

**INDUSTRIAL RELATIONS IN
ITALY, CZECH REPUBLIC, SLOVAKIA,
BULGARIA AND ROMANIA**

Salvo Leonardi; Bratislava, 28 April 2006

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National variables

- **general context (historical; geographical)**
- **international market bonds**
- **economical and technological development**
- **the labour market and the employment structure**
- **the role of the State**
- **legal cultures**
- **ideology and attitudes of the actors**

What does it differ?

- the differences that already existed in the socialist past;
- the option and “transition trajectories” that have taken during the transformation process;
- the progress they have achieved so far.

What is common?

- the transition from the former state-controlled economies toward a market economy and a new democratic orders;
- the establishment of a basic legislative framework for industrial relations, strongly influenced by international organisations (IMF, WB, ILO)
- the transposition of the so called “*acquis communitaire*”.

Issues and objectives

- **The extent and the quality of industrial relations among the social partners**
- **The role of the social dialogue within the national political systems**
- **The role of the State in industrial relations: degree of formalisation and institutionalisation**
- **Coverage and centralisation of the contractual system**
- **The employees' participation and representation system at the workplace**

The industrial relations

- **the norms**
which rule the use of the workforce;
- **the matters**
employment relationship, wages, work conditions, union recognition, collective negotiation, welfare schemes, etc.
- **role of the actors**
Employers/Associations;
Employees/Trade Unions/Representative bodies;
State/public actors.
- **methods and procedures**
conflict, participation, collective bargaining, legislation

