

# **Trade Unions and Employers' Associations on the Way to Multi-Level Social Dialogue – comparison between Czech Republic, Slovakia and Slovenia.<sup>1</sup>**

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### *Abstract*

The goal of the proposed paper is to show how the process of European integration has affected organised interest groups and interest representation in the Czech Republic, Slovakia and Slovenia especially in the field of social dialogue. Accession to the EU has opened up a new space for social partners and representatives of interests of entrepreneurs, employers and employees, giving them new options and putting them face to face with new challenges. This concerns not only activities at the supranational level, but also the creation of new activities at the national level with the goal of implementing European policies and the use of European funds. Trade unions and employers' associations are subjects with prominent position and permanent access to political decision-makers, thanks to that they have a tremendous chance to influence the shape of public policies. They played an important role during the transfer to a market economy in the process of economic restructuring, and their importance has increased as a result of both the accession of the countries to the European Union and their subsequent contributions to the European social dialogue. An important aspect of the participation in policy formation is the formalisation and structuring of consultation. Attention will be paid to different strategies chosen in the investigated countries with the aim to harmonise the interests and intensify the dialogue between economic and social partners at the national and European levels.

#### **1. New issues and challenges for articulation, aggregation and representation of interests in the field of work and capital**

Social dialog is a process of continuous interaction between social partners aiming at achieving agreement in particular with regard to economic and social issues, both at the level of the entire society and individual companies (firms). Social partnership and social dialog are important parts of the European social model. Social dialog is an integral part of decision-making processes within the European Union contributing to the establishment of new European rules. Social partnership and social dialog are becoming a means of establishing a European social dimension. The Treaties of Maastricht and Amsterdam have granted European social partners a larger radius of operation by providing them with a possibility to act and conclude framework agreements but also to enforce their implementation through Community legislation (Čambáliková 2004; Čambáliková 2006).

Social dialogue and its institutionalized form on the national level - the tripartite body - were established almost in all post-communist countries at the beginning of the 1990s. Mostly, it was a “preventive” institution (Wiesenthal 1995:11) initiated first of all by the government and supported by trade unions. Those who initiated its establishment built on the practical experience with the functioning of social dialogue in Western Europe. The problem is that the social dialogue in the CEE countries has been conducted and developed through a top-down process, whereas the same development in the West was gradual and dominated by bottom-up process (Mailand/Due 2004:195).

The paper compares three countries - the Czech Republic, Slovakia and Slovenia. Although the conditions of the three countries were very similar at the beginning - trade unions burdened by their communist past, newly established emerging employers’ and entrepreneurs’ associations - changing conditions in the course of transformation in individual countries have resulted in specific developments in each of them. In all three countries the organizational density in TU has fallen down but with different intensity. At the present time there is 25,1% organizational rate in TU in the Czech Republic, 35,4% in Slovakia and 41,0% in Slovenia (2002 data according European Commission 2005). There is even bigger difference in organizational rate in employers’ associations (35% in the Czech Republic, 65% in Slovakia and 100% in Slovenia (Avgadic, Crouch 2005).

Social partnership and social dialog have been developing and social partners have been “maturing” in their roles under changing economic, political and social conditions. The preparation for the EU accession, functioning at the supranational level and the necessity to adapt to the multi-level model of interest representation have posed new demands but also led to their own changes, to the changes of their mutual relations at all levels. This process can be referred to as the process of Europeanization. Upon the EU accession, the space in which it is possible to influence policy making, achieve benefits and receive means in connection with organizational aims has grown to comprise the European level. In addition to the level of national policy, there is a level of supranational policy. In certain cases, there is a space for pursuing specific interests, different from those pursued in the national setting, but it is also an

instrument helping to achieve the interests pursued by common-interest groups at the national level (“arguments using Europe”).

According to Borragán, trade unions as well as business associations from the new members have intentions similar to their counterparts’ from the older EU member states: (1) to inform their members about EU legislation, funding opportunities, etc; (2) to represent their members in larger European associations; (3) to provide specific services to their members; (4) to raise their members’ profile at the EU level and (5) to design training seminars for their members. (Borragán 2003). The question is to what extent social partners in Central and Eastern Europe are able to use these new opportunities. According to some authors, it is unlikely that these countries will be capable of substantially improving the social dialogue using their own resources; this would require more forceful intervention by the European Union (Mailand/Due 2004).

One of possible approaches to studying and explaining the integration strategies of the Member States is provided in the work of Simon Hix and Klaus Götz (2001) who perceive European integration as a process leading to Europeanization. It is their view that European integration leads to two types of intertwined consequences. On the one hand, delegation of competencies from the state level to the EU level leads to making binding political decisions which, consequently, limit the decision-making and actions of national players. On the other hand, a higher level of governance provides national actors with the possibility to avoid barriers existing at the national level and to promote or veto some policies at this higher level. This way, they may try to use the main advantage they have compared with national competitors, i.e. a better access to information and actions within EU institutions.

Knowing that there are no major empirical studies on the integration of post-socialist trade unions and employers’ associations into European decision-making processes, we try, to a limited extent, to answer the following questions:

- Does incorporation of employers’ and employees’ interest groups into the European space of articulation, aggregation and representation require them to change their strategy and broaden their scope?

