I. LEGAL FRAMEWORK

A. Basic structure and legal framework of social dialogue

1. Legal rules concerning sectoral social dialogue

Social dialogue in the Slovak Republic is regulated by:

- Act No. 311/211 Coll., the Labour Code
- Act No. 2/1991 Coll. on collective bargaining
- Act No. 103/2007 Coll. on tripartite consultations at the national level and on amendment and supplementation of certain acts (Act on tripartite).

Social dialogue in Slovakia undergoes constant changes. Following the General Agreement for the year 2000, social partners failed to reach further agreements in the subsequent years. After the 2002 elections, relations between trade unions and the government deteriorated, culminating in the abolition of the Tripartite Law and the transformation of the Economic and Social Agreement Council into an advisory body to the government in 2004. After the change of government in 2007, a new Tripartite Law was adopted, re-establishing the consultative and negotiating body of social partnership. The development of social dialogue continues to be closely linked to changes in government, as evidenced by the 2010 elections, when the right-wing coalition initiated the liberalization of the Labour Code and changes in collective agreements.

In 2024, the Declaration on the Development of Societal Dialogue in the Slovak Republic was created. The strategic goal of the declaration is the signatories' commitment to continue effective communication between social partners, representatives of other significant societal entities, and the government. The declaration was developed based on the commitment outlined in the Government Program Declaration of the Slovak Republic for the years 2023-2027.¹

Currently, the Labour Code imposes an obligation on employers to allow the operation of a trade union organization, employee council, or employee representative at their workplaces.

The conditions and entitlements agreed upon in company collective agreements apply to all employees – both union members and non-members alike.² At the time of preparing this analysis, a change occurred regarding the possibility of extending the binding nature of collective agreements. While extension was generally not possible until 2024, in November 2024, the members of the National Council of the Slovak Republic approved the extension of higher-level collective agreements, effective from 2025.

The content of collective agreements is the result of the independent position of the contracting parties (social partners) and the principle of contractual freedom.

2. Legal structure of sectoral social dialogue

The Slovak legislative framework for social dialogue is compatible with European standards that support democratic institutions and consensus. Collective bargaining is a decisive and most important form of establishing and developing legal relationships between trade union organizations and employers. The subject of a collective agreement may also include other institutions that the

¹ DECLARATION ON THE DEVELOPMENT OF SOCIETAL DIALOGUE IN THE SLOVAK REPUBLIC. [online]. [cit. 2024-08-28]. Available at: https://www.vlada.gov.sk/deklaracia-k-rozvoju-celospolocenskeho-dialogu-v-slovenskej-republike/

² ČAMBÁLIKOVÁ, Monika, et al. Analysis of the Functioning of Social Dialogue in Slovakia from the Perspective of the Confederation of Trade Unions (KOZ) [online]. May 2012. [cit. 2024-07-24]. Available at: https://www.ia.gov.sk/data/files/np csd I/Analyza soc dialg odbory.pdf

contracting parties agree on, which are freely adjustable provisions arising from the Labour Code or special regulations.

According to the Collective Bargaining Act, there are two levels of collective agreements:

- **Company collective agreement** is concluded between a single employer and a trade union organization or multiple trade union organizations.
- **Higher-level collective agreement** is binding for a larger number of employers. It is concluded between an employers' organization and a trade union federation. Higher-level collective agreements are negotiated for specific economic sectors on a national scale.

3. What is the significance of sectoral social dialogue?

List of stored and valid higher-level collective agreements (HLCA):

