quite disappointing	...	Encouraging	...	...	...
Matica	...	...	...	...	...	...

At the sectoral level, all the employer organisations are representative and have the right to collective bargaining. HUP declares that in 2005 they concluded one sectoral collective agreement, in the industrial sector, which differs from the trade union central organisation information. The coverage of members with collective bargaining agreements is relatively high, mainly between 20% and 50%, while the central organisation considers the procedures of collective bargaining to be quite good, regardless of the outcomes of the bargaining.

Table 16: *Sectoral collective agreements concluded in year 2005*

Name	Number of sectoral collective agreements concluded	Number of sectoral collective agreements concluded, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	1	1	0	0	0	0

Employer organisations see the experiences of sectoral collective bargaining in the industrial and private service sectors as encouraging. This association predicts that the importance of sectoral collective bargaining in the next three years shall decrease because of the increasing importance of the collective bargaining agreements concluded between trade unions and individual employers at the company level (so-called in-house collective agreements).

Table 17: *Experiences of employers' organisations with sectoral collective bargaining*

Name	Experiences with sectoral collective bargaining	Experiences with sectoral collective bargaining, according to sectors				
		Industrial sector	Services sector	Public sector	Agricultural sector	Other sectors
HUP	Quite good	Encouraging	Encouraging	...	Not encouraging	Not encouraging

## Social dialogue at company level

According to the observation of the trade union central organisations, at the company level, trade unions are often represented by a shop steward or a representative. Also, the existence of trade unions established at the company level (level of individual employers) is frequent. The activities of several trade unions present at one employer is also frequent. The status and organisation of trade unions at the company level is regulated by the Labour Act in the same way as it is regulated for the trade unions active at sector, branch or activity level. For the organisation of trade unions at the company level, there are also internal rules of trade unions (generally contained in the statute of the trade union) that are important, and they regulate the conditions for the establishment of trade union subsidiaries at the level of employers, as well as the procedure for the election or appointment of the shop steward and trade union representative. An employment contract in writing is a statutory obligation and is the dominant source of law for rights and obligations in an individual employment relationship.

Table 18: *Representation of trade union organisations at company level*

Name	Representation through		
	Shop steward	Trade union	Several trade unions in one workplace
SSSH	Often	Seldom	Often
NHS	Often	Often	Often
URSH	Often	Often	Often
HUS	Often	Often	Often
UNI-Cro	Often	Often	Often
Matica	...	...	...

As regards the frequency of existence of company-level collective agreements, the trade union central organisations with more numerous membership say that there is no data regarding them. Other central organisations estimate that, at this level, with larger employers this number is almost 100%. With the employers with fewer employees, the percentage of frequency of in-house collective agreements also decreases, so these trade union central organisations estimate that 20% to 25% of the employers with fewer than 50 employees have collective agreements.

Table 19: *Frequency of existence of company-level collective agreements*

Name	Employer with		
	More than 250 employees	50 to 249 employees	Fewer than 50 employees
SSSH	...	...	...
NHS	...	...	...
URSH	90–100%	90–100%	Up to 20%
HUS	...	...	...
UNI-Cro	100%	50%	25%
Matica	...	...	...

When bargaining at the company level, sectoral member organisations participate always or very often, and the position that there is no difference between the sectors is predominant. The opinion of most of the trade union central organisations is that the importance of company-level collective bargaining shall increase in the next three years. The trade union central organisations believe this is because there are no collective agreements at other levels and because the employer organisation is not prepared to conclude sectoral collective agreements. However, they also believe in the possibility that through the in-house collective agreements, trade unions may achieve higher levels of rights for workers than those achieved in sectoral collective bargaining agreements.

As regards the frequency of existence of works councils with employers, trade union central organisations with more numerous membership say that there is no data regarding them. Other central organisations estimate that with larger employers this percentage is almost 90% to 100%. With the employers with fewer employees, the percentage of existing works councils also decreases, so these trade union central organisations estimate that 20% or 50% of the employers with fewer than 50 employees have works councils. It should be noted that taking over the function of works council by a trade union is common.