- Does the European space of defending the interests of employers' association and trade unions provide them with arguments and means to be used for defending their interests with regard to their own political representation? Has the position of social partners been improved?
- Are individual political representations and common-interest groups considered to be competitors or did the process of Europeanization lead to the establishment of partnership relations?
- What are the relations with (national) political representation? Has there been any change?
- Is there a change in mutual communication between social partners and in communication with key partners both at the national and supranational levels?

In the next part, we will demonstrate the changes and developments of the organizational and legal framework, in which social partnership operates, and what new challenges the original concept was facing. Later we will examine the capacity for social dialogue on the supranational level and new challenges, the social partners are confronted with.

## **2. Organizational and Legal framework**

In all three compared countries, the organizational and legal framework of social partnership has been rather stable from the beginning; the changes were seen only in the late 1990s and during the preparation for EU membership and accession. In particular, the issues of the position and competencies of national tripartite bodies (advisory and negotiation body vs. consultation body), legally binding nature of agreements and representativeness of social partners represented in national tripartite councils had to be dealt with. Representativeness concerns both the choice of associations or societies representing interests, as well as the choice of concrete people to represent individual associations. The issue of representativeness is related to the plurality of trade unions and employers' organizations. The developments of the issue show the ambivalence of efforts aimed at power concentration with regard to partners, as well as the plurality of interests and representation.

In the **Czech Republic**, social dialogue and its institutionalized form - the Council for Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD) - were established at the beginning of the 1990s (Mansfeldová 1997; Kroupa et al. 2002). Since the start, three partners have been involved in the RHSD: the State represented by the government, employers represented by the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR) and the Confederation of Entrepreneurial and Employers' Unions (Konfederace podnikatelských a zaměstnavatelských svazů, KZPS), and employees represented by trade unions (the strongest trade union center, the Czech-Moravian Chamber of Trade Unions (Českomoravská komora odborových svazů, ČMKOS) and the Association of Independent Trade Unions (Asociace samostatných odborů, ASO)<sup>2</sup>. From the beginning, employers were only represented by Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic. This was originally only an umbrella organization, but lost its membership base over the course of next years and thus also its prominent position. In 1995, the largest of its members - the Confederation of Industry of the Czech Republic (Svaz průmyslu ČR, SP CR) left the Confederation followed by its second largest member, the Czech Confederation of Commerce and Tourism (Svaz obchodu a cestovního ruchu) later on. Since the mid-1990s, two peak organizations - KZPS<sup>3</sup> and SP CR have been members of the employers' delegation in the tripartite body. Unlike the original organization, the Confederation is today weakened but, nonetheless, it still brings a lot of utility to its members.<sup>4</sup> It has to be stressed that Chambers, Economic or Agrarian, have never been represented in the delegation of employers as is the case in some post-communist countries (e.g. Slovenia) because they were established later by a special law, and it was never foreseen that they would participate in social dialogue.

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<sup>2</sup> In 2000, the Associations of Independent Trade Unions (ASO) replaced in the tripartite the Confederation of Arts and Culture (KUK) which ceased to fulfill the criteria of representativeness.

<sup>3</sup> Today KZPS associates seven entities: the Employers' Union of Mining and Oil Industries (Zaměstnavatelský svaz důlního a naftového průmyslu), the Association of Textile, Clothing and Leather Industry (Asociace textilního-oděvního-kožedělného průmyslu), the Union of Czech and Moravian Producer Cooperatives (Svaz českých a moravských výrobních družstev), the Association of Entrepreneurs and Traders of the Czech Republic (Sdružení podnikatelů České republiky), the Association of Building Industries of the Czech Republic (Svaz podnikatelů ve stavebnictví v České republice), the Union of Employers' Associations of the Czech Republic (Unie zaměstnavatelských svazů České republiky) and the Union of Agriculture of the Czech Republic (Zemědělský svaz ČR).

<sup>4</sup> The Confederation co-operates with the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR), the Union of Commerce and Tourism of the Czech Republic (Svaz obchodu a cestovního ruchu ČR), the Economic Chamber of the Czech Republic (Hospodářská komora ČR), the Agrarian Chamber of the Czech Republic (Agrární komora ČR) and other organizations.

In the Czech Republic, since 1995, criteria of representativeness have been contained in the RHSD Statutes. Besides the focus of activities, the required organizational structure and sphere of activity, the Statutes also define a minimum number of organized members. Such a definition of a quantitative criterion is considered to be problematic by trade unions thus excluded from participating, in view of the demand for opening democratic social dialogue. The application of the criterion of representativeness, especially the minimum number of members, leads to an exclusion of some influential trade organizations and places great demands on trade union centers represented in RHSD as far as the aggregation of union interests is concerned. The Czech tripartite has preserved - and we can say it suffers from - a tendency to defining who may be a member of the tripartite and who may not in view of their nature (provided that they meet the other criteria of representativeness given by the Statutes). This concerns especially the Economic and Agrarian Chambers. After the accession to the EU, it is no longer possible to differentiate strictly between national and supranational levels. The tripartite must adopt positions on issues that are not covered by its members. This leads to wider co-operation at the level of working bodies of the tripartite, the working teams and groups. Moreover, both chambers are represented in the European Economic and Social Council.

