European Foundation for the Improvement of Living and Working Conditions

Capacity building for social dialogue at sectoral and company level

Czech Republic

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Introduction

The fundamental principles for creating mechanisms and procedures of social dialogue are enshrined in the Constitutional Act no. 2/1993 Coll., Charter of Fundamental Rights and Freedoms. In article 27, it guarantees the right of freedom of peaceful assembly and of freedom of association with others for protection of interests and therefore it guaranties general conditions for enforcement of principles of social dialogue, including collective bargaining in practice.

There is no separate law regulating trade union rights and collective bargaining. It is regulated via several pieces of legislation. The most important is Act no. 65/1965 Coll., Labour Code (hereafter referred to as 'Labour Code'), which apart from complex regulation of individual industrial relations creates a fundamental base for making collective agreements and also regulates some rights and obligations of trade unions.

Act No. 83/1990 Coll., on employee organisations, as amended, governs the formation of trade unions and employer organisations. Employee organisations, which are formed under this Act, are subjects of registration with the Ministry of Interior Affairs of the Czech Republic; trade unions and employer organisations are required to register, without the government interfering in either formation or work. A proposal for registration, along with regulations of association, can be launched by at least three people, from whom at least one is older than 18. The association obtains legal status on the day after the delivery of the proposal to the Ministry of the Interior Affairs of the Czech Republic. Along with Act No. 83/1990, some employer organisations are established as special-interest associations of legal entities in conformity with Act No. 40/1964 Coll., the Civil Code, as amended.

Some relations between trade union organisations and employers are governed by Act No. 120/1990 Coll., as amended.

Regulation of collective relations is further governed by Act No. 2/1991 Coll., on collective bargaining (hereafter referred to as 'collective bargaining Act'). The collective bargaining Act sets out basic rules and procedures for collective bargaining, both at enterprise level and at higher-than-enterprise level, i.e. between employer organisations and trade union organisations, and it regulates the process of the settlement of collective disputes (disputes where the claims of individual employees do not appear).

Social dialogue at sectoral level

Social dialogue in the Czech Republic mainly proceeds at the national and company level, but the existence of sectoral social dialogue is undeniable, even though it is not as developed as it is in other EU Member States. The main factors are:

- the Czech legal system does not define 'sector' and diversification of the particular sectors or branches is not clear;
- very low willingness of employers to delegate collective bargaining powers to sectoral employer organisations;
- non-existence of social partners, especially in the public sector and particularly from the employer side;
- sectoral trade union associations do not affiliate members strictly in conformity with the sector.

Act No. 2/1990 Coll., on collective bargaining, distinguishes enterprise-level collective agreements (hereafter referred to as 'ELCA'), concluded between the particular trade union organisation and an employer, and higher-level collective agreements (hereafter referred to as 'HLCA'), concluded for a larger number of employers between the particular sectoral trade union organisation and sectoral employer organisation. Czech law does not recognise sectoral collective

agreements covering an entire sector; if sectoral collective agreements are mentioned in the Czech Republic, they tend to be designated as HLCAs, regardless of their actual coverage.

The situation is different in the public sector. First of all, there is no representative of an employer in government administration organisations who would be entitled to take part in collective bargaining. In contrast to the private sector, collective bargaining in the public sector is limited by close links to the national budget, which particularly limits collective bargaining on wages and moreover on other labour law entitlements resulting from the Labour Code. Even though there is no collective bargaining on wages between social partners at sectoral level, it is necessary to point out that social dialogue in the public sector does exist at national level. Representatives of government and trade union organisations make written or oral agreements, which are not legally binding, but which are a 'gentlemen's agreement', respected and abided by all involved parties, and results in government decrees on wages of employees in the public sector and in administration.

The organisations that are established by local authorities have wider bounds for collective bargaining. They can agree on increasing wages (unlike government administration organisations) because they pay their employees from their own budgets; therefore, the range of collective bargaining at company level is much wider.

In spite of the existence of the Union of Towns and Municipalities of the Czech Republic and association of districts, the employer representative who can conclude HLCAs is missing, because those organisations are not legally entitled to collective bargaining, and therefore the collective bargaining concentrates at enterprise level.

