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## THE ROLE OF TRADE UNIONS AND SOCIAL DIALOGUE DURING THE CRISIS: THE CASE OF SLOVAKIA

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### **Abstract**

*The aim of the contribution is to define the approach of trade unions and social dialogue at national (tripartite) and sectoral level in Slovakia during the economic crisis and the impact of the crisis on results of collective bargaining of higher instance collective agreements. We collected data from the collective agreements in four sectors, public and civil service, education and science, metal and chemistry industry. By analysing collective bargaining at sectoral level and examining collective agreements of selected trade unions of the production and non-production sectors, we point out the minimum rates of pay increase in selected production and non-production sectors compared to chosen macroeconomic indicators during the crisis times. We try to examine the involvement of social dialogue in taking measures and solving the crisis and compare the economic crisis situation in 2008 – 2009 and during recovery with the coronavirus crisis. According to such experience we try to describe and afterwards assume the position and attitude of trade unions after the period of coronavirus crisis and developments in social dialogue (at national level) during the consecutive economic and social crisis.*

**Key words:** social dialogue, economic crisis, coronavirus crisis, collective bargaining, trade unions

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### **Introduction**

The main platform for the national social dialogue is Economy and Social Council of the Slovak Republic (HSR – Hospodárska a sociálna rada SR) which has been functioning as a tripartite body of employers, employees and state representation. During the economic crisis the need for

social dialogue increased. In 2008 – 2009 more than 60 anti-crisis measures were taken by government as well as consulted with social partners. Social dialogue, communication and relation between trade unions and employers improved and resulted in consensual adoption of anti-crisis measures (Cziria, 2017). Since 2009, the tripartite negotiations had been marked considerably by the economic crisis, which had an impact on all social partners. During the period they focused on finding common solutions to decrease its effect on Slovak economy and employment. As a result, they adjusted their requirements and proposals. KOZ SR concentrated especially on the protection of employees and Slovak citizens from the economic crisis impact as well as on the creation of a network consisting of social benefits and other social measures helping the citizens to overcome problems caused by the crisis. The economic crisis placed (not only) the trade unions in a specific situation; they have to cope with new problems and challenges. At the turn of the years 2008 and 2009, the trade unions announced that they were not going to press the minimum wage increase anymore. They wanted to maintain the employment and reduce the rate of dismissal as much as possible instead. It seems to be logical as the request for a minimum wage increase would not be effective because of the impact of the economic crisis felt in the enterprises. It can be assumed that the crisis will make the social partners cooperate in order to find common solutions and measures. In the future, it can have positive impact on further relations among the social partners (both on and off the economic crisis). The cooperation could also have a positive impact on the future development of the social dialogue. The tripartism could have an important role as in the beginning of the 90s once again (Čambalíková, 2008). It can be a place, where the social partners are provided a chance to cooperate and look for implementation of common solutions to the economic crisis in order to eliminate the impacts on citizens as the tripartite mechanisms were effective especially after the war, when the Western European countries were building their national economies or during the recession period related to the so-called oil-crises associated with the growth of unemployment and inflation during the 1970s and 1980s.

### **Theoretical background**

According to various theoretical concepts and definitions of interest groups (Grant, 1999; Shively, 2014; Sopóci, 2000; Uhlerová, 2015a) trade unions could be classified as being formal (formalised) economic (material), pressure, protectionist, sectoral, political, right interest groups that can play both the role of insiders and outsiders. They represent in particular the economic and social interests of their members (but often declare also the representation of the interests of the general public not always of a purely economic or social nature). As their primary objective is to protect mainly the economic and social interests of certain groups in society (employees, workers), we rank them among the protectionist and sectoral groups. To pursue their interests, they can also choose coercive forms, especially in a situation when bargaining and negotiations (with government, employers) fail. Since, while enforcing the interests, they come into direct contact with the political elites and institutions, the state authorities, the government (e.g. in the tripartite), they are the political (and thus by Shively, 2000, also the so-called proper) interest groups. In the spirit of the neo-corporatism model of interests mediation, the trade unions, which are granted exclusive access to the political decisions (for example through tripartite), can be considered the so-called insiders (according to the classification of W. Grant, 1999). The organisations gain the status of an insider by anchoring in the standards or special law, therefore by strengthening or “monopolising” an insider status (Kunc, 2008). At least for the last three decades, we can talk about the crisis of the trade union movement, not only in Central and Eastern Europe, although many studies focus just on the post-communist region and functioning of trade unions in new, qualitatively different