The new possibilities, forms and levels of representation related to the EU accession have brought about the necessity to coordinate approaches and activities. As a result, the Entrepreneurial and Employers' Council of the Czech Republic (Podnikatelská a zaměstnavatelská rada ČR) was established which integrates representatives of the Confederation, the Agrarian Chamber of the Czech Republic, the Economic Chamber of the Czech Republic and the Confederation of Industry of the Czech Republic in a voluntary grouping (Kunc, Hartoš 2005).

The possibility of a legal regulation of the tripartite and of the legally binding nature of general agreements was discussed during the initial deliberations about the tripartite and was still being discussed at the time the tripartite was established. In the end, these ideas were abandoned, which means that the creation of tripartite bodies and the content and manner of their functioning is not defined by law or by any other legal regulation in the Czech Republic but, instead, is based on the principle of good will and agreement among social partners and government representatives. The idea of legal regulation was pursued by trade unions whereas

employers and government representatives were against such a binding character. The idea was shortly revived in the second half of the 1990s but since then has been removed from the agenda.

In **Slovakia**, the Council for Economic and Social Concertation (Rada hospodárskej a sociálnej dohody, RHSD) was established as a platform for the tripartism. Seven members represent the Government; seven members represent trade unions, as well as the employers. The membership of the employers and trade union organizations is ruled by their representativeness. Each should be influential in the economy, i.e. employ/represent at least 10% of active population and be active at least in five regions of the country. The Federation of the Employers' Association of the Slovak Republic (Asociácia zamestnávateľských zväzov a združení Slovenskej republiky, AZZZ SR) represents the employers and trade unions are represented by the Confederation of Trade Unions of the Slovak Republic (Konfederácia odborových zväzov Slovenskej republiky, KOZ SR). From 1991 to 2004, employers in Slovakia were organized in one single central organization - the Federation of Employers' Associations. However, in April 2004, some employer organizations left AZZZ SR and established a new central employer organization - the National Union of Employers (Republiková únia zamestnávateľov Slovenskej republiky, RUZ SR)<sup>5</sup>. The establishment of RUZ SR as a national-level employers' representative organization has introduced a new element into Slovak industrial relations bringing about pluralist top-level representation after a decade of a single peak organization.<sup>6</sup>

There were no substantial changes in the functioning of social dialog during the time; however, in 1997-1998 the social dialog was suspended. In response to the suspension of the tripartite dialog in 1997-1998, trade unions repeatedly tried to change the nature of tripartite agreements from gentleman agreements to more compulsory agreements for the parties

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<sup>5</sup> According to RUZ SR, 19 employers' associations and seven individual member firms from the private sector founded the new top-level employer representative organization employing some 270,000 people. These include many large and strong employers' associations, such as: the Association of Employers in Transport, Posts and Telecommunications (Zväz zamestnávateľov dopravy, pôšt a telekomunikácií) with almost 78,000 employees; the Slovak Council of Industrial Associations (Združenie priemyselných zväzov Slovenskej republiky) with almost 58,000 employees; and the Association of Metallurgy, Mining Industry and Geology of the Slovak Republic (Zväz hutníctva, ťažobného priemyslu a geológie Slovenskej republiky) with approximately 30,000 employees. RUZ SR now represents employers employing almost 25% of private sector workers.

<sup>6</sup> Cziria, Ľudovít, EIRO, Publication date: 08-09-2004.



involved. In 1998, the first government led by Prime Minister Mikuláš Dzurinda promised the trade unions that it would re-establish tripartite social dialogue in Slovakia as its coalition parties received strong support from the trade unions during the 1998 general elections. The trade unions, however, requested the re-establishment of tripartite concertation regulated by law which the government was willing to concede to. As a result, the parliament adopted the law on tripartism (Act No. 106/1999 on Economic and Social Partnership) in October 1999. Tripartite negotiations were regulated by law until October 2004, when the second government led by Mr Dzurinda proposed to repeal the this Act. After having overcome several disagreements between social partners and the government in 2003, the RHSD ran into serious difficulties in 2004. Tripartite negotiations became problematic, especially after the only central employers' organization then represented in the RHSD split and a new peak representative body was established. Employers' and government representatives had for some time considered the activity of RHSD, based on the Act No. 106/1999 on Economic and Social Partnership, to be ineffective. The RHSD was abolished following its last meeting in late November 2004 and a new national-level tripartite body was formed: the new Economic and Social Partnership Council (Rada hospodárskeho a sociálneho partnerstva, RHSP) was to operate as a mere consultation body for the government. In fact, the position of social partners has weakened after the EU accession because the tripartite has changed from a coordination and negotiation body into an advisory and consultation body. However, the majority of social partners have further promoted the idea of legal regulation of national tripartism. In November 2006, the government and social partners agreed on the new bill on tripartism during the last RHSP meeting. Nevertheless, the National Union of Employers (RÚZ SR) would still prefer a voluntary form of tripartism the outcomes of which would, in their view, be implemented in a more satisfactory manner. On 15 November 2006, the bill was approved by the government and submitted to parliament for further discussion.<sup>7</sup> The bill on tripartism sets out improved conditions for social dialogue on economic and social policy issues by establishing the Economic and Social Council as the national concertation body of the government and the social partners. Furthermore, it allows for the conclusion of tripartite social pacts.