The Trade Union of State Bodies and Organisations, which is a member of the Czech-Moravian Confederation of Trade Unions (hereafter referred to as 'ČMKOS') is, despite the obstacles mentioned above, very active, and it concentrates on collective bargaining at enterprise level, particularly at local self-government level. Out of 779 trade unions which act at local self-government organisations, 693 (89%) have been successful in concluding ELCAs.

Higher-level collective agreements

As mentioned above, collective bargaining at sectoral level in the Czech Republic is undertaken by trade union organisations and employer organisations. All trade union organisations, which are affiliated in ČMKOS and the Association of Autonomous Trade Unions (hereafter referred to as 'ASO'), have a mandate to negotiate collective agreements at sectoral level. The Confederation of Industry of the Czech Republic (hereafter referred to as 'SP ČR') and the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic (hereafter referred to as 'KZPS ČR') claims that not all their members have a mandate to negotiate collective agreements. According to ČMKOS, there are 12 trade union organisations (out of 33 of its members) which cannot negotiate because of the non-existence of a social partner and other nine employer organisations do not negotiate with its members because they do not have a mandate to negotiate from their members or the right to do so at sectoral level.

HLCAs are binding only on members of organisations which concluded the HLCA, apart from the case of the extension of the HLCA to other employers. The number of HLCAs concluded every year is quite stable, at roughly 20 per year. Their coverage is slightly above 30%. Data which shows the coverage of HLCAs concluded by members of ČMKOS, on number of employees, are enclosed in Appendix 1.

There were 21 HLCAs concluded in the Czech Republic in 2005. The number of concluded HLCAs by particular central organisation is shown in Table 1.

Table 1: *Total number of HLCAs by central organisation (2005)*

	SP ČR	KZPS ČR	ČMKOS	ASO
Total number of HLCAs concluded in 2005	10	3	18	3
From which:				
in the industrial sector	5	1	13	0
in the service sector	3	1	5	1
in the public sector	1	0	0	0
in the agriculture sector	0	1	0	2
other sectors	1	0	0	0

The general reason for negotiating and concluding HLCAs is a need for minimum standards in industrial relations. The law does not determine obligatory contents of collective agreements, but it sets up certain limitations. The Labour Code stipulates that employees' wages and other labour law entitlements may only be increased and extended within the framework set out by the labour law regulations. It means that labour law entitlements beyond the framework defined by law may only be incorporated into collective agreements if explicitly allowed to do so. From a legal theory point of view, this limitation is considered to be an obstacle, which can seriously restrict contractual freedom of social partners.

In addition, there is still the general principle that no part of a collective agreement may run counter to the legal regulations; otherwise, that collective agreement is invalid.

HLCAs usually differ in the amount of agreed obligations, but from the structural point of view, they are very similar. Labour law entitlements, which are mostly agreed at sectoral level, include the following:

- regulations of collective labour law relations;
- wages regulations;
- reducing working hours below the limit stipulated by Labour Code;
- extension of leave;
- increasing redundancy payments above the legal regulation;
- extension of working benefits.

In light of the two-tier nature of collective agreements, the law deals with the relation between ELCAs and HLCAs. There is no direct link between them in terms of superiority of HLCAs over ELCAs, but for employers who do not have concluded ELCAs, the undertakings agreed in the HLCA are directly binding.

Moreover, any part of ELCAs covering employees' entitlements in smaller scope than is stipulated by HLCA is invalid, as is any part which guarantees employees wages in a grater scope than that stipulated by the HLCA as the maximum admissible. The application of this wages limit in HLCAs is not much used in practice.

Extension of binding force of higher-level collective agreements

This legal institution has been used since the early 1990s. Act No. 2/1991 Coll., on collective bargaining, stipulated general principles of the extension of binding force of HLCAs, but there were no detailed terms for extension of HLCAs,

including procedural aspects. Social partners, politicians and lawyers only made the objectives, procedure, subject or participants of extension concrete. Right from the beginning, the application of the extension of the binding force of HLCAs was accompanied by debate between the social partners in the political sphere and also in professional legal circles. Finally, the Constitutional Court ruled to annul Article 7 of the Act, which dealt with the extension of the binding force of HLCAs, in 2004. An amendment of the collective bargaining Act has been effective since 1 July 2005. It has brought new methods of extension. Contrary to previous regulation, it has clearly stipulated conditions under which HLCAs can be binding for other employers with prevailing activity in the same sector and it has also stipulated who is entitled to propose extension of binding force of HLCAs.