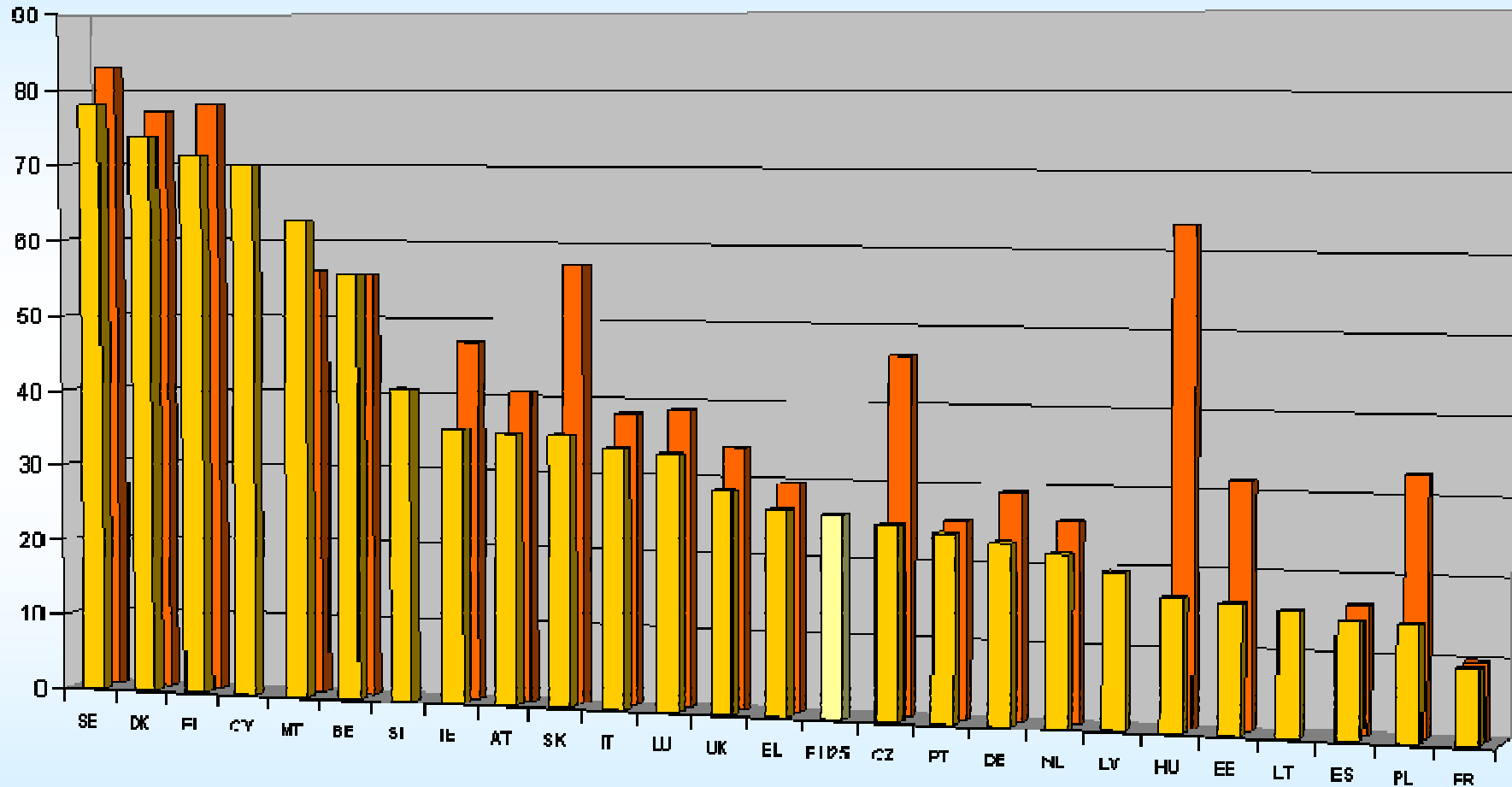
Sub-thematic classification

- **Social partners**
- **Social dialogue and tripartite concertation**
- **Collective bargaining**
- **Employees' participation**
- **Employees' representatives at the workplace**
- **Conflict**

A well structured industrial relation machinery contributes:

- **to transform the social conflict (work disputes) in consensual agreements between the social parties**
- **to give a socially acceptable framework to the market and economic dynamics in order to reduce the uncertainty of the strategic decisions**
- **to preserve the stability of the political system in the long time to favour the development and the social peace and cohesion ensemble**

Union Density in Europe: 1995-2005



	SE	DK	FI	CY	MT	BE	SI	IE	AT	SK	IT	LU	UK	EL	EU25	CZ	PT	DE	NL	LV	HU	EE	LT	ES	PL
1995	78	74	71	70	63	56	41	36	35	35	34	34	29	27	23	25	24	23	22	20	17	17	16	15	15
2005	83	77	70	70	63	56	41	47	41	57	30	33	34	30	45	46	25	23	23	62	28	10	11	16	30

- Union structure in the 5 Member States

	N°	Confederations	Main division between confederations	Unions of largest	Main division affiliates
BG	2+1	<u>CITUB</u> , Podkrepa, Promiana	Political;		
CZ	1+3	<u>CMKOS</u> ; ASO; KUK; CMS; KOK	Political; religious; regional; occupational	33	Sector
IT	3 plus	<u>CGIL</u> ; <u>CISL</u> ; <u>UIL</u> and other smaller peak organisations	Political; religious	13	Sector
RO	5	<u>Fratia</u> , <u>BNS</u> , CSDR, Meridian, Cartel Alfa	Political; religious		
SK	1	KOZ		37	Sector

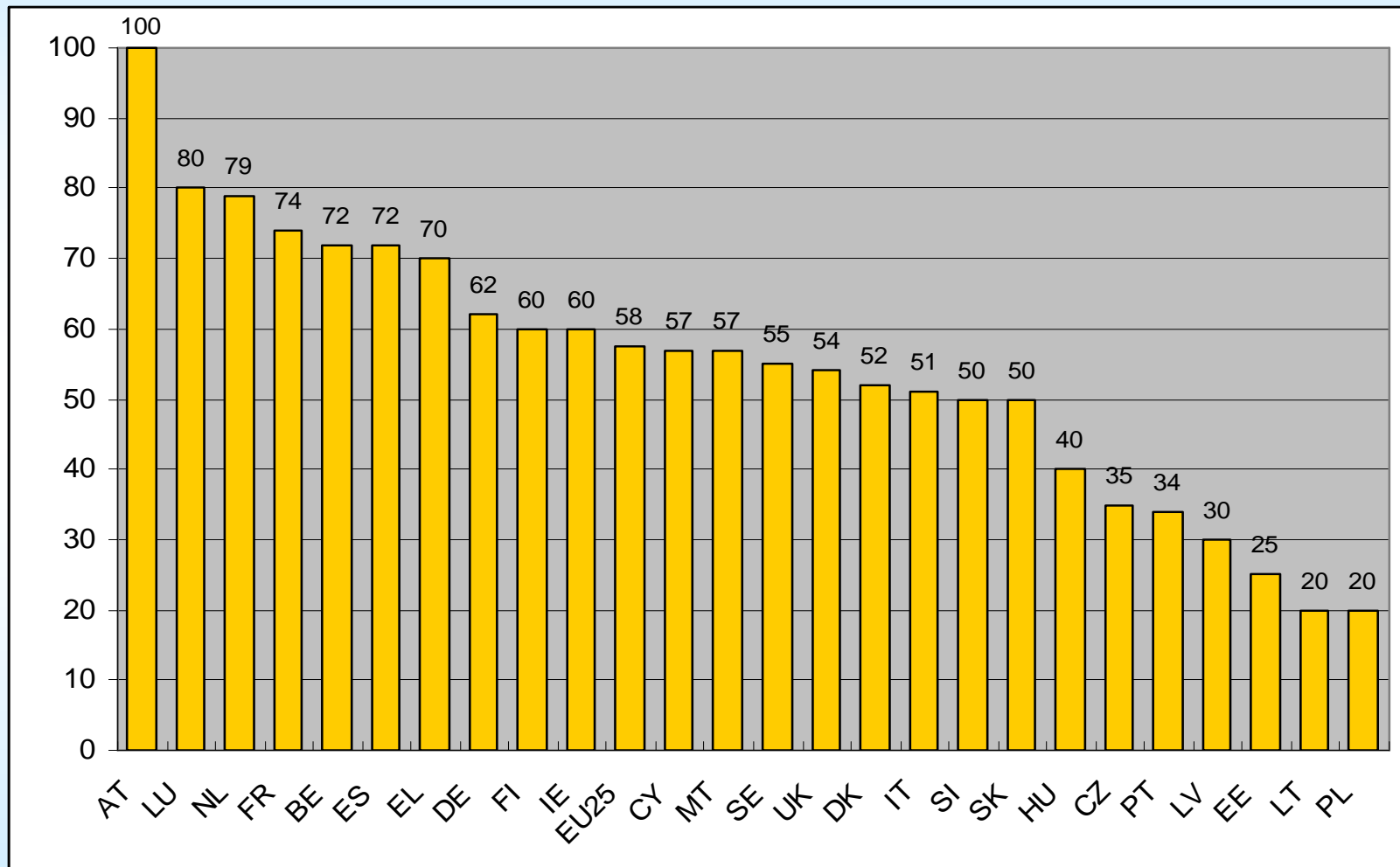
* Underlined: biggest trade union confederation