political, social and economic conditions. The crisis of the trade union movement lies primarily in companies undergoing organisational changes for the new economy; further, the crisis of trade unions is the result of a new wave of economic globalisation, which also has a psychological impact on employees' behaviour; and last but not least the trade unions are influenced by the change in the strategy of investing capital in the de-industrialisation process (Keller, 2011). There are several explanations regarding the relative weakness or strength of the trade union movement in post-communist countries. One of the explanation focuses on the aforementioned corporatist institutions, which were established according to the functioning model of the so-called Western democracies in the emerging democracies in Central and Eastern Europe, mainly from government initiatives, as the preventive measures to eliminate expected social unrest during implementation of economic and social reforms (Crowley, 2004). Research in this field (fj. Siaroff, 1999; Meardi, 2007) suggests that during the implementation of painful economic changes in the region in 90s' one would intuitively expect a significant amount of labour unrest and intense strike activity, at least in some countries or industries, if not universally. However, the scale of protests in Central and Eastern Europe is much lower than in many recognised democracies of Western Europe (Ekiert - Kubik, 1998). The same situation was observed during the economic crisis in 2008 – 2009. Trade unions representatives prefer to be involved in social dialogue and negotiations than to organize massive protest actions. This phenomenon could be explained by neo-corporatism, a model of interest policy when trade unions participate in consultation and conciliation with government in exchange for social peace maintenance (Čambalíková, 2003). Other research in this area suggests that during the economic crisis, trade unions in the Central and Eastern Europe countries focused especially on the protection of jobs and working conditions and they managed to do so much more efficiently than countries which experienced worse economic conditions (e.g. Magda et al., 2012; Uhlerová, 2015b; Ivles – Veliziotis, 2015). This enhances the relevance of trade unions and social dialogue during the crisis period. The main task of trade unions in Slovakia during the economic crisis was to protect jobs and employment. Also results of several studies (Cziria, 2017; Ivles – Veliziotis, 2015) indicate that during the economic crisis workers in the post socialist countries were less likely than similar to lose their jobs, but more likely to experience a reduction in their working hours and salary. On the other hand, the short experience of coronavirus crisis in Slovakia as well as other countries indicates only a limited involvement of social partners, but this might be related to the acute need to adopt measures and the associated lack of time for social partner consultations in the early phases of the crisis. Future analysis will need to evaluate whether and to what extent the involvement of social partners will increase in the later stages of the COVID-19 pandemic and following economic crisis (2020, Kahanec – Martisková - Lichá). In general, in Slovakia, the trade unions have been trying to find a certain compromise among their own requirements, the expectations of citizens and their members, the current political and social situations as well as the measures of a particular government for a long time. The trade union functioning, influence and work in post-communist countries is very specific. Their influence is based especially on economic and politic principles but it also depends on actual conditions, the particular government's expectations, current political actors, a political context and ad hoc agreements (Uhlerová, 2012). We assume that this kind of unstable model of functioning will be implied also during the period after the coronavirus crisis and during the expected times of unfavourable economic and social development (Martisková – Uhlerová, 2016). Especially, the political situation and political representation at state level and their attitude as well as experience will seriously influence the level of social dialogue and trade unions involvement in taking economic and social measures (Čambalíková, 2008).

## **Material and methods**

The aim of the contribution is to define the attitude of trade unions in Slovakia during economic crisis and to point out the involvement, importance and position of social dialogue during the crisis. According to experience of economic crisis in 2008 – 2009 and short experience of coronavirus crisis, we try to indicate the position of trade unions and social dialogue during the social and economic crisis caused by the pandemic situation and taken measures. In this contribution, we investigate the impact of the crisis on collective bargaining at sectoral level and position of trade unions in negotiations during and after crisis. To reach the mentioned goals we had analysed the results (material benefits – wage rise) of higher instance collective agreements in four sectors: public and civil service, education and science, metal and chemistry industry. We assume that wage development negotiated in collective agreements defines the position strategy of trade unions during the crisis. Our presumption is that trade unions in Slovakia prefer to maintain employment and do not push on wage increase during the times of economic crisis. By content analysis of collective bargaining at sectoral level and examining collective agreements of selected trade unions of the production and non-production sectors we point out the minimum rates of pay increase in selected production and non-production sectors compared to chosen macroeconomic indicators during the crisis times and economic recovery. All data was obtained from collective agreements, Statistical Office of the Slovak Republic, Institute of Financial Policy, and National Bank of Slovakia. Our argumentation also leads off from research and empirical studies on trade union movement and social partnership in Central and Eastern European Countries. We assume that trade unions in Slovakia will focus on the same conditions and goals during coronavirus crisis and following economic crisis alike during the economic crisis in 2008 and 2009 and afterwards economic recovery. Findings and achievements of the study are crucial for other research in the field of social dialogue, collective bargaining and trade unions functioning in the Central European Countries.