Only employer organisations which are the biggest in the sector in terms of the number of employees in affiliated companies or the trade union organisation which is the biggest union in terms of membership in the sector can propose extension of HCLA. HLCA is extended directly ex lege on all employers whose core business falls under the sector as defined by NACE, administered by Czech Statistical Office.

The Ministry of Labour, Law and Social Affairs does not examine the content of HLCAs – it can only control whether all conditions stipulated by the law are fulfilled. Afterwards it sends a notification of extension of binding force of HLCA on other employers and it is effective from the first day of the next month which follows after Notification in Collection of Laws.

In general we can say that excluding the three-year period from 1996 to 1998, the number of extended HLCAs was increasing until 2004, when the article dealing with extension was annulled by the Constitutional Court. Evaluation of new legal regulation is considered as too early, as it has been effective only from 2005. The number of extended HLCAs is outlined in Table 2.

Table 2: *Number of extended HLCAs*

Year	Number of extended HLCAs	Number of employers who are bound by the extension
1994	6	56
1995	5	12
1996	0	0
1997	0	0
1998	0	0
1999	7	2,279
2000	5	2,047
2001	5	3,885
2002	11	2,869
2003	15	3,308
2004	0	Annulled by Constitutional Court
2005	1	3,130 *
2006	2	n.a.

*This data has been provided by ČMKOS. Other data are based on Ministry of Labour and Social Affairs statistics.

Main actors

Organisation of social dialogue at sectoral level, if it does exist, is considered by trade unions and employer organisations as relatively good.

Sectoral employer organisations usually set down bargaining teams for negotiating collective agreements. These teams are not permanent; they are set ad hoc and consist of chosen representatives of companies who are affiliated in a sectoral employer organisation, which does negotiate. The teams usually assess the economic scope of employers and sets limits for collective bargaining before negotiating with a sectoral trade union organisation.

A similar method is used by trade union organisations. Nowadays ČMKOS has around 25 negotiating teams with 118 members. All social partners claim that the HLCA is concluded usually after a few rounds of negotiating.

Social partners were asked to describe the organisational capacities of the sectoral trade union organisations to conclude sectoral collective agreements. They were not able to evaluate the situation by each sector, as they do not monitor it. In general, employer organisations mainly consider the quality of HLCAs as relatively poor, as many articles of the HLCA are just rewritten versions of legal regulation. Many articles of HLCAs are very general with reference to specific articles included in ELCA.

All those drawbacks are caused by the present legislation, which does not give a wide scope for negotiating (the Labour Code is based on the principle 'what is not allowed is forbidden'), and by the different economic backgrounds of member employers. It leads employer organisations to evade collective bargaining completely – they do not want to stipulate wage schedules, extension of redundancy and extension of leave. They usually try to transfer it into enterprise level.

Social partners have very good experience with collective bargaining at sectoral level in the chemical, electro-technical, glass and ceramic industries as well as in the agricultural and service sectors.

The main leaders of social dialogue at national level were set up successively after 1989. On one hand are the trade union organisations – Czech-Moravian Confederation of Trade Unions (ČMKOS), Association of Autonomous Trade Unions (ASO), The Confederation of Art and Culture (KUK), Trade Union Association of Bohemia, Moravia and Silesia (OS ČMS), Christian Trade Union Coalition (KOK) – and on the other hand are the employer organisations – Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic (KZPS ČR), Confederation of Industry of the Czech Republic (SP ČR).

Representative social partners are associated in the Council of Economic and Social Agreement of the Czech Republic, which is the institutionalised form of the tripartite mechanism. Social partners which fulfil representativeness criteria as a condition of membership in the RHSD ČR were interviewed.

Czech-Moravian Confederation of Trade Unions (ČMKOS)

ČMKOS is the biggest trade union federation in the Czech Republic, with 33 sectoral trade union organisation affiliates, from which:

- seven in the industrial sector;
- 10 in the service sector;
- 14 in the public sector;
- two others.