Employers' action

INDIVIDUALLY	AS EMPLOYERS <ul style="list-style-type: none">•personnel direction•employment policy•work organisation•human resource management internal relations•unions relations plant level	AS BUSINESSMEN <ul style="list-style-type: none">•competitive strategies•investments•innovation•marketing policiestechnological choice•political relations
COLLECTIVELY	Employers associations	<ul style="list-style-type: none">•Trade associations•Chambers commerce*•Cartels•Joint ventures

*They normally have a public legal status; the membership is compulsory; the case of Austria and Slovenia

Density rate of employers' organisations, EU-25



The weakness of the employers associations in in the CEECs

- the lack of tradition of employers associations
- the weakness of the local capitalism
- the fragmentation in many SMEs
- a wide part of the economy is covered by the informal sector
- the incidence of the public sector
- a very significant role played by the TRNs companies

Social dialogue and concertation

forms of co-regulation and co-operation, based on the recognition of the role of the social partners in the decision making process.

Social dialogue: the actors inform each other of their intentions and capacities; they elaborate information and provide to them.

Social concertation: requires an even stronger degree of co-responsibilisation. Social partners are definitively demanded to go beyond their vocational interests, in view of the general will. It engages the actors in a formal process of deliberation in the field of the national economic and social issues

Social pacts, common strategies adopted by the major social actors in an attempt to achieve a minimal social threshold; just the "right" combination of flexibility and solidarity; of equity and efficiency.

Social dialogue and tripartite concertation

- **Norms**
- **Levels**
- **Themes**
- **Actors**
- **Premises and procedures**

Main national tripartite forums

Bulgaria	National Council for Tripartite Partnership (NCTP)
Czech Republic	Council for Economic and Social Agreement (<i>Rada hospodářské a sociální dohody ČR, RHSD ČR</i>)
Italy	National Council of Economy and Labour (CNEL)
Romania	Economic and Social Council (<i>Consiliul Economic si Social, CES</i>).
Slovakia	Tripartite Economic and Social Concertation Council (<i>Rada hospodárskej a sociálnej dohody, RHSD</i>)

What is good of the social pacts:

- to guarantee global benefits in the long term (control the inflation, the public debt, etc.)
- to manage situations of national emergence (access into the EU or in the EMU)
- to prevent the social and industrial conflict
- to enlarge the social cohesion and consensus

What is no so good:

- risks for the increase of the public debts, deficit spending and inflation rate (70s)
- possible losses of consensus in the short/middle time within the social partners membership
- to shift the legitimisation core of the parties *from the bottom* of their social base to that, *from the top*, of the state and its agencies
- to give *voice* only too the better organised interests (industrial social partners), risking to marginalise the other weaker groups (unemployed; disadvantaged groups; environmentalists; ONGs)

Collective Bargaining

The fulcrum of each i.r. system

Bipartite decisional process

Private law

- Norms
- Levels
- Actors
- Contents
- Extension procedures and coverage
- Duration

	Right to collective bargaining secured by Constitution	Main legal framework
Bulgaria	Yes	Labour Code (Part IV, Art. 50-60)
Czech Republic	Yes	Act 2/1991 on Collective Bargaining
Italy	Yes	Tripartite intersectoral agreement of 23 July 1993
Romania	Yes	Law No. 130/1996 on Collective Agreements and 2003 Labour Code (Cod al Muncii) (Title VIII)
Slovakia	Yes	Act 2/1991 on Collective Agreements (Zákon o kolektívnom vyjednávaní) and Act No. 311/2001 on the Labour Code (Zákonník práce) (Part 10)