Sector	No. of valid HLCA	No. of companies to which HLCA apply	Validity
Construction	1	83	<u>2012 - 2024</u> (amendment 31.12.2027)
Wood processing	2	6	<u>2023 - 2026</u>
industry		2	2024
Electrotechnics	1	6	<u>2022 - 2026 (31.5.2026)</u>
Energy	2	5	<u>2020 – 2022</u> (amendment do 2025?)
		5	<u>2021 – 2023</u> (amendment do 2026)
Metallurgy, mining	2	5	<u>2023 – 2026 (31.03.2026)</u>
industry, and geology		6	<u>2024</u> (31.3.2025)
Trade and tourism	2	87	2023 – 2024 (31.12.2024)
		26	<u>2023 – 2025</u> (31. 12. 2025)
Food industry	1	2	2023 – 2024 In case that a new higher-level collective agreement is not concluded, its validity is extended by 3 months, until 31st March 2025.
Glassmaking	1	5	<u>2022 – 2025</u> (30.4.2025)
Civil service and public service	6	4 - Not companies, only employer representatives signed in the agreement 6 - Not companies, only employer representatives signed in the agreement 1 - Ministry of Interior	2023 - 2024 (31.8.2024) 2023 - 2024 (31.8.2024) 2024 (31.12. 2024) 2024 (31.12. 2024) 2024 (31.12. 2024) 2024 (31.12. 2024)

Sector	No. of valid HLCA	No. of companies to which HLCA apply	Validity
		1 - Not companies, only employer representatives signed in the agreement 1 – Ministry of Interior 1 – Ministry of Justice	
Water management	1	16	<u>2024</u> (31.12. 2024)
Healthcare	1	24	<u>2012 - 2024</u>
Chemical and pharmaceutical industry	1	10	<u>2021 – 2025</u> (31.12.2025)
Agriculture and forestry	1	14	2024
Civil aviation	1	5	<u>2015 – 2025</u> (31.12.2025)
Other	1	30	2015 – 2017 (probably until the end of 2024, not explicitly stated there, new addendum is signed every year in December)
TOTAL	24	351	-

According to OECD data, the coverage of collective agreements (the percentage of employees with the right to bargain) in Slovakia is decreasing. In 2000, the coverage of collective agreements in Slovakia was at 52%, while in 2015³ it had dropped to just 24.4%. According to the same statistics, only Estonia, Greece, Lithuania, and Poland have worse coverage than Slovakia. For comparison, in the OECD member states, the average coverage of collective agreements in that year was 32.7%.⁴

The publication *Moving with the times: Emerging practices and provisions in collective bargaining* provides more recent data and divides countries into four categories based on the prevailing level of agreements (collective contracts). Slovakia is classified in the group of countries where sectoral and company bargaining, as well as social dialogue, coexist. According to this publication, Slovakia's coverage by collective agreements in 2019 was only 14%.

Sectoral social dialogue plays a key role in shaping employment and social policies in Slovakia by striving to bring consensus among all parties involved (social partners). Through sectoral dialogue, collective agreements are created, which determine wages, working conditions, and social benefits in specific sectors. These agreements are crucial for setting minimum wages and other benefits for workers in various industries.

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³ More recent data for the Slovak Republic is not available.

⁴ COLLECTIVE BARGAINING COVERAGE. [online]. [cit. 2024-08-28]. Available at:

At the national level, Slovakia has established the Alliance of Sectoral Councils, which aligns educational policies with the needs of employers and contributes to enhancing the qualification of the workforce. This alignment is part of efforts to address labor market challenges and reduce unemployment, particularly among disadvantaged groups.

Members of the Alliance of Sectoral Councils mirror the membership in the Economic and Social Council, established by Act No. 103/2007 Coll. on Tripartite Consultations at the national level and on the amendment of certain laws (the Tripartite Act). The Tripartite Act also regulates tripartite consultations at the national level between the state and social partners, who, through their representatives, negotiate and discuss essential issues related to economic and social development and employment growth, with the aim of reaching an agreement on these matters.⁵

B. Challenges of the economic environment and labour market trends between 2020 and 2024

Slovakia, as part of Europe and the European Union during this period, experienced several challenges in the economic environment and changes in the labor market. These included, for example:

- COVID-19 Pandemic (2020–2021): It brought an economic downturn, forced business closures, and rising unemployment. The government had to implement several rescue packages for businesses and employees.
- 2. Energy Crisis (2022–2023): Rising energy prices, primarily due to the Russia-Ukraine war, negatively impacted the business sector and households, reducing investments and increasing inflation.
- 3. Inflation: A significant increase in prices, especially for food and energy, reached historic highs and led to a decrease in the purchasing power of the population.
- 4. Labor Shortage: Slovakia faces a shortage of skilled workers, particularly in industry, IT, and healthcare, as well as unskilled labor. Secondary school graduates are insufficient to meet labor market needs, and university graduates are often prepared for positions that are less in demand.
- 5. Digitalization and Automation: The growing emphasis on digitalization and automation led to changes in the structure of jobs. This increased demand for IT specialists and technical professions. Changes can also be observed in the demand for skills.
- 6. Home Office and Flexible Working Arrangements: The pandemic accelerated the adoption/enforced the use of remote work and hybrid models, changing the way many companies operate.
- 7. Increase in Unemployment During the Pandemic: In 2020, unemployment rose, reaching its peak in 2021, but after a gradual economic recovery in 2022, it decreased again.
- 8. Labor Migration: Due to demographic changes and the emigration of young people abroad, there has been increased pressure to attract foreign workers. A key challenge remains the aging workforce, with many workers retiring.

⁵ ALIANCIA SEKTOROVÝCH RÁD. Members. [online]. [cit. 2024-09-30]. Available at: https://www.alianciasr.sk/clenovia/

C. Special rules for social dialogue adopted during the Covid 19 pandemic

"In the central and eastern European Member States examined (Czechia, Slovakia and Slovenia), the impact of the COVID-19 pandemic was not clearly visible in the negotiation agendas, except with regard to the regulation of aspects related to telework (such as the costs associated with working from home). This can be explained by the fact that collective bargaining in these countries is rarely an arena for introducing new topics, since state intervention through regulation is usual, and collective bargaining at sector level is weak. New labour market challenges are not generally addressed initially through collective bargaining; rather, national-level legislation tackles these issues, and the social partners implement the legislation in collective agreements. " ⁶

D. Special rules for social dialogue adopted after the outbreak of the war in Ukraine

No

E. Special rules to mitigate the negative effects of the energy crisis

The Slovak government and relevant authorities adopted several measures during the energy crisis to mitigate its impact on the economy and households. The measures primarily focused on price regulation and providing financial compensation to various groups of consumers. The main measures included:⁷

1. Price regulation

- Government Regulation No. 465/2022 Coll.: Sets maximum prices for part of the regulated electricity and gas supply for selected end consumers (e.g., households and small businesses).
- Government Regulation No. 19/2023 Coll.: Introduces maximum prices for gas and electricity for household end consumers and small consumers at the 2022 level + 15%.

2. Compensatory measures

The government introduced state aid schemes and compensation programs for various groups of consumers, funded from the state budget. The total amount of compensation reached 2.7 billion EUR by December 31, 2023.

3. General economic interest

Since the original plan did not ensure price stabilization, in December 2022, the Slovak government introduced the general economic interest mechanism. This allowed companies to supply electricity at a preferential price for households, aiming to mitigate the impact of high market electricity prices.

Problems and shortcomings

The report from the Slovak Supreme Audit Office highlighted slow procedures in implementing measures and unclear coordination between the Ministry of Economy and the Regulatory Office for Network Industries (ÚRSO), leading to market uncertainty. Some measures, such as the conclusion of contracts for supplying electricity at preferential prices, were implemented late and with complications, which negatively affected the effectiveness of state interventions.

⁶ MOVING WITH THE TIMES: EMERGING PRACTICES AND PROVISIONS IN COLLECTIVE BARGAINING. [online]. 31 August 2022. [cit. 2024-08-28]. Available at: https://www.eurofound.europa.eu/en/publications/2022/moving-times-emerging-practices-and-provisions-collective-bargaining

⁷ L. ANDRASSY. **Report on the Results of the 2024 Audit: State Measures During the Energy Crisis.** [online]. Slovak Supreme Audit Office. [cit. 2024-09-30]. Available at: https://www.nku.gov.sk/documents/d/nku/opatrenia-statu-pocas-energetickej-krizy-pdf

II. THE SUMMARY OF THE INTERVIEWS

1. What are the push and pull factors for sectoral collective bargaining?

The way collective bargaining takes place, the topics it addresses, and its overall effectiveness and outcomes (agreements) are strongly influenced by the overall economic condition, the sector, and the company itself. Additionally, it depends on the legislative (non-)conditions for collective bargaining, the willingness of social partners to negotiate, and the way both sides are set up and their willingness to negotiate and reach an agreement through compromise.