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<http://www.eurofound.europa.eu/eiro/2004/08/feature/sk0408102f.html>

<sup>7</sup> Margita Barošová, Institute for Labor and Family Research Bratislava and EIRO, 08-03-2007, <http://www.eurofound.europa.eu/eiro/2007/01/articles/sk0701019i.html>

Another difficult discussion about the representativeness of the social partners in tripartite consultations emerged. Other employers' unions also expressed their demand for representation in the tripartite body. Besides government representatives, the Association of Cities and Villages of Slovakia (Združenie miest a obcí Slovenska, ZMOS), which is a significant employers' body with more than 140,000 employees in the public administration demanded to be represented. ZMOS was formerly represented in the RHSD by AZZZ SR. However, according to the RHSP statute, the representatives of public administration bodies are not regarded as employers and ZMOS is now a member of the RHSP as a representative of the state. The National Union of Employers (Republiková únia zamestnávateľov Slovenskej republiky, RÚZ SR) was opposed to the idea of the Association of Cities and Villages of Slovakia to represent employers in tripartite social dialogue. Finally, it (was) agreed on RHSP meeting (in November 2006) that ZMOS would represent municipal and local public service employers in tripartite consultations. This example shows that a strict definition of representativeness and a membership in individual delegations in tripartite may be a trap since the reality has been changing and begins to resemble a broader concept of social partners at the EU level.

**Slovenia** has a relatively long tradition of tripartite social dialogue. Representatives of employers' organizations, trade unions and the Government are associated in the Economic and Social Council (ESC) established in 1994 as the highest level of social partnership in Slovenia. The ESC engages mostly in areas of social and collective agreements, employment, social and labor relation issues, economic system, international co-operation, trade union topics and related socio-economic matters. The functioning of the ESC is temporarily regulated by unanimously adopted rules and financed by the Government. The ESC consists of 15 members, five each from the government, employers and trade unions.

There are four main trade union associations in Slovenia represented in ESC: the Union of Free Trade Unions of Slovenia (Zveza svobodnih sindikatov Slovenije, ZSSS) with two representatives, KNSS-Independence, Confederation of New Trade Unions of Slovenia (KNSS- Neodvisnost, Konfederacija novih sindikatov Slovenije, KNSS), the Confederation of Trade Unions of Slovenia Pergam (Konfederacija sindikatov Slovenije Pergam, Pergam), and the Confederation of Trade Unions '90 of Slovenia (Konfederacija sindikatov '90 Slovenije,

Konfederacija '90). The Union of Free Trade Unions of Slovenia (ZSSS) is the largest trade union organization.

There are also four main employers' associations in Slovenia: the Chamber of Commerce and Industry of Slovenia (Gospodarska zbornica Slovenije, GZS) with two representatives, the Slovenian Employers Association (Združenje delodajalcev Slovenije, ZDS), the Chamber of Crafts of Slovenia (Obrtna zbornica Slovenije, OZS), the Association of Employers for Craft Activities of Slovenia (Združenje delodajalcev obrtnih dejavnosti Slovenije, ZDODS).

The problem of representativeness of trade unions was solved in 1993 by the Representativeness of Trade Unions Act which laid down the conditions that must be fulfilled by trade unions in order to acquire the status of a representative union at the national or sectoral level. In line with the Act, the level of representation of unions is ascertained by the Ministry of Labor, Family and Social Affairs (MOLFSA). In the first years of Slovenia's independence, the Chamber of Commerce and Industry played a key role in representing employers and is still their most influential representative due to obligatory membership in this organization. The same is true for the Chamber of Crafts whereas the Association of Employers founded according to the European model of employers' associations in 1994 and the Association of Employers in Craft are based on open membership. The Association of Employers covers mostly large employers and the Association of Employers in Crafts represents an alliance of small and medium-sized entrepreneurs. According to the labor law in force, the Chamber of Commerce and Industry still plays the role of a social partner and is a member of the ESC.

The Slovene Government takes an active part as the third partner in the social dialogue, especially the Ministry of Labor, Family and Social Affairs (MOLFSA). The Government is currently acting also as an employer in the public sector as regards public institutions and public enterprises. Slovenia developed a pro-active social dialogue and engaged social partners in the preparation of legislation. In this respect, the role of the Economic and Social Council, which is the Government's consulting body in the socio-economic area is of utmost importance. The representatives of employers' associations, trade unions and the Government are associated in the Economic and Social Council. Currently, all relevant economic and

social issues on the national level are discussed in the ESC. Consultation of social partners is also practiced in the second chamber of the Parliament (National Council), sectoral advisory bodies of the Parliament, and many other institutions. While MPs find interest groups to be both very valuable sources of input into the legislative process and relatively influential policy actors, interest groups are relatively happy with how accessible MPs are although they are less happy with their own impact on parliamentary decision-making (Fink-Hafner/Krasovec 2005:401-422).