It is necessary to highlight that the above division of trade union organisations into sectors is only approximate, as affiliation in sectoral trade union organisations is not strictly abided. Many members of sectoral trade unions can come from different sectors; it is not monitored and therefore impossible to provide precise data.

ČMKOS affiliates 541,000 members altogether, from which around one-third are members of the biggest sectoral trade union, KOVO. It wasn't possible to get data by each sector, as ČMKOS does not monitor it.

All members affiliated in ČMKOS are entitled to negotiate HLCAs, but according to ČMKOS, 12 out of 33 members do not negotiate because there is no social partner on the employers' side, while another nine do not negotiate because they do not have a mandate given by its members to do so.

Altogether there have been 18 concluded HLCAs by 13 membership trade union organisations of ČMKOS.

Association of Autonomous Trade Unions (ASO)

The Association of Autonomous Trade Unions was established in 1995 and has been a member of RHSD since 2000. It currently affiliates 15 sectoral trade union organisations, from which:

- three in industrial sector;
- four in service sector;
- five in public sector;
- one in agriculture;
- two others.

All members are entitled to negotiate HLCAs, but only three of them concluded HLCAs in 2005. ASO affiliates number around 170,000 members, but it wasn't possible to get data by each sector.

The trade union of agricultural workers, which is a member of ASO, tried to extend binding force of HLCA on other employers in agriculture, but according to the chairman of ASO, they decided not to do so because they found the legislation to be too complicated. The situation in the agricultural sector is very complicated because there are two sectoral trade unions (with similar number of members) and they have to prove they are the biggest in the sector.

Confederation of Industry of the Czech Republic (SP ČR)

The Confederation of Industry of the Czech Republic is the biggest central employer organisation in the Czech Republic. It was established in 1990 and affiliates 1,573 organisations and employers, including 21 sectoral employer organisations, from which:

- 15 in industrial sector + Union of Czech production co-operatives (SČMVD) +;
- three in service sector;
- two others.

Some 668 enterprises are affiliated in those sectoral employer organisations, from which:

- 490 + 29 in SČMVD in industrial sector;
- 49 in service sector;
- 100 others.

+ Union of Czech production cooperatives is a member of both SP ČR and KZPS.

Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic (KZPS)
The Confederation was established in 1990 and affiliates seven sectoral employer organisations, from which:

- three in industrial sector + Union of Czech production cooperatives;
- one in agricultural sector;
- two others.

There are 24,000 affiliated companies. This number does not include data of the union of employer organisations in the Czech Republic. Data would be biased and therefore they are mentioned separately. Employers affiliated in the union come from all sectors. It affiliates 2,253 employers + 14,098 private medical ambulances and 2,371 employers in the education sector (some of them employ fewer than 10 people).

Declining membership is considered as the biggest problem trade union organisations have to deal with. The number of members of trade union organisations is falling in all sectors. Even though there has been a notable slowdown in the decline since 2005, the situation is becoming stable, and regardless of the decline, trade unions are successful at recruiting new members. The main reasons of decline are redundancy, restructuring and no interest of people in membership, especially the younger generation.

The situation in employer organisations is similar. Declining tendency has stopped and the number of members has become stable.

Organisational capacities

Central employer organisations have very a low number of full-time employers and there are no specialists who concentrate on collective bargaining only. The range of activities which are assigned by central organisations is very wide. Major activities concentrate on commerce activities because they are a source of income, which is necessary for functioning and the existence of employer organisations.

Because of lack of experts for collective barging, they usually use experts who are employed in membership enterprises (managers, personnel managers, etc.).

The same situation exists in sectoral organisations. The enterprises use their own employees (lawyers) or attorney offices for legal consultancy. Sectoral employer organisations concentrate on standing up for economic interests towards government, and they coordinate activities, etc.

Central employer organisations do not monitor how many employees work at sectoral employer organisations. SP ČR employs 25 people on a full-time basis, from which 11 are men and 14 are women; KZPS employs only one employee full time.