Table 20: *Frequency of existence of company-level works councils*

Name	Employer with		
	More than 250 employees	50 to 249 employees	Fewer than 50 employees
SSSH	...	...	...
NHS	...	...	...
URSH	100%	100%	50%
HUS	...	...	...
UNI-Cro	90%	80%	20%
Matica	...	...	...

The unified trade union position that the number of works councils with the employers shall remain the same in the next three years is explained by the fact that they have already been established with most employers where legal preconditions exist for them.

The cooperation of trade unions with an employer and works council is evaluated in most cases as good, yet there are situations where employers prefer works councils to trade unions.

As regards the EU Directive on information and consultation at the workplace, it has not been implemented yet, but the estimates are that it may be implemented rather easily and that it could be used a lot.

At the company level, trade union central organisations see the conflicts on wages and dismissals as the main conflicts at the workplace, and as regards their resolution, they believe that there are no conflict resolution mechanisms, even though there is a need to develop them, or that the existing mechanisms should be developed.

Table 21: *Importance of conflicts at the workplace*

Name	Conflicts on wages	Conflicts on working hours	Conflicts on working conditions	Conflicts on dismissals	Conflicts on equal opportunities	Other issues
SSSH	Most important			Most important		
NHS				Most important		
URSH	Most important					
HUS				Most important		
UNI-Cro				Most important		
Matica	...	...	...	...	...	...

HUP estimates that, at the company level, more than 50% of employers have a trade union established with them.

Employment contracts in writing represent the statutory obligation and is the dominant source of law for rights and obligations in an individual employment relationship.

As regards the frequency of existence of company-level collective agreements, employer organisations with larger employers estimate that, at this level, this number is about 70%. With the employers with fewer employees, the percentage of frequency of in-house collective agreements also decreases, so employer organisations estimate that up to 30% of the employers with fewer than 50 employees have collective agreements.

When bargaining at the company level, sectoral member organisations of employer organisations only participate sometimes.

Table 22: *Frequency of existence of company-level collective agreements*

Name	Employer with		
	More than 250 employees	50 to 249 employees	Fewer than 50 employees
HUP	70%	55%	30%

Employer organisations are of the opinion that the importance of company-level collective bargaining shall increase in the next three years because it is arising from the interpretation of statutory provisions about the obligation to collectively bargain.

As regards the frequency of the existence of company-level collective agreements, employer organisations estimate that with larger employers, this number is almost 100%. With the employers with fewer employees, the percentage of the frequency of works councils also decreases, so employer organisations estimate that about 70% of the employers with fewer than 50 employees have works councils.

Employer organisations are of the opinion that the frequency of works councils shall increase in the next three years because of the statutory protection of the members of works councils, especially in relation to protection from dismissals, and also because of other privileges.

The cooperation of trade unions active with an employer and works councils employer organisation shall not evaluate it in order not to interfere with the internal affairs of workers' representatives.

Table 23: *Frequency of existence of company-level works councils*

Name	Employer with		
	More than 250 employees	50 to 249 employees	Fewer than 50 employees
HUP	100%	100%	70%

As regards the EU Directive on information and consultation at the workplace, employer organisations estimate that it may be implemented very easily but that there shall not be so much use of it in the sense of information and consultation.

Employer organisations consider the conflicts on dismissals to be the main conflict at the workplace, and as regards their resolution, they consider that there are no conflict resolution mechanisms available or that the existing mechanisms should be developed.

Table 24: *Importance of conflicts at the workplace*

Name	Conflicts on wages	Conflicts on working hours	Conflicts on working conditions	Conflicts on dismissals	Conflicts on equal opportunities	Other issues
HUP				Most important		

## Future development

As regards organisational capacities, the positive aspects of the organisation of social partners (relatively high level of membership in trade unions and employer organisations) are pointed out.