It is important to mention another question related to the aggregation and representation of interests is the cooperation with civil society organizations. Because civil organizations representing various interest groups are included in European social dialog, and here we concentrate primarily on the European Economic and Social Council, more attention should be paid to the organized segment of the civil society, especially non-governmental organizations. In modern democracies, NGOs play a most important role or, more precisely, roles. The first is the participative role. Through the participation in non-profit organizations, citizens strive to express their common interests and needs; they create associations with the aim of addressing common issues. This way, citizens can participate actively in decision-making processes of, for example, a community, region, or the government and at the same time they assume their share of responsibility for decisions taken by public authorities. Such co-operation between the non-profit sector and state administration or local governments is beneficial for both parties as NGOs are often much closer to the reality on the ground and, therefore, may be helpful in identifying what problems need to be addressed. Apart from this, there are specialists in NGOs whose expertise and comments in the public debate also contribute to perfecting proposed solutions (Rakušanová 2005a,b; Mansfeldová 2005).

Although there are no institutionalized links between social partners and civil society organizations we have been seeing an increase in contacts and the use of their expertise in formulating opinions on draft directives etc. A common interest is also consultation and participation in policy making concerning European fund spending. In view of the fact that in the 3<sup>rd</sup> group of the EESC various NGOs and civil society groups are active representatives of employers and first of all employees consult these civil society groups. Harmonization of interests is connected with specific tasks as working hours, environment etc. Undoubtedly,

there is ground to talk about the influence of the expansive understanding of social dialogue at the European level and its impact on the national level.

### **3. Capacity for social dialogue on the supranational level**

The success of social dialog depends on the fulfillment of basic conditions which are summarized by Mailand and Due as follows:

- First, the parties involved must be sufficiently independent of each other.
- Second, it is essential that all parties involved have sufficient organizational capacity and legitimacy to act on behalf of the constituency they represent.
- Third, it is important, that the distribution of power between the participants is not too uneven. There has to be some degree of balance.
- Fourth, the participants must show a willingness to cooperate and acknowledge the legitimate interests of the other parties (Mailand/Due 2004:183).

What does the reality look like? In most of the cases, trade unions in post-socialist countries are still too weak for interest representation at the EU level. Thanks to the burden of the socialist past, trade unions in these countries may have a broad membership, however, from the organizational point of view, they are hardly able to defend trade-union interests vis-à-vis political sphere. Slovenia is an exception to the rule in this case. European institutions have, therefore, been involved in helping to develop social dialog and identify weak points and barriers (twinning projects aimed at the development of social dialog in all three compared countries). However, trade union leaders are often afraid to assume political responsibility and have only limited experience with the work at the supranational/international level. The weakness of post-socialist trade unions can also be seen in their failure to take part in political decision-making process at the national tripartite level but there are certain differences between the three studied countries. In this respect, trade unions have the weakest position in the Czech Republic and the strongest position in Slovenia, also thanks to the corporative structure of the second chamber of the Parliament.

Unlike trade unions, employers' associations started from scratch in 1990 and with regard to their capacity, professional facilities and organizational structure they are still considered to

be a weaker partner at the level of social dialog. At the EU level, their position is different. Here, traditional employers' and business organizations dominate both with respect to their numbers and political power, which is related to the history of the EU as an economic community. Unlike in national tripartite, at the EU level, employers are represented through Economic and Business Chambers. We can say that representation at the EU level is not limited by the narrow concept of representativeness seen at the national level. Future developments will show whether the European level will, in return, have an impact on the national level. There are no in-depth studies of this influence of EU social dialog on the social partnership in the Member States even in the "old" Member States (Leiber, Falkner 2005:160). Employers had been active in European structures long before the EU accession and had formed institutional representation of their interests. The basic interest of employers and entrepreneurs is quite clear; generally, it involves the achievement of conditions for maximizing profit of national companies, for example total low taxation, minimization of interventions in industrial relations by the government, the absence of regulation in production or business activities, protection and support for domestic market etc.

Existing top centers among associations and the unions represent consensus achieved through negotiations within organizations, sectors, fields and regions. The functioning of these structures is not, of course, unproblematic, especially when it comes to relationships between representatives and the represented along established fixed vertical axes that should also suit the needs of member organizations' autonomy. The function of interest articulation is narrowly linked to democratic intra-union communication processes which should bring information from the bottom about differing interests in making concrete demands which the leadership should represent. In practice, the situation is often reversed; the leadership represents the interests of members without having any immediate feedback from the membership base, without having a generally formulated mandate to represent the interests of members of a particular organization toward the decision-making sphere, political institutions or the public, or to mobilize its members to support these demands. Interest articulation thus includes processes that allow individuals to become aware of their interests as common collective interests (Wessels, Paschen 2004).

Trade unions and employer associations have actively contributed to the process of institutional inclusion of all three examined countries to the EU and to coordinating decision-

making. During the negotiation period and after the accession to the European Union, the activities of social partners have assumed another, supranational and European dimension. On the one hand, the number of levels of potential interest representation has multiplied and the possibilities of social partners have expanded; on the other hand, the distance between top representation and the membership base has increased. Since the 1990s, both employees and trade unions have been members of such organization as the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE) and sectoral European federations. This way, they had experience needed for the establishment of the network necessary for their functioning at the EU level. Employers attached much importance to the European level and/or were willing/able to make major investments with regard to human and material resources.