Compared to employer organisations, *trade unions* have a much higher number of experts, who deal with collective bargaining, labour law, health and safety and labour law in itself, and they also have more administrative staff employed.

Many sectoral trade unions have very qualified apparatus. Some sectoral trade unions have regional offices which assign methodological assistance to its members in case of collective bargaining at enterprise level. It is necessary to highlight that personnel differs from union to union. Most sectoral trade union organisations expect that if the new Labour Code is passed, it will be necessary to hire other full-time staff because of the widening of the collective bargaining field.

Central organisations do not monitor numbers of employees working for sectoral trade union organisations. The partial data which are available should help to outline the existing situation. In 12 sectoral trade union organisations, affiliated in ČMKOS, with 215,700 members, employ 191 full-time employees (68 men and 123 women), from which:

- 59 in industrial sector;
- 45 in service sector;
- 77 in public sector.

Financial capacities

The financial situation of sectoral employer organisations affiliated in SP ČR and KZPS depends on the number of affiliated enterprises and their economic potential. That is the main criteria for setting membership fees. Activities of sectoral employer organisations are covered in one-third by membership fees. Other sources of financing come from shares of revenue from property letting, service activities for its members, project activities or other economic activities. In general, it is considered as moderate.

A similar situation exists in trade unions. The financial situation in sectoral trade union organisations depends on the number of affiliated unions and their size. Other sources of financing come from donations, property letting, etc. Most organisations also collect a government allowance to cover the cost of monitoring occupational health and safety under article 136 of the Labour Code. The size of the allowance is fixed according to the number of members the trade union has. Allowance forms a considerable part of some federations' budget, but it cannot be used for other purposes than set down by Labour Code.

Social dialogue at company level

Legal environment

The key legislation for social dialogue and collective bargaining is described above.

We will now concentrate on Act No. 120/1990 Coll., governing certain relations between trade union organisations and employers. The Act sets out the regulations for partnership between trade union authorities operating alongside one another. The employer, where so required by the legislation, must discuss his measures or get an approval from the relevant authorities of all trade union organisations, if it is not agreed otherwise. If the authorities of all trade union organisations do not agree within 15 days of being requested, the decisive standpoint is that of the trade union organisation with the largest number of members at the employer. If the issues involved concern an individual employee, the employer negotiates with the relevant authority of the trade union the employee is a member of. If the employee is not in the trade union, the employer negotiates with the relevant authority of the trade union organisation which has the largest number of members at the employer (unless the employee specifies otherwise).

In case of negotiating a collective agreement, the law stipulates that the authorities of trade union organisations acting in parallel at an employer may only negotiate a collective agreement jointly and in concord if they do not agree otherwise.

The Act is not entirely practical, as it is founded on the principle of absolute trade union plurality and its application often causes practical problems when enterprise collective agreements are negotiated. Collective bargaining may in practice be blocked if one of the trade union organisations (even with an abnormally small number of members) obstructs agreement for only minor matters.

From the opposite perspective, i.e. from the point of view of smaller trade union organisations, it is highly regarded as essential if minority unions are to assert their own opinions.

There has been widespread debate about the principle of representativeness because of the new Labour Code, which has been valid since May 2006 and which will become effective on 1 January 2007. The Labour Code breaches the principle of absolute plurality in favour of the trade union organisation which has the largest number of members at the employer. It stipulates that if all trade union organisations acting in parallel at the employer do not negotiate a collective agreement jointly and in concord, the employer is entitled to conclude a collective agreement with the trade union organisation(s) with largest number of members at the employer.

Works councils

Works councils started to be formed after 1 January 2001 under new regulations based on EU Directive 94/45/EU, to assign communication between employers and employees. A works council can be elected if there are more than 25 employees employed by the employer and there is no trade union organisation. In the Czech Republic, works councils and trade unions cannot act in parallel at the employer. When the trade union organisation proves to the employer that it has been established and is functioning, the works council expires and the trade union organisation takes over all rights to act on behalf of employees. Thus, the parallel existence of works councils and trade union organisations is impossible.

Compared to trade union organisations, the rights of works councils are distinctively narrowed and they exist only in order to ensure the rights to information and consultation. They do not have the status of a legal entity, they do not have a right to negotiate collective agreements and they cannot call a strike.