Source: EIRO, 2004

National collective bargaining systems - levels and relationships between them

	Main characteristics	Relationship between intersectoral/sectoral and company bargaining
Bulgaria	Two-level bargaining system with a dominance of sectoral bargaining (BG0312203F) and complementary bargaining at company level.	Sectoral agreements include provisions regarding additional agreements at company level. Sectoral agreements also often include 'hardship' clauses, according to which companies with economic difficulties can decrease wages to the level of the national or sectoral minimum wage.
Czech Republic	Dominance of company bargaining, though some sectors have sectoral bargaining, which is often combined with complementary bargaining at company level	Some sectoral agreements define the room for negotiations at company level.
Italy	Two-level bargaining system with a dominance of sectoral bargaining and complementary bargaining at company or territorial level.	The two bargaining levels are essentially coordinated, by the provisions of an intersectoral incomes policy agreement as far as wage dynamics are concerned, and by the prevalence of sectoral over company bargaining, since the former sets the framework rules that define the scope of the latter. A limited number of sectoral agreements also contain opening clauses that allow for divergence at company level in certain cases, notably when company restructuring is under way. These clauses do not apply to wages.
Romania	Multi-level bargaining system with a dominance of tripartite intersectoral bargaining and complementary bargaining at sectoral and company level. A large proportion of employees are covered only by intersectoral bargaining.	There is a strict hierarchy of bargaining levels, with no 'opt-out' options for lower-level bargaining.
Slovakia	Two-level bargaining system with a dominance of sectoral bargaining and complementary bargaining at level.	Sectoral collective agreements create a framework for company bargaining. According to the 'favourability principle', company agreements can only improve employment conditions. Opening clauses in sectoral agreements are not allowed.

	Intersectoral *	Sector	Enterprise
AT		▲	□
BE	▲	○	□
BG	○	□	▲
CY		○	▲
CZ		□	▲
DK	□	▲	○
EE	□	□	▲
EL	○	▲	□
FI	▲	○	□
FR		○	▲
DE		▲	○
HU	□	○	▲
IE	▲	□	□
IT	□	▲	○
LT		□	▲
LU		○	○
LV	□		▲
MT		□	▲
NL	□	▲	□
PL	□	□	▲
PT	□	▲	□
ES		▲	○
RO	○	□	▲
SE		▲	□
SK		▲	○
SL	○	▲	○
UK		□	▲

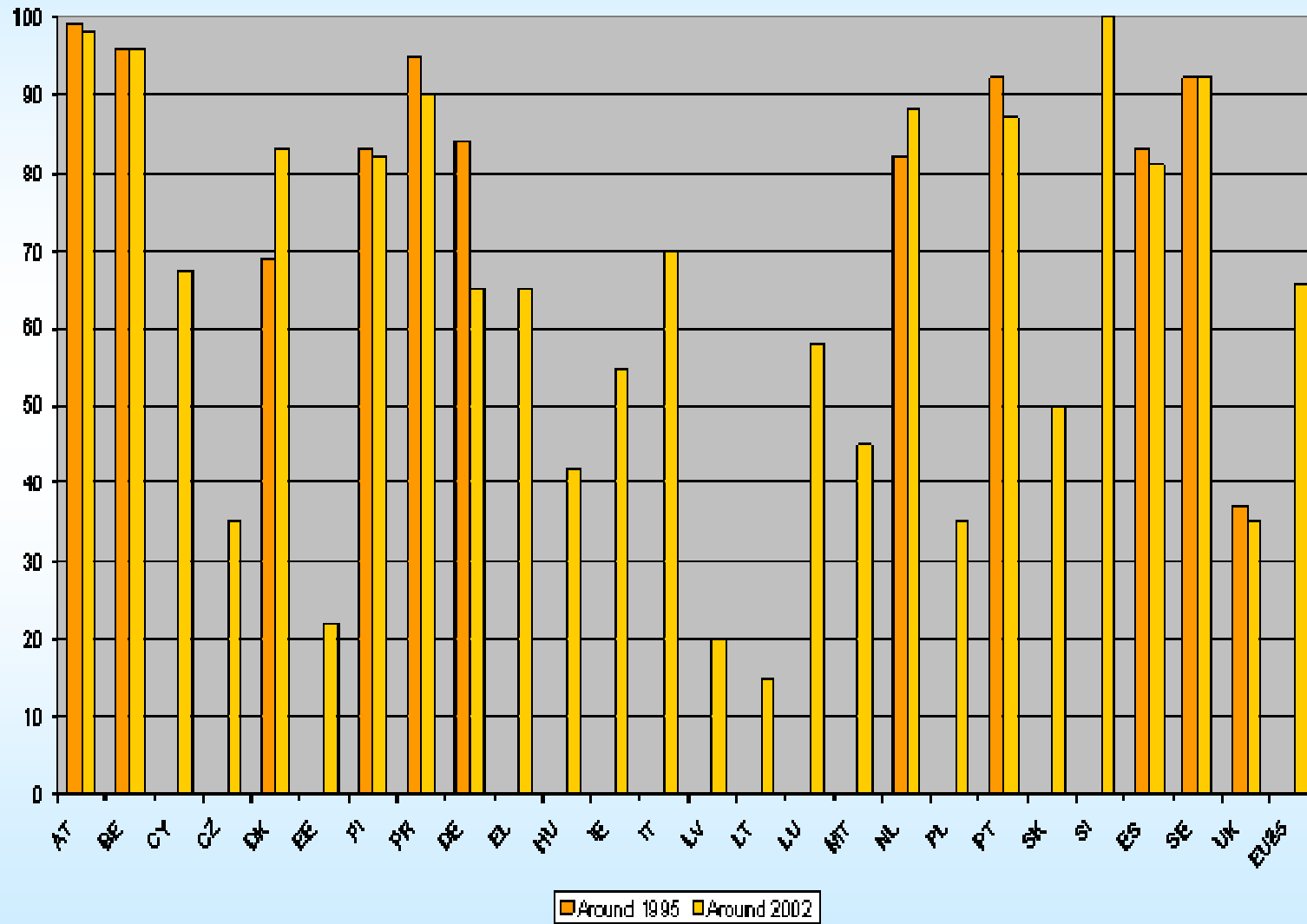
□ existing level of collective bargaining