In the case of the Czech Republic, it can be said that the incorporation of Czech trade unions and employer' associations into the European space began as early as in the mid-1990s. In particular, its institutionalized shape became clear as early as in the late 1990s. ČMKOS which began monitoring the potential European impact of integration on their interest in the early 1990s, when it became clear that the Czech Republic was heading towards the EC, may serve as a good example. In 1996, it initiated the establishment of the European Integration Team which was an independent structure comprising representatives of ČMKOS and other trade unions. Its task was to disseminate information on European integration and to draft ČMKOS opinions on individual relevant issues related to European integration. At the same time, in the early 1990s, the consequences of the economic integration into the Western Europe became more pronounced, as was the shift of the focus of the Czech international trade to Western Europe and the European Communities. This trend, inter alia, is reflected in foreign investments brought to the Czech Republic and in supranational companies being established in the country. Along with the integration of the Czech economy into the EC/EU space, part of the attention and activities of the Czech trade unions have been redirected into this area. In the pre-accession period, also the membership in the Committee for European Integration was important which set up at the Ministry of Foreign Affairs. At the same time, an office was set up at each department dealing with European integration and contributing to the preparation of directives. This system is still in place and the biggest trade union confederation ČMKOS has been a member of this system from the beginning. The trade unions are interested in as wide as possible participation in document preparation. Such strong

involvement of the unions in the process of institutional inclusion can be seen as success of trade unions that have managed to push their interests in an environment that does not favor TU very much. This system of participation is different from RHSD; it is another channel for promoting the interests of trade unions.

No formation has been established in the Czech Republic the mission of which is to harmonize the interests and intensify the dialog between economic and social partners at national and European levels. This has not happened during the preparations for the accession of the CR to the EU, nor is there such a need now. Such a forum - a national-level Economic and Social Council (ECOSOC) - was created in Slovakia in the year 2000 during the pre-accession preparations. It was established based on a decision of the Consultation Committee of the Ministerial Council of the Government for European Integration and brings together both representatives of the tripartite and social partners, as well as members of academic and non-governmental institutions like the Slovak Rector's Conference and the Committee for the Third Sector. The goal of ECOSOC in Slovakia as an independent body was to contribute to the integration process in Slovakia. After the accession to the EU, its activities have focused especially on EU-funded programs.

In Slovenia, according to the empirical data gathered in a 2000/01 (Fink-Hafner, Lajh 2005), there were important differences even within the cluster of economic interest groups (between employers' and employees' organizations). Namely, at the time of collecting the data, the candidate states' employers' organizations were better empowered by their counterparts from the EU than were candidate states' employees' organizations and their EU counterparts.

Still, Slovenian employees' organizations had more developed links with their counterparts in the EU at the time, different employees' organizations more often sought out and also received information, analyses and expert help in more cases than employers' organizations. It is also interesting that employees' organizations from the EU are more eager to receive information, analyses and opinions from their Slovenian counterparts than are employers' organizations from the EU. In spite of these differences, it is the employers' organizations that more often see EU integration issues as having high priority than employees' organizations,



more employers' organizations are active in influencing Slovenian decision-making in the area of the 'Europeanization' of public policies ( Fink-Hafner, Lajh 2005).

#### **4. Social partners and European challenges**

Formally, EU institutions cannot take action in the area of social policy without consulting the social partners. Only in the case when the social partners decide not to negotiate does legislative competence revert to the EU institutions. However, industrial relations in the EU are still very much divided along national lines. Therefore, consensus among the social partners is difficult to achieve due to the conflicting national interests which still dominate the decision-making process. Additionally, the national interest groups are reluctant to transfer resources to transnational umbrella organizations. This evaluation can be found in the work of a number of authors (e.g. Greenwood 2003, Falkner 2000) and is also supported by our empirical findings (Mansfeldová 2006).

According to Fink-Hafner and Lajh „the Europeanising role of interest groups in policy-making processes as well as EU interest groups' influence on candidate states' policy-making processes are important factors shaping candidate states' politics. The flows of this influence run in several directions. EU interest groups support their kindred interest groups' development in the candidate states and help them in organizational development and professionalization according to 'European examples'. Through the provision of information, training and advice, EU interest groups instruct their kindred interest organizations in the candidate states concerning know-how and policy contents within specific EU policy fields.“ (Fink-Hafner, Lajh 2005). They also help interest groups in candidate states make contacts with officials in EU institutions. This is an additional way for candidate states' interest groups to learn about the 'European' problems, dilemmas, political culture and policy style in those policy areas where they have greatest interest. European 'empowerment' is particularly influenced by the 'egoistic' interests of the European counterparts. This is especially seen in the selective support of economic interest groups. Namely, economic groups get more information, analysis and expert help from their EU counterparts. They are also more successful in employing representatives of their European counterparts to advocate their interests in communication with Slovenian decision-makers.

The membership in the European Economic and Social Committee (EESC)<sup>8</sup> where the Czech Republic has 12 representatives and the Slovak Republic and Slovenia each have 9 representatives is undoubtedly a major challenge. As a result of the way groups are set-up in the EESC, i.e. of the broader concept of representation, and as a consequence of cooperation and seeking common positions, cooperation of bodies has been established which function completely outside the national social dialog.