### Organisational capacities

The shortcoming is posed by the unequal organisational structuring of trade union and employer organisations and the non-existence of the statutory regulation to regulate the representativeness of trade unions and employer organisations. The problem is also posed by the fragmentation of social partners, particularly trade unions, and the problems with the very definitions of 'sector' and 'representativeness'.

As regards the development of capacities for sectoral social dialogue, trade union central organisations point to the necessity of developing a unified approach of trade unions towards employers and the government, as well as the necessity of real determination of employers (including the government, which still is the major employer) for social dialogue. The importance of the absolute necessity to abandon the approach according to which the competitiveness of the economy is built on cheap labour (workforce) is stressed. As a part of this, the necessity of resolving the issue of representativeness of both trade unions and employer organisations at the sectoral level is stressed. The estimation is that competition of trade unions among themselves weakens their bargaining positions. The need to strengthen the branch employer organisations in order for the trade unions to have an adequate partner at that level is also highlighted.

As regards sectoral social dialogue, employer organisations stress the importance of strengthening the personnel resources and educating/training the skilled personnel for social dialogue.

For the future of social dialogue at the company level, trade unions consider it important to further strengthen workers' participation, change the attitude of employers towards the trade unions (since they often see trade unions as an 'inevitable evil') and to address the issue of representativeness and the mutual competition of trade unions. For social dialogue at the company level, employer organisations point to the particular importance of utilisation of professional assistance of employers' sectoral organisations. There is also an appreciation of the intention to overcome the fragmentation on the trade union side. In addition, the criteria for representativeness of employer organisations for membership in national bodies of social dialogue and employer organisations and trade unions for collective bargaining should be introduced.

### **Skills capacities**

The strengths as regards the skills capacities are identified by social partners in the adequate number of skilled personnel for social dialogue, as well as in the high proportion of women in skilled personnel and management positions.

The shortcomings of skills capacities exist with certain trade unions and in trade union central organisations with a smaller number of members. There also exists a problem regarding the specific, specialist education of personnel, for which there is a lack of resources.

As regards the development of skills capacities at the sectoral level, trade union central organisations see the education/training of social partners, including the government, for social dialogue as essential. One of the trade unions points to the importance of the integration of trade unions, because only the larger trade unions may have the financial resources to educate/train the skilled personnel for social dialogue. In order to develop skills capacities for sectoral-level social dialogue, employer organisations see the importance of retaining the already employed skilled personnel and their further education/training for social dialogue by means of workshops or participation in collective bargaining as observers.

As regards the development of skills capacity for social dialogue at the company level, trade union central organisations point to the lifelong learning and building up the corporate culture as important. The participants of social dialogue at the company level should be included in the programmes of education for sectoral social dialogue. In this field, one of the trade union central organisations stresses the importance of integrating trade unions. Employer organisations in this field also find that, for the future, it is important to have the continuity of professionals and development of their education and training.

### **Financial capacities**

As regards financial capacities, the strengths are the stability and continuity of an influx of resources and the independence related to the financing almost exclusively from membership payments.

The weakness is the fact that there is no rule regarding the internal distribution of trade union membership fees between the affiliates, trade unions and central organisations. There is also a lack of resources for further strengthening the social dialogue capacities.

Trade unions declare that in order to develop the sectoral social dialogue, the government should invest more resources for education/training of social partners (seminars, workshops, etc.) and also that trade union property should be distributed. One of the trade unions in this field stresses the importance of integrating trade unions and points to the necessity of more substantial efforts of trade unions to attract new members. Employer organisations see the opportunities to develop financial capacities for social dialogue in increasing the number of members of the association and in affirming the entrepreneurship and organisations of entrepreneurs.

As regards the social dialogue at the company level, one of trade union central organisations points to the necessity of continuous education/training of works councils, health and safety representatives and shop stewards and trade union representatives, all at the cost of the employer. Employer organisations estimate that this level of social dialogue could be developed if the cost employers bear in relation to education and membership in employer organisations would be exempt from taxation.