## **Sectoral social dialogue and trade unions during the economic crisis**

This part of the contribution consists of the analysis of chosen collective agreements of a higher degree (hereinafter referred to as the KZVS) reached from 2007 to 2014. The aim is to point out actual relationships between the selected trade unions and the employers at the sector level during the economic crisis (and onwards) and reached material benefits during observed period. The analysis deals with two trade unions from an industrial sector (The Metal Trade Union, hereinafter referred to as the OZ KOVO and the Power-Chemical Trade Union, hereinafter referred to as the ECHOZ) and two trade unions from a public sector (The Slovak Trade Union for Public Administration and Culture, hereinafter referred to as the SLOVES and The Trade Union Association of Workers in School and Science Sector in Slovakia, hereinafter referred to as the OZ PŠVS). We want to point out the situation directly before (period of economic growth) and also after the crisis as its effects could be seen until 2014.

Table 1: The chosen macroeconomic indicators and the minimum wage rates negotiated in the higher instance collective agreements (KZVS) in selected sectors in 2007 - 2014

Year	Inflation rate %	Labour Productivity %	Average wage in national economy %	ECHOZ Group A %	ECHOZ Group B %	OZ KOVO %	SLOVES civil s. %	SLOVES public s. %	OZ PŠVV teachers %	OZ PŠVV science %
2007	2,8	10,4	7,4	5,9	5,8	6,8	4,0	7,0	5,0	5,0
2008	4,6	3,2	8,1	-1,3	0,9	13,7	3,0	4,0	4,0	4,0
2009	1,6	-3,4	3,0	4,4	8,6	3,2	4,0	1,0	7,0	5,0
2010	1,0	23,9	3,3	2,1	1,6	3,2	1,0	1,0	1,0	1,0
2011	3,9	5,7	2,2	5,0	1,0	3,8	0,0	0,0	0,0	0,0
2012	3,6	7,1	2,4	4	1,3	3,4	0	0	0	0
2013	1,4	3,5	2,4	3,3	1,7	3,5	0	0	0	0
2014	-0,1	2,7	4,0	3,4	2,5	2,9	16eur	16eur	5	16eur

Source: Statistical Office of the Slovak Republic; National Bank of Slovakia; Collective agreements (KZVS)

From 2007 to 2014, the average inflation rate reached the level of 2.4%. The average increase in the minimum wage rates agreed to in the KZVS for the ECHOZ enterprises was just above the inflation rate (3.4% in Group A and 2.9% in Group B). In the case of the OZ KOVO and the wage increase agreed to in the KZVS for metal sector, the increase was significantly higher, at the level of 5.1% in average. It seems that metal sector was able to manage to turn favourable economic development before the economic crisis to its advantage. The average wage increase in the state and public administration did not exceed the inflation rate in the tested period, in education it has increased by 0.4% and in science, research and higher education the average wage increase was under the average inflation rate.

In 2007, the Slovak economy grew and the unemployment rate of 10.4% had been the lowest since 1994, the ratio of the annual growth of the gross domestic product amounted to 14.3% throughout the whole year, the GDP grew by 10.4% versus the 8.5% growth in 2006 and the Slovak Koruna strengthened. In 2009, the euro became the national currency. It is questionable whether the trade unions were able to take advantage of the favourable economic development since the economic growth and positive economic indicators are crucial factors of the trade union influence. The increase in the minimum wage rates agreed to in the KZVS for 2007 and 2008 in both the industrial and non-manufacturing sectors is very modest (especially in the chemical industry). It refers to the trade union inability to negotiate higher wages for their members during the period of record-breaking economic growth. After 2008, the effect of the economic crisis became visible, particularly in the public sector. The social partners had not managed to negotiate the wage increase for the state and public administration workers since 2011. The agreed wage growth in the public sector for 2010 was at the level of inflation, thus 1%. During the economic crisis, the trade unions focused on employment maintenance at the expense of the requirements for the wage increasing. As effects of economy crisis could be felt until 2013 at least, in the years 2011-2013 the collective agreements of a higher degree for the state and public administrations did not deal with the wage rate valorisation. As a result, the real wages in the public sector fell by 8.9%.