○ important but not dominant level of collective bargaining

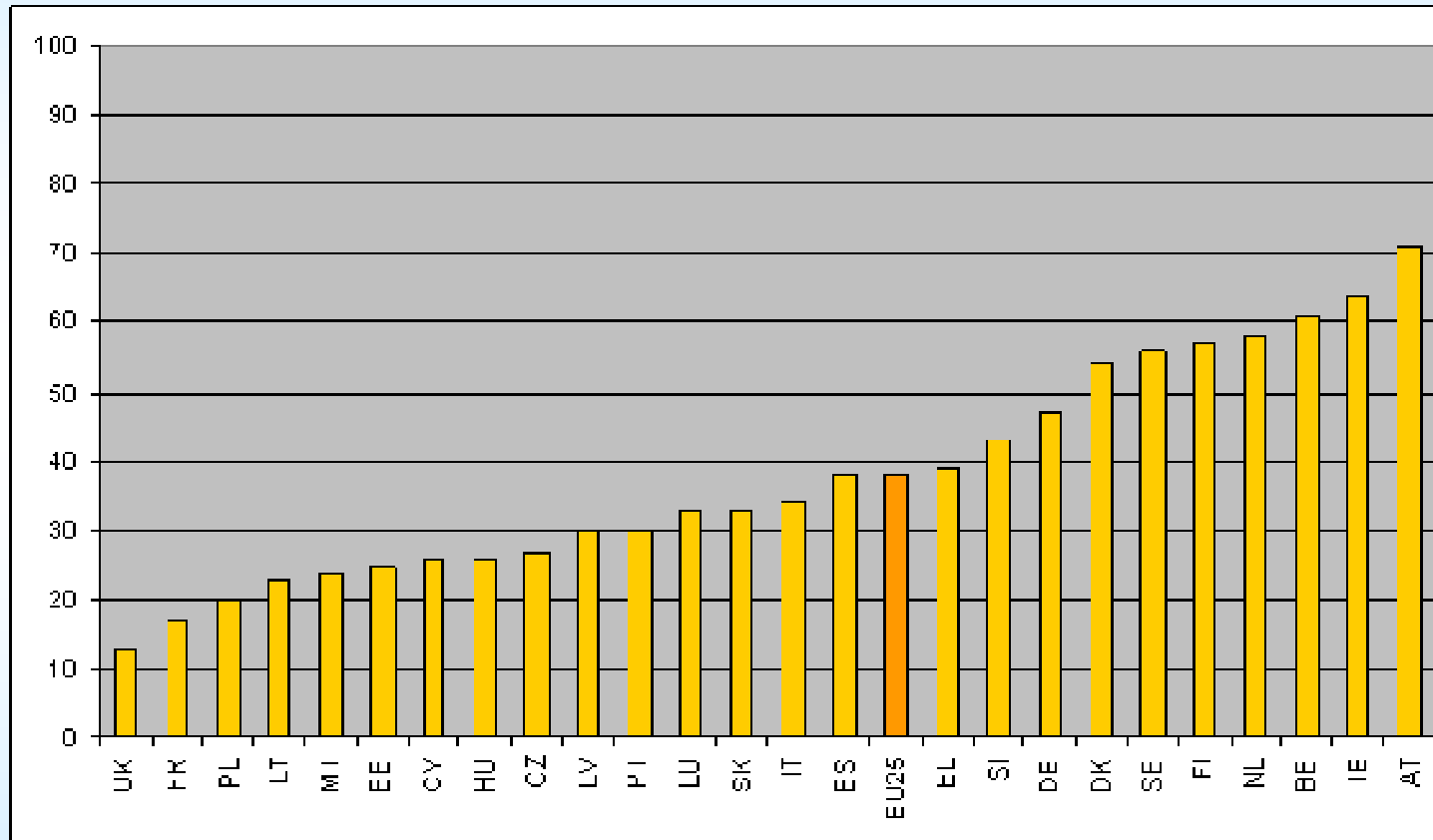
▲ dominant level of collective bargaining