Push factors for sectoral collective bargaining are primarily economic pressures (wages, bonuses, rising costs), unfavourable working conditions, and legislative interventions that limit employers' flexibility. On the other hand, pull factors include the desire to improve working conditions, employer cooperation, the introduction of innovations, and international regulations. Successful negotiations require a balance between both sides, with key factors including the need to address labor shortages, regional disparities, and new challenges such as inflation, environmental initiatives, and digitalization.

2. Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?

In Slovakia, at the time of drafting the analysis, the extension of higher-level collective agreements was reintroduced, which may present an obstacle in collective bargaining. This is because the higher-level collective agreement will apply to employers who have not entered into such an agreement, even without their consent or the initiation of collective bargaining with their employees.

However, it should be noted that one circumstance can represent both an obstacle and a stimulus simultaneously. This is the case with the extension of higher-level collective agreements, which is clearly an obstacle for employers who do not wish or are unable to enter into such an agreement. On the other hand, trade unions (employees) may perceive this as a stimulus, as it opens or secures new topics for them.

A similar situation applies to the EU directive on minimum wages, where a certain minimum wage is being pushed forward. Employees are unlikely to resist it, whereas employers are not allowed to negotiate wages freely. Due to the increased costs of wages, employers have less room to negotiate other topics (benefits). Often, raising the minimum wage simply shifts financial resources from benefits to wages, which reduces the overall effectiveness of the bargaining process. Sometimes, it is argued that high minimum wages put pressure on other wages, pushing them down. Other examples of misguided political interference in wages could include the sharp increase in the minimum wage or mandatory extension of collective agreements to companies that do not agree with them.

The directive on adequate minimum wages emphasizes the obligation for collective bargaining, which could present an opportunity to improve dialogue.

Obstacles:

- Legislative restrictions and instability
- Unwillingness of employers
- Low levels of organization
- Lack of knowledge

Stimuli:

• Legislative support

- Lack of trust
- Economic conditions
- Process-related barriers

Examples of good practice

- Education and awareness campaigns
- Sectoral and regional dynamics
- Guarantees and stability

 Involvement of the tripartite and professional organizations

3. In your opinion, what would make collective bargaining more efficient?

Improving the efficiency of collective bargaining requires legislative measures that eliminate the possibility of circumventing rules, as well as better preparation from both sides for negotiations.

Legislative "tying" is detrimental in the sense that employers are forced to direct money where regulations dictate, rather than where the involved parties (trade unions and employers) would prefer. Collective bargaining should allow freedom in decision-making and negotiation.

Preparation and transparency: The key to effective negotiation is thorough preparation from both parties. According to one respondent, there should be an informal meeting prior to official negotiations where both sides clarify their expectations, set realistic goals, and establish nonnegotiable points. Collective bargaining would be more effective if regulatory impact assessments were systematically conducted. Currently, impact assessments for legislative changes are often neglected or marked as "no impact."

Legislative framework and rules: Negotiations should be based on clear rules and legislation that prevent circumventing the process. The effectiveness of the process could also be improved by modernizing the collective bargaining law.

Education: It is necessary to provide training for employees in trade unions to better understand the sector's situation and the company's possibilities. Employers should also be educated to better understand the needs of employees.

Long-term planning and flexibility: Negotiations should be strategically planned, considering the long-term needs of the sector. This approach would reduce tensions between the parties and facilitate smoother agreements.

Focus on cooperation: Employers should view employees as partners, not just capital. On the other hand, trade unions and employers must understand that their goals are interconnected. Transparent communication and mutual respect are essential.

Support from the tripartite: Tripartite institutions could define the framework for effective bargaining and support its implementation. They could also provide mediators and expert backgrounds to resolve disputes.

More efficient collective bargaining requires clear rules, thorough preparation, long-term planning, education, and financial support.

4. In your opinion, how did the crisis affect collective bargaining in your sector?

Global crises, such as the COVID-19 pandemic, inflation, climate challenges, and the war in Ukraine, have had a significant impact on collective bargaining. The topics of negotiations have shifted, with more focus on urgent, current issues.