According to the case study dealing with the content analysis of chosen collective agreements of a higher degree of selected trade unions, collective bargaining guarantees a certain wage increase, however, it is usually only at the level of the inflation rate. At the same time, it is necessary to mention that trade unions did not manage to turn the favourable economic development to their advantage. However, the trade union representatives respected the situation and did not press for a wage increase during unfavourable economic development, when they focused especially on employment maintenance.

During the crisis, trade unions focused their attention on maintaining employment in enterprises threatened by the recession. This affected the scope of collective bargaining (Czíria, 2017). In addition to standard bargaining issues – such as working time, wages and occupational safety and health, provisions to increase employment flexibility and reduce the social impacts of dismissals were added into company collective agreements. In order to minimize the impact of the economic decline on their business and workforce, some companies, mainly in the automotive and electric industries, implemented flexible working time (*flexikonto* and short-time working) in agreement with employee representatives. Sometimes, a reduction in the workforce was also needed. In such cases, so as to protect core workers, temporary agency workers were cut back and companies withdrew from some previously outsourced activities. Private-sector company management sought to reduce labour costs by wage moderation and cutting employee benefits and awards. In the public sector, moderate wage increases, and even a wage freeze for a couple of years, were agreed. No significant changes occurred in working time. Despite the employers' austerity measures, the social partners maintained the social peace, and collective bargaining played an important role in preventing labour conflicts. In most collective agreements, mainly signed at the company level, procedures for settling labour disputes were included.

### **Selected social and economic implications of the coronavirus crisis through the eyes of trade unions**

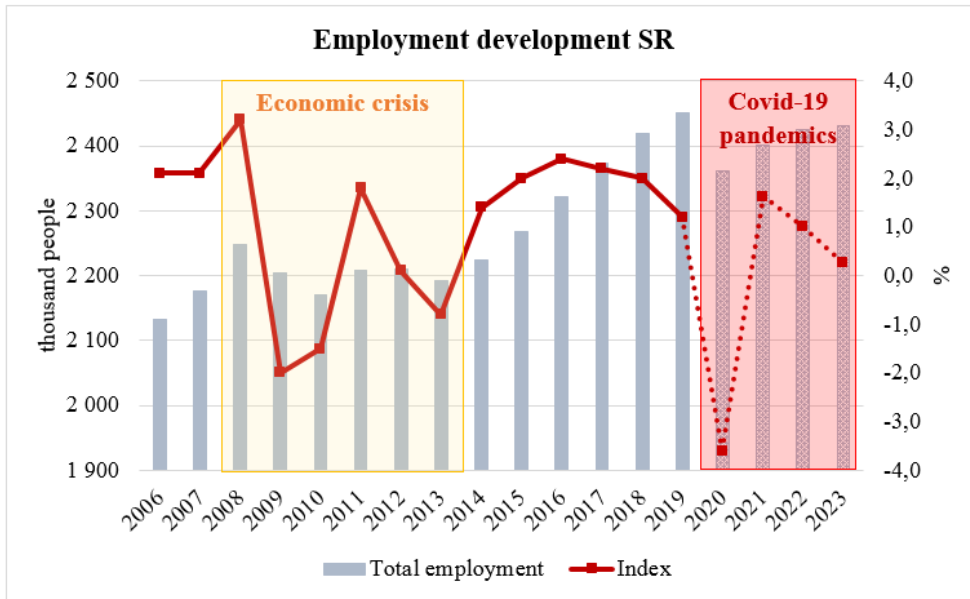
Trade unions have identified several major areas of social and economic implications and risks related to the coronavirus crisis. They are linked to the closedown of borders, restrictions or closedown of shops and restaurants, limited mobility (affecting for example carriers and tourism) caused as a result of public bodies' regulations or by the decision of the operation itself due to the impossibility to ensure sufficient protection and safety for staff or due to interruptions in supplier chains. These elements have direct impact on reduction or total loss of income of many businesses and on the employment rate in the near future. They also create immediate changes on the labour market caused by an expected increase in the unemployment rate, employee mobility (foreigners working on the Slovak labour market and their return home, return of Slovaks from abroad, migrant workers). These implications will decrease citizens' purchasing power and domestic consumption, which will slow down economic growth. The social dimension of a failure to tackle the current crisis could have short-term and medium-term effects resulting in social unrest, radicalization and polarization of the society and a wide range of negative social phenomena, e.g. executions, loss of housing, poverty, social exclusion and other undesirable pathological social phenomena (increased criminality, increased morbidity, mortality, homelessness, addictions, prostitution, etc.). Given the above, the following could be perceived as the most affected sectors: services (restaurants, canteens, hotels, accommodation facilities, hairdressers, wellness and wellbeing, tourism, etc.), industry (construction, automotive), non-essential consumption, transport, financial sector. The least affected sectors could be the tech sector (computer networks, communications, IT, science and tech devices), essential consumption and network industries. It derives from the above that the most