*Tripartite or bilateral agreements

Collective bargaining coverage in the EU25



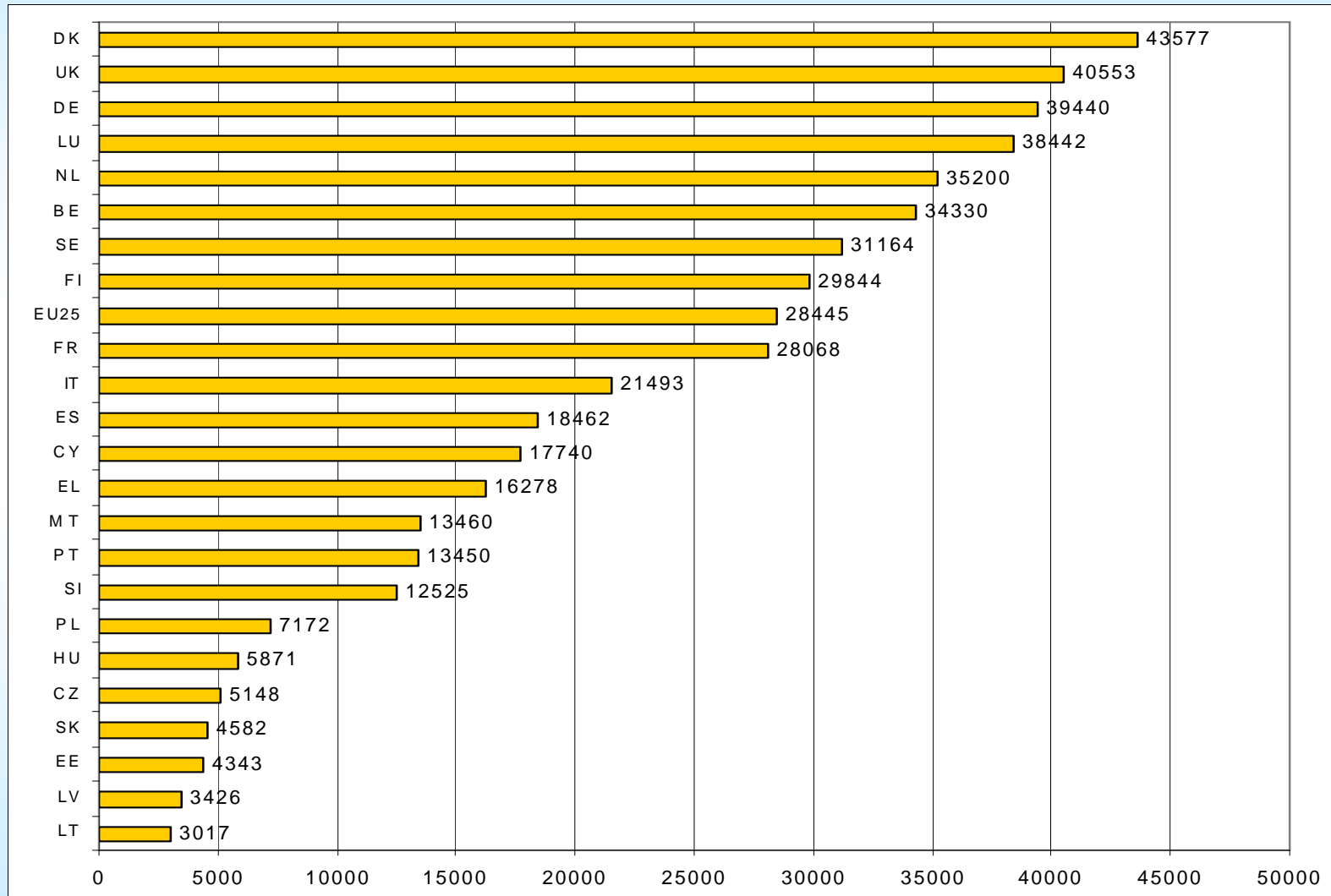
Degree of the wage collective bargaining centralisation