### **Social dialogue capacities**

One of trade union central organisations is of the opinion that the social dialogue capacity could be developed by establishing an endowment to finance the activities aimed at the development of social dialogue. The named endowment could also be financed from the agency fee. The importance of the education/training and re-adaptation of employees and acceptance of the concept of lifelong learning is also stressed.

Employer organisations consider that it would have a positive influence on sectoral social dialogue if large government-owned companies would be members of employer organisations (this membership is now obstructed by the government). Employer organisations think that social dialogue at company level could also be developed by sending skilled personnel from the employer side to volunteer in the employer organisations.

**Professor Željko Potočnjak and Viktor Gotovac**, Faculty of Law, University of Zagreb

## Annex

### List of participants

Workshop on Social dialogue capacity-building at sectoral and company level in the new Member States, Bulgaria, Croatia, Romania and Turkey  
9–10 October 2006  
Dubrovnik  
Croatia

#### *Government*

Ms Jasmina Cvetkovic  
VLADA – Governmental Office for Social Partnership  
Mesnicka 23  
10 000 Zagreb  
Phone: 00385 1 630 3221  
Fax: 00385 1 630 3092  
E-mail: [jasmina.cvetkovic@vlada.hr](mailto:jasmina.cvetkovic@vlada.hr)

Mr Ivan Rebac  
Senior Advisor  
Ministry of Economy, Labour and Entrepreneurship  
Ulica grada Vukovara 78  
10000 Zagreb  
Phone: 00385 1 610 9239  
Fax: 00385 1 610 9300  
E-mail: [ivan.rebac@mingorp.hr](mailto:ivan.rebac@mingorp.hr)

#### *Employers*

Ms Milka Kosanovic  
HUP – Croatian Employers' Association  
Trg Ljudevita Gaja 6  
31000 Osijek  
Phone: 00385 31 251012  
Fax: 00385 31 251013  
E-mail: [milka.kosanovic@hup.hr](mailto:milka.kosanovic@hup.hr)

Ms Jasna Kulusic  
Croatian Employers' Association  
Dolac 8  
51000 Rijeka  
Phone: 00385 51 321 495  
Fax: 00385 51 321 499  
E-mail: [jasna.kulusic@hup.hr](mailto:jasna.kulusic@hup.hr)

*Trade Unions*

Mr Luka Benko  
URSH – Workers' Trade Union Association of Croatia  
Kralja Držislava 4  
10000 Zagreb  
Phone: 00385 1 461 2899  
Fax: 00385 1 461 2896  
E-mail: luka.benko@glas.hr

Mr Ivan Forgac  
President  
Croatian Railwaymen Trade Union  
Strojarska 17  
10000 Zagreb  
Phone: 00385 1 3783 108  
Fax: 00385 1 3783 140  
E-mail: ivan.forgac@zg.t-com.hr or ivan.forgac@shz.hr or sindikat-hrvatskih-zeljeznicara@zg.htnet.hr

Ms Marija Hanzevacki  
General Secretary  
Independent Trade Unions of Croatia  
Trg Francuske Republike 9/V  
10000 Zagreb  
Phone: 00385 1 390 8622  
Fax: 00385 1 390 8621  
E-mail: nhs@nhs.hr

Mr Stjepan Kolaric  
President  
UNI-CRO Service Trade Unions  
Brescenskog 4  
10000 Zagreb  
Phone: 00385 1 4501 470  
Fax: 00385 1 4554 590  
E-mail: stjepan.kolaric@unicro.hr or skolaric@singraf.htnet.hr or stjepan.kolaric@sindikat-graficara.hr

Ms Ana Milicevic-Pezelj  
SSSH – Union of Autonomous Trade Unions of Croatia  
Trg Petra Kresimira 2/V  
10000 Zagreb  
Phone: 00385 1 465 5048  
Fax: 00385 1 465 5040  
E-mail: ana.pezelj@sssh.hr