A continuing European integration and the accession into the European Monetary Union represent, no doubt, another challenge. In this area, cooperation of all social partners and striving for common solutions and compromises are needed. As we can see from the example of Western countries, pressure can, in turn, be exerted on the conclusion of agreements and the definition of limits. After having joined the EU, some of the new member countries from Central Europe now face a bundle of policy co-ordination problems that are similar to the problems their Western counterparts had in the late eighties and early nineties. They have to address several more or less interrelated macro-economic, labor market and/or social problems in a way that would allow them at the same time to meet the criteria of joining the EMU (Bruszt et al. 2004:1; Tóth, Neumann 2004).

Agreements between governments and social partners at the national level which may be helpful in dealing with problems related to the accession to the EMU are seen as being of major importance. As national-level tripartite social dialog is one of the key institutions of industrial relations in these countries, it may be assumed that some of them will attempt to adjust their economies through social pacts, just as many "old" Member States did in early 1990s. The problem is that most of the new Member States lack any of „preconditions“ that would be required for moving in the direction of social pacts (Bruszt et al. 2004:2).

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<sup>8</sup> The European Economic and Social Committee (EESC) is a non-political body that gives representatives of Europe's socio-occupational interest groups, and others, a formal platform to express their views on EU issues. Its opinions are forwarded to the larger institutions - the Council, the Commission and the European Parliament. It, thus, has a key role to play in the Union's decision-making process. Members belong to one of three groups: Employers, Employees and Various interests. The 1st group represents employers; the 2nd group - employees. In the 3rd group, which covers various interest groups like farmers organizations, small businesses, foundations, co-operatives and non-profit associations, consumer organizations, environmental organizations, are members representing NGOs in social and health care, Civil Society Development Foundation etc.

We saw such agreements concluded in the early nineties and possibly they could be revived. In all the studied countries, social partners from the beginning tried to conclude framework agreements which would define certain limits with regard to their requirements and be a starting point for the social dialog and collective bargaining at lower levels.

The basic document concluded by the tripartite in the Czech Republic in 1991-1994 was the General Agreement (“GA”) defining relevant economic and social tasks. At the same time, it was a framework document and conceptual starting point for collective bargaining at the sectoral and corporate levels. We can say that the first GA set-up the limits within which social partners were to move. From 1991 to 1994, the GA was regularly renewed; however, no necessary consensus could be reached after that. After the social-democratic government took over in 1998, social partners voiced their interest in GA and supported the negotiations. However, they had differing views with regard to whether it should be an agreement resembling the original document which clearly defined the obligations of the interested parties or simply a political document for a longer period of time. After a short period of debates, the interest in GA faded away and no revival can be seen at present in connection with the considered accession to the EMU. However, the accession of the Czech Republic to the EMU seems to be the most distant out of the three compared countries.

During the period of 1991-1996, **Slovak** social partners signed a general agreement each year. Then, with the exception of 2000, a period began when they were not able to strike an acceptable compromise and the negotiations about GA were suspended.

Social partners in **Slovenia** have regularly signed a bi-annual general agreement since 1995. In particular, it touched upon important social and economic issues. It wasn't legally binding but the social partners respected it. This arrangement was no doubt supported by a special interconnection between social partners and political representation due to the corporative structure of the second chamber of the Slovene Parliament. Central-level agreements serve as explicit guidelines for the sectoral and enterprise level agreements.

Until now only one country, Slovenia, has so far concluded a social pact in order to facilitate the introduction of measures to meet the macroeconomic criteria for EMU.<sup>9</sup> In April 2003, after over a year of negotiations, the Slovenian government and social partners signed a 'social agreement' for 2003-2005, setting the general direction for economic and social development over the next two years and defining the tasks of the signatories. The main stated aim of the agreement is to achieve a balance between economic efficiency and social and legal security. The accord includes important provisions on issues such as wage policy, employment, training, social dialog, equal opportunities and taxation.<sup>10</sup> Social partners and the government have committed themselves to finding jointly optimal solutions for the new challenges, risks and pressures on national competitiveness that Slovenia and its population are facing due to the process of European economic and monetary integration (<http://www.eurofound.europa.eu/eiro/2003/07/feature/si0307101f.html>).

It can be assumed that other new Member States will try to follow this scenario in agreement with the timetable of the EMU accession. The Slovak government and the Slovak National Bank developed their strategies to join the EMU in 2008-2009. According to the available information, Confederation of Trade Unions of the Slovak Republic and the Federation of the Employers Association of the Slovak Republic have not discussed the government's EMU strategy at the tripartite RHSD yet. Social partners have not presented their official position to the government's EMU strategy and issues related to joining the EMU have not been on the tripartite RHSD agenda yet. The future of tripartite social pact in Slovakia is unclear even if the leftist government seems to be in favor of a certain eversion of the social pact and at least trade unions hope that the government will follow the Slovene example.

EMU accession is no doubt a key issue for social partners to deal with regardless of the conclusion of a social. However, the establishment of a cooperation and coordination model for European social dialog procedures remains to be a challenge. When studying in what manner consensus is reached and support sought for opinions at national and European levels,

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<sup>9</sup> National-level tripartism and EMU in the new EU Member States and candidate countries, June 2004, <http://www.eurofound.europa.eu/eiro/2004/03/study/index.html>.