Country	Period	National minimum wage (EUR)
<i>Bulgaria</i>	hourly	0.36
	monthly	61.43
<i>Czech Republic</i>	hourly	1.24
	monthly	210.09
<i>Romania</i>	hourly	0.40
	monthly	69.12
<i>Slovakia</i>	hourly	0.93
	monthly	162.41

Source; EIRO, Minimum wages in Europe, 2005

Gross annual earnings, 2002



The employees' representative bodies in the workplace

- Norms: law and/or collective agreements
- Model of employee representation in the workplace
 - **Double channel**, division between the organisation that participates and that which negotiates:
 - Company committee elected by workers
 - Trade union delegation or company union section or representatives
 - **Single channel**, negotiation and participation rights in a single body:
 - Work council elected only by those enrolled in the union
 - Work council elected by all workers, either members and members not
 - **Joint committee**, workers/management
- Minimum threshold
- Rights and prerogatives of the representative bodies

WORKPLACE REPRESENTATION IN THE NEW MEMBER STATES BY THREE DIFFERENT SYSTEMS

Sole trade union representation (single channel)	Union representatives or works council as alternative	Dual representation
Estonia (usual practice) Latvia (usual until now) Lithuania (usual until now) Poland (monopoly position by law)* Cyprus and Malta (see 3.)	Czech Republic (from 2001) Slovakia (2002 to 2003) Lithuania (from 2003, implemented by special law 2005) Poland (law in preparation in accordance with social partners)	Hungary (since 1992) Slovenia (since 1993) Slovakia (from 2003)** Latvia (possible since 2002)** Malta (starting in 2005)

- excepted state owned enterprises where works councils can exist.
- ** but without acceptance by trade unions

Source: EIRO Country profiles, 2006

	Bodies	Main body	Composition	Legal basis	Threshold
AT	Works council	Dual channel, works council dominates	Workers' representatives only	Legislation	5
BE	Trade union delegates Health&safety committees Works council	Dual channel, trade union dominates works council	Mixed composition: Management & Workers	Legislation and collective agreement	Ranging from 20-50 50 100
DK	Shop stewards Cooperation committees Health and safety committees	Dual channel, trade union dominates works council	Mixed composition: Management & Workers	Collective agreement	35
FI	Cooperation committee or negotiation	Dual channel, trade union dominates works council	Mixed composition: Management & Workers	Legislation and collective agreement, no compulsory system	30
FR	Employee delegates Works council Trade union delegates Health and safety committees	Dual channels exists alongside	Mixed composition: Management & Workers	Legislation	11 50
DE	Works council	Dual channel, works council dominates	Workers' representatives only	Legislation	5
EL	Works council Employee representatives	Dual channels exists alongside	Workers' representatives only	Legislation	50 20
IE	Trade union representation	Single channel, trade union	Workers' representatives only	Collective agreement, voluntary; minimalist legal framework in stage of enactment	
IT	2/3 Elected by all the workers 1/3 nominated trade union representative bodies	Single channel, trade union dominates informally works council	Workers' representatives only	Legislation and collective agreement	15
LU		Dual channel, trade union dominates works council	Mixed composition: Management & Workers	Legislation	
NL	Works council Employee representation	Dual channel, works council dominates	Workers' representatives only	Legislation	50 10
PT	Workers' committee	Dual channels exists alongside	Workers' representatives only	Legislation	None
ES	Works council	Dual channels exists alongside	Workers' representatives only	Legislation	50
SE	Trade union representation	Single channel, trade union	Workers' representatives only	Collective agreement	None
UK	Trade union representation	Single channel, trade union	Workers' representatives only	Collective agreement, voluntary with minimalist legal framework since 2005	50, undertakings

Source: European Foundation for the Improvement of Living and Working Conditions, Dublin, 2006