During the pandemic, one of the key issues was financing sick leave, which became a critical topic due to increased employer costs. The COVID-19 pandemic brought the need for greater flexibility, with a significant expansion of remote work. At the same time, there was a heightened demand for wellbeing support.

The war in Ukraine influenced collective bargaining in several ways. It led to an influx of Ukrainian refugees (workforce), for whom employers prepared support programs, including assistance with administrative matters to grant residence, accommodation, and employment. The war also increased energy and fuel costs, which impacted suppliers, companies, and employees. This required new approaches to planning and finding compromises.

Collective bargaining was also affected by inflation and environmental commitments, such as Net Zero, CO2, and the Green Deal. The climate crisis and the associated agenda create pressure for more eco-friendly solutions. ESG requirements also influence the topics of social dialogue. Employees are increasingly concerned about "green issues" and want their employers to take steps that contribute to environmental conservation. Employers are either driven by their own initiative or are compelled by various EU regulations and agreements. In such cases, they are required to invest effort and financial resources into these activities, further reducing the funds available for negotiations in collective bargaining.

Economic crises, such as the one in 2008, led to work restrictions, which once again emphasized the need for effective dialogue and prompt response in collective agreements. Industries dependent on production and sales faced pressure due to crises, which required creative solutions from both unions and employers.

Overall, the development points to the need for active participation in international discussions and a flexible approach to addressing economic and social challenges. Crises affect the functioning of the economy with negative impacts on both the economic and social environment. Negative trends in these areas always have an adverse effect on the way mutual dialogue is conducted.

5. How does sectoral social dialogue relate to national social dialogue? For example, are tripartite agreements concluded at the national level, which affect the social partners' room for manoeuvre in the sector?

Sectoral social dialogue is closely linked to national social dialogue, with agreements made at the national level, such as minimum wage or working hours, significantly affecting the possibilities for sectoral negotiations. The relationship between sectoral and national social dialogue is not always optimally structured. State interventions, such as excessive increases in the minimum wage or legislative changes made without consulting sectoral actors, narrow the space for individual sectoral agreements. Increasing the minimum wage at the state level pushes employer costs upward and paradoxically causes disproportions between employees in the public and private sectors. In Slovakia, there is a low percentage of people working for the minimum wage, and even within that group, a significant portion likely works officially for the minimum wage while the rest operates in the informal economy.

The minimum wage is seen as a tool of politicization, increasing costs for employers and limiting their flexibility in setting wages according to sectoral needs. Employers would prefer more freedom in deciding wages for positions with low added value. The same applies to working hours. Employees are interested in working longer hours, but there are rules that limit this.

The current setup of the tripartite system is considered inefficient, as it often does not allow all interested parties to express their views on planned measures. The tripartite process does not always follow the proper negotiation procedures. An example is the consolidation package, which was prepared and approved by the government without any discussion with social partners. Some businesses, especially smaller ones, do not have enough room to engage in negotiations, and decisions are made without their involvement. This refers to the current framework of the law on the extension of higher-level collective agreements. Without the knowledge of all members of the given sector,

binding obligations will be defined for all businesses, which is considered unfair, as it is a "decision about them without them." In this way, they are given imposed conditions to which they cannot respond, and they must ensure/meet them.

6. Are there any areas of employment regulation that could be improved by a sectoral collective agreement? If so, in which areas and with what possible content? Are there any subjects in your sector that would be worth being involved in under the scope of sectoral social dialogue?

A sectoral collective agreement could bring improvements in various areas of employment regulation. One of the priorities is to increase the flexibility of employment. A key area is working hours and their flexibility, which responds to the needs of different employee groups and the demands of the younger generation.

Important topics include vocational and lifelong learning, occupational safety, and reducing employee turnover. Supporting lifelong learning is also crucial to help employees keep up with technological development. Educational programs should be available on a voluntary basis and include support from the state.

Another example is the discussion about compensation in companies with high profits, where employees expect fair compensation for their work. Pressure on work performance is increasing, and employees are sensitively responding, seeking compensation. Sectoral agreements should also address topics like recognizing employees' seniority to reduce turnover.