The precise number of works councils in the Czech Republic is not available, but it is estimated that there is only negligible number of them (i.e. ČMKOS knows of five works councils in the Czech Republic).

Social partners do not expect that the number of works council will increase because of the existing legal regulation and long-time tradition of trade unions.

Enterprise-level collective agreements

Collective bargaining aimed at concluding ELCAs represents the most important form of social dialogue in the Czech Republic. Trade union organisation is acting in about 20% to 50% of enterprises and around 30% of employees are covered by ELCAs. It is very difficult to assess how common it is to have ELCA in companies divided by number of employees, but social partners assess that it should be in companies with 50 to 249 employees and those with more than 250 employees.

Enterprise-level collective agreements can only regulate wages or other entitlements ensuing from Labour Code relations, within the framework of the provisions of the Labour Code. They cannot regulate lower entitlements than are guaranteed by effective legislation, and provisions of ELCAs which do so are invalid.

The legal system of the Czech Republic is based on the principle that a trade union organisation which is acting at the employer represents all employees, regardless of whether or not they are members of the trade union organisation. If the trade union organisation concludes an ELCA, its provisions are legally binding for all employees. On the one hand, trade union organisations consider this fact as disadvantageous, because employees are not motivated to become members of trade union organisations and their position is getting weaker. On the other hand, it is necessary to point out that other social partners see it as advantageous, because it strengthens their representativeness and power as they act on behalf of a great number of employees, even though the membership of trade union organisations is declining.

The participants of collective bargaining on negotiating collective agreements are usually representatives of trade union organisations acting at particular employers. Under certain circumstances, representatives of sectoral trade union organisations take part in negotiating. Direct participation is very rare, but they often act as consultants. Most sectoral trade union organisations send methodological instructions for collective bargaining, which consist of sample ELCA, and proposals of what they should try to achieve in the company field to trade union organisations at company level.

Employers rarely ask sectoral employer organisations for assistance with negotiating collective agreements.

Entitlements to wages and to reimbursement of travelling expenses, which can be regulated under labour law in collective bargaining agreements, may be set out in an employer's internal regulations if no trade union organisation has been formed by such an employer's employees.

If certain rights ensuing from labour relations are regulated both by a collective bargaining agreement and internal regulations which were issued prior to the formation of a trade union organisation, the arrangements contained in the collective agreement shall apply.

If there is a trade union organisation acting at the employer but an ELCA has not been concluded, the employer cannot issue such a regulation and employees are entitled only to rights guaranteed by labour law legislation or by individual employment contracts.

Negotiating working conditions in employment contracts is very common. The employment contracts shall be written and it is required to come to an agreement on the type of work in which the employee will be engaged, the place where the work will be carried out and the day the employee will take up his/her work. In addition, they can agree on other conditions.

Conflict resolution

Dispute settlements are regulated by Act No. 2/1990 Coll., on collective bargaining, as amended. It regulates proceeding before a mediator and arbitrator, strike and lock out.

Where the contracting parties fail to agree on solving disputes, relating to the conclusion of a collective agreement and disputes concerning the fulfilment of obligations arising from a collective agreement, they can appoint a mediator. Where they fail to agree on a certain mediator, he/she shall be appointed by the Ministry of Labour and Social Affairs.

If the mediator is unsuccessful, the contracting parties can apply to an arbitrator to decide their dispute. In cases stipulated by the Act, the arbitrator shall be appointed by the Ministry.

Some social partners consider proceedings before a mediator and arbitrator as unreasonably protracted and that is the main reason for seeking other possibilities of how to solve disputes. Some of them set solving disputes in their collective agreements or they try to solve them ad hoc by informal bargaining. The provisions of collective agreements set out parity arbitration committees, which would solve potential disputes or which would interpret disputable provisions of collective agreements.

However, the Ministry of Labour and Social Affairs received 12 applications for appointing a mediator or arbitrator in 2005 (proceedings where the mediators and arbitrators were appointed without the Ministry's assistance are not included).

The most common disputes are on wages and dismissals.

Implementation of the EU Directive establishing a general framework for informing and consulting employees in the European Community

Since February 2006, there has been an effective amendment of the Labour Code, by which the Czech Republic fully implemented EU Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community.