Employees' participation

I) Norms

II) Participation at the management decisions

Indirect

- information
- consultation
- co-determination

Direct

- HRM, Team Work
- Individual

III) Participation at the Company Supervisory Board level

IV) Economic and financial participation

- Profit sharing schemes (ESOPs)
- Share ownership

Conflict

Strike and lock out

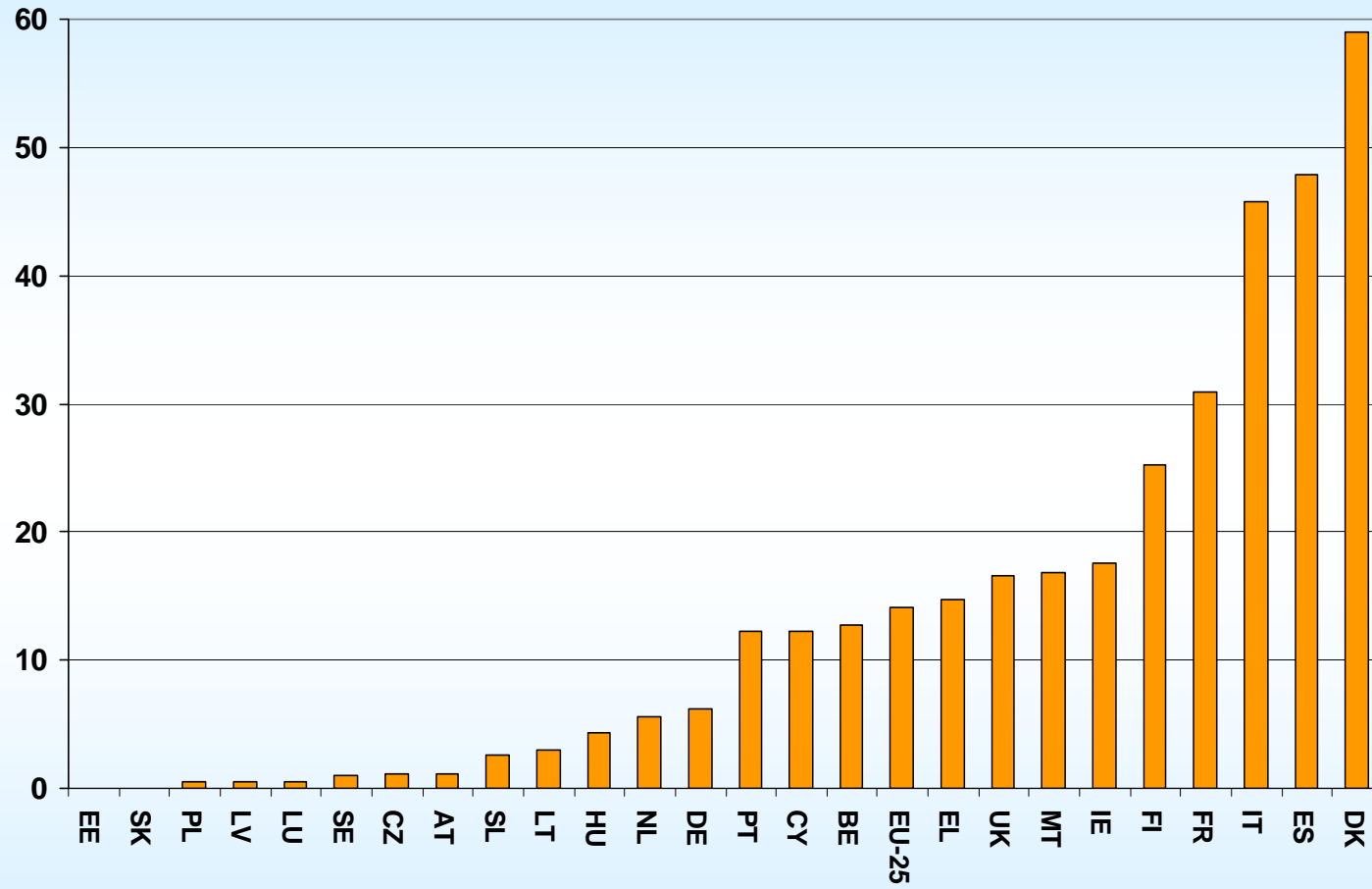
Norms

Limits and procedures

- **about sectors**
- **about methods**
- **about matters**

Causes

Strikes in EU25



Sectors most affected by industrial action, 2000-4

Country/Year	1	2	3
Bulgaria			
2002	Education	Mining	Railways
2003	Tobacco production	-	-
2004	Education	Mining	Healthcare
Czech Republic			
2000	Metalworking	-	-
2001	Metalworking	-	-
2002	Metalworking	-	-
2003	Metalworking	Wood / forestry / water	Chemicals
2004	Metalworking	Wood / forestry / water	Public sector

Romania (number of workers involved)			
2000	Machinery and equipment	Manufacture of basic metals and fabricated metal products	Transport, storage and communication
2001	Transport, storage and communication	Machinery and equipment	Manufacture of basic metals and fabricated metal products
2002	Transport, storage and communication	Machinery and equipment	Manufacture of basic metals and fabricated metal products
2003	Machinery and equipment	Transport, storage and communication	Manufacture of basic metals and fabricated metal products
2004	Transport, storage and communication	Manufacture of basic metals and fabricated metal products	Machinery and equipment
Slovakia			
2001	Metalworking	-	-
2002	-	-	-
2003	Railways	-	-
2004	Public bus transport	Paper and pulp production	-

Source: EIRO. Notes - see table 1 above, data for some countries based on information from trade unions etc or expert estimates.

Sectors most affected by industrial action, 2000-4

Italy (number of strikes)

2000	Manufacturing	Transport	Public administration
2001	Manufacturing	Transport	Public administration
2002	Manufacturing	Transport	Finance
2003	Manufacturing	Transport / telecommunications	Public administration
2004 (first nine months)	Finance (59%)	Transport (20%)	-