If the financial factor (wages and rewards) does not help, or if the employer cannot afford it, the most important factors according to surveys are relationships with supervisors, colleagues, and the work environment. Employers should strive to create and approve benefits that meet everyone's needs in dialogue with trade unions (employees). When designing the benefits an employer will offer, it is important that they do not support only one group but everyone.

Employment regulation should be left more to the sector level than the state, as excessive regulation through laws reduces flexibility and the attractiveness of sectoral agreements. In Slovakia, there is heavy regulation, so negotiating something beyond that at the sectoral level is difficult.

7. In your opinion, is a national mandatory minimum wage regulation sufficient or is sector-specific regulation justified? If you support sectoral regulation, what are the legal, economic, and labour market reasons for this? Does it not create tensions among employees and representative organisations in different sectors?

Some respondents believe that the minimum wage institute is unnecessary and complicates negotiations, while others consider it an important tool that should remain in place. Sectoral regulation of minimum wages could help reduce employee turnover, but other factors are also crucial.

Most respondents believe that national minimum wage regulation is sufficient and should remain a solid foundation for sectoral collective bargaining. Sectoral regulation of minimum wages could be appropriate in specific cases, such as for physically demanding jobs, where wages would reflect increased requirements (e.g., noise, chemical exposure, etc.), or where benefits like extra vacation days would be offered.

However, some warn that introducing sectoral minimum wages could create tension, for example, in the subjective evaluation of job difficulty or in connection with differences between sectors (e.g., IT and banking with high wages compared to other industries). Such regulation could also influence young people's interest in studying certain sectors if a "label" of low wages emerged.

The national minimum wage is considered a traditional and effective tool that promotes equal pay without regional disparities. However, some point to the need for greater flexibility so employers can adapt to economic conditions and increase wages according to their capabilities.

8. Is the regulation of sectoral minimum wages an appropriate tool to prevent the luring of employees among employers in the same sector? If not, by what means can this be prevented?

The regulation of sectoral minimum wages is not seen as the main tool to prevent employee turnover between employers within the same sector. Turnover is a natural phenomenon, often influenced not only by wages but also by factors such as working conditions, development opportunities, company culture, employee responsibility, and the attractiveness of the employer.

The introduction of sectoral minimum wages would only be justified after a thorough economic and social analysis. In some industries, such as manufacturing or IT, it is considered unnecessary because wages are significantly above average.

The key to addressing turnover lies in modernizing workplaces, supporting strategic management of labor relations, and developing the working environment. State interventions should be limited to ensuring quality education, enhancing workers' qualifications, and creating an environment where individuals can quickly and easily retrain and find employment in another sector if needed.

9. Do you think that the spread of automation and robotisation will change the multinationals' perception that they do most of their business in their subsidiaries in Central and Eastern Europe because of lower labour costs?

Automation and robotization are transforming the labor market, with their impact being more pronounced in the manufacturing sector than in the retail sector. While they are changing production processes, they will not lead to a fundamental shift in the perception of multinational companies that operate in Central and Eastern Europe primarily due to lower labor costs.

However, automation will not be complete – robots and digital systems enhance efficiency but still require human operation and maintenance, which increases the demand for skilled labor. This makes it crucial to focus on vocational and lifelong education to help employees adapt to new technologies.

Certain sectors, such as hospitality, will continue to rely on human labor, while the pressure for automation will be most apparent in manufacturing. In retail and services, instead of automation, the workload of employees is often increasing, which can lead to burnout and cause workers to leave for less demanding, though lower-paying, positions.

To mitigate the negative effects, retraining of employees will be necessary, along with better promotion of technical professions to increase their attractiveness and ensure the availability of a skilled workforce.

10. Is there any circumstance not mentioned in questions 1-9 that you consider important for the situation of your sectoral social dialogue?

The growing influence of artificial intelligence on the labor market requires specialized training for both employees and management to ensure that the sector can adapt to new technologies and increase its competitiveness.

Social dialogue should not only support economic growth but also enhance the overall quality of the work environment. When setting conditions in collective agreements, it is important to ensure that excessive regulation, high labor costs, or administrative burdens do not discourage investors. Multinational companies may relocate production to other countries due to disproportionate demands, which could lead to an increase in unemployment.