According to social partners, the Czech legal regulation was very detailed and implementation of the EU Directive to the Czech legal system has been complicated and it will not affect informing and consulting employees in practice.

Future development

Currently the number of HLCAs which are concluded is quite stable. The period for which HLCAs are concluded has been gradually lengthened. Usually they have been concluded for a period of two to three years, expect provisions concerning wages, which has still been negotiated for one year.

A longer period can help to make negotiating more stable and to improve the quality of undertakings, e.g. corporate social policy and its financing, or negotiating more stable terms for work of the trade union organisations in ELCAs.

Relatively new regulation of extension on binding power of HLCAs might also influence development of social dialogue in the Czech Republic.

Social partners have various opinions on the development of social dialogue in the Czech Republic and of factors which can improve it (see Table 3).

Table 3: *Development of social dialogue in the Czech Republic*

	Sectoral level	Company level
Trade union	Czech Republic should ratify ILO Convention No. 154 concerning promotion of collective bargaining	ČMKOS prepares interpretation of new Labour Code and provides seminars for its members
	Better use of extension of binding force of HLCAs	Finding a way how employees who are not members of trade unions should contribute to trade unions, as they act on their behalf
	Change of legal regulation to strengthen social dialogue and collective bargaining	
	Greater promotion of collective bargaining outcomes	
Employer organisations	Improving financing by providing complete consultancy services, which should be paid	
	Change of legal regulation to strengthen social dialogue and collective bargaining	
	Strengthening of personal capacities, greater specialisation and qualification	

It is necessary to highlight that the new Labour Code, which has been valid since May 2006 and which will be effective from 1 January 2007, can also noticeably influence social dialogue in the Czech Republic, especially changing the principle that 'what is not allowed is forbidden' to the principle 'what is not forbidden is allowed', which would broaden the scope for collective bargaining.

In general, it is very difficult to assess how social dialogue will develop in the Czech Republic in the near future.

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Annex

Outcome of the workshop

Strengths of social dialogue at sectoral level

Organisational capacities:
- coverage of all sectors by trade unions and employer organisations;
- good cooperation and coordination;
- extension of higher-level collective agreements to other employers.

Personnel capacities:
- personnel with wide range of experience;
- enthusiasm of personnel.

Financial capacities:
- member fees can be deducted from taxation base.

Strengths of social dialogue at company level

Organisational capacities:
- concluded enterprise-level collective agreements cover all employees in the company, regardless of their trade union membership;
- very good professional and advisory support of sectoral organisations in case that company's representatives have problems with collective bargaining.

Personnel capacities:
- trade union representatives operate directly in companies.

Financial capacities:
- possibility to negotiate during working hours.

Weaknesses of social dialogue at sectoral level

Organisational capacities:
- members are not strictly affiliated by sectors;
- not all employer organisations have a mandate to conclude collective agreements given by their members.

Personnel capacities:
- lack of experts with focus on law, taxes, etc.;
- lack of personnel caused by lack of finances.

Financial capacities:
- lack of finances.

Weaknesses of social dialogue at company level

Organisational capacities:
- absence of social dialogue in small and medium companies;
- trade union density;
- very limited space for collective bargaining.

Personnel capacities:
- low ability of company representatives to negotiate at company level.

Financial capacities:
- member fees are paid by members only, even though ELCAs cover all employees in the company, thus employees are not motivated to join trade unions.

Foresight project

The aim is to eliminate the most relevant weaknesses in current organisational capacities at sectoral and company level.

WHAT

Dealing with low density.

WHY

It is necessary to overcome young people's negative perception of social dialogue, industrial relations and social rights, as membership in trade unions is declining and ageing.

WHO

All social partners.

WHEN

Continually.

WHERE

In schools and colleges.

WHICH
- Firstly, there should be an initiative of social partners towards a tripartite body.
- Preparing an educational programme.
- Further involving social partners by organising extra seminars directly in schools and colleges.

List of participants

Social dialogue capacity-building at sectoral and company level in Cyprus, Czech Republic, Hungary, Poland and Slovenia
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Sofia, Bulgaria

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