<sup>10</sup> Furthermore, the accord was signed by the other trade unions which signed the agreement on private sector pay policy for 2002-2004: the Slovene Union of Trade Unions - Alternative (Slovenska zveza sindikatov - Alternativa, Alternativa); the Union of Workers - Solidarity (Zveza delavcev - Solidarnost, Solidarnost); and the New Trade Union of Slovenia - NSS (Novi sindikat Slovenije - NSS, NSS). Further 'co-signatories' of the

we concentrated especially on network strategies. For network strategies, direct contact of individual actors, exchange of information (in the widest sense of the word) is crucial. In view of the fact that decision-making in the EU is a multi-level process, multiplicity of approaches and contacts are important. It is also necessary to take into account that EU institutions prefer cooperating with supranational organizations and European-level organizations, and national interest groups thus have limited influence and access to decision makers [Mohr, Wessels, Beyers, Kerremans, 2005]. Therefore, national interest groups seek access to supranational groups and seek support at supranational or European levels. They seek such support directly or indirectly, whether through supranational networks of interest organizations, permanent representatives of other countries, or MEPs. Representatives of employees' interests (trade unions) seek support in other trade unions, and employers in representatives of employers' and business interests.

The European parliament, cooperation with national members of the European Parliament (MEP) and cooperation with other MEPs is one option for networking. In the Czech Republic, according to our empirical knowledge<sup>11</sup>, trade unions do not evaluate cooperation with Czech MEPs very positively. Although at the national level it often finds support in its natural partner, the social democrats, at the European level only a few MEPs provide individual support. Trade unions, therefore, rely more on lobbying by the European Trade Union Confederation in the EP. Sometimes, they use their networks and use the unions of other countries and their MEPs. The situation in Slovakia, where cooperation takes place with MEPs from the parties which constitute natural partners of trade unions, is easier to evaluate. Support of the national political representation in the country also seems easier to find. In both cases, the representatives of employers' interests prefer the sectoral interconnection between the national and European levels and lobbyist activities as opposed to cooperation with the national political representation.

Again, Slovenia is an exception to the rule due to the fact that it has had a long tradition of cooperation between its political representation and key interest-defending structures (Fink-

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agreement were the Police Trade Union of Slovenia (Policijski sindikat Slovenije) and the Trade Union of Health and Social Services of Slovenia (Sindikat zdravstva in socialnega varstva Slovenije).

<sup>11</sup> Interview realized within the project IJ 004/04\_DP1 "The Political and Legal Institutional Framework of the Czech Republic and its Changes in the Context of the Accession to the EU", research programme of the Ministry of Labor and Social Affairs "Modern Society and its Changes".

Hafner 2005). This is true not only for negotiation processes but also for the current policy making and the multi-level system of interest representation.

## **5. Concluding remarks**

Social partnership and its institutionalized form - the tripartite national bodies - have contributed to the transformation process in the countries of Central and Eastern Europe and at the same time undergone a change in connection with changing political, economic and social conditions and the "maturing" of social partners. The European integration process presented new challenges and posed new demands on social partners.

The EU's effect on national patterns of interest representation is twofold. By effecting both policy and institutional developments, the process of Europeanization presents constraints, as well as opportunities for organized economic interests. Social partners still seem to cope with the consequences of Europeanization. Multi-level system of governance, emerging in Europe means that social partners have to develop their own multi-level system representing their interests. However, it requires a change in organization and communication within these associations and a change in bargaining relations among them. Existing data, as incomplete as they may be, show that EU membership has had a positive effect on the creation of links between the European and national levels of social dialog and, to a certain extent and in differentiated manner, also between the national and sectoral levels. Links with the lower levels of social dialog are limited by an inadequate organizational structure at these levels. It can be said that there is still space for transferring know-how from the EU-15 countries, including e.g. twinning projects implemented in the past in all three studied countries.

The question remains what added value there is for individual partners in the supranational/European levels of bargaining and interest representation. At the national level, we can see benefits related to the membership in European structure whereas at the sectoral level, national and sectoral interests are preferred, which leads to the situation when consensus and decision implementation are more difficult to reach. EU membership failed to lead to a stronger position of social partners and social dialog at the national level;

the example of Slovakia shows that the opposite can be the case (repealing the Act on Economic and Social partnership and weakened competences of the central tripartite body).

With regard to the cooperation of the national political representation and associations representing employers' and employees' interests, we see a better cooperation between employers' associations and the government rather than between trade unions and the government. Being a less developed partner in the national dialog with regard to infrastructure, organizational structure and professional background, employers' associations are supported by European networks when it comes to their relations with the government and political representation. If we compare the situation in the Czech Republic, Slovakia and Slovenia, Slovenia has the best functioning cooperation whereas the situation in the Czech Republic, where cooperation with political representation in the European parliament is very limited, seems to be the worst.

On the one hand, EU accession which added the European level to interest representation, presented an additional challenge to trade unions and employers' associations with regard to their professional and human capacity<sup>12</sup>; on the other hand, it provided additional opportunities by international networking and raised interest in immediate participation in lobbying and decision-making processes. It is expressed as an increased pressure on representation plurality (Slovakia, partially the Czech Republic) or as establishing groupings outside official representation in the national tripartite body. In addition, a tendency is seen towards influencing major decisions, such as EMU accession, by means of binding agreements (social pact).

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<sup>12</sup> Necessary minimum experience with the activities of international organizations, necessary language



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