vulnerable groups of workers from the economic perspective could be employees and sole traders working in the area of services, tourism and industry.

The Slovak legislative framework is not sufficiently prepared for an activation of efficient legal and financial tools and subsequent handling of a long-term (economic) crisis. The legal context predominantly covers short-term or ad hoc situations, which do not represent economic or social threat to affected entities (employee, employer). Therefore, the law needs to confront matters such as long-term obstacle on the employee's part (e.g. long-term care for parents who need to stay at home due to the closure of schools and school facilities), long-term obstacle on the employer's part (closedown of operations ordered by a public authority, etc.), which entails financial and existential implications (This was addressed in the amendment of Act on social insurance, which defined conditions and scope of the so-called pandemic care benefit or wage compensation due to temporary incapacity to work during a pandemic and an extraordinary situation). The Slovak legislation does not govern the so-called *kurzarbeit* as we know it from other European countries, however, it is called for by trade unions and employers.

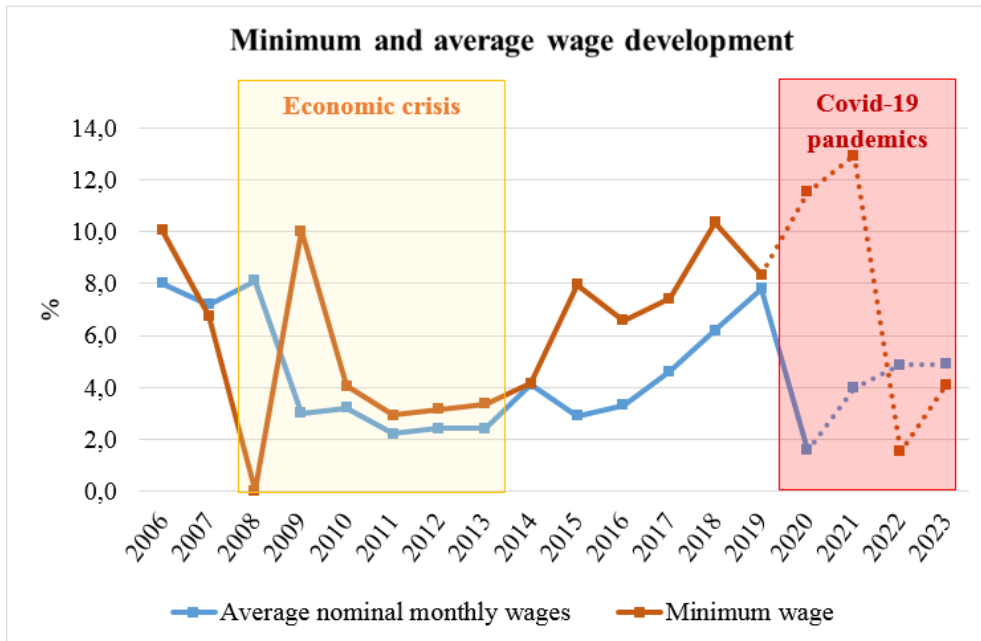
However, efficiency of the adopted measures must be perceived and assessed through various dimensions of labour, namely income, job security, social security entitlement, working time, occupational health and safety, collective agreement coverage (social dialogue). As a result of the corona crisis, many workers might lose their income, that is why the measures should also aim at guaranteeing decent income to all types of workers. The closedown of operations resulted in the loss of job security, therefore, the measures should also strive to keep jobs and employment. Various forms of employment create various degrees of eligibility to social security, such as sick benefits, care benefits, unemployment benefits in the event of loss of job, pension benefits, etc. Therefore, it is important to guarantee the demands of all groups on the labour market through adopted measures. Some groups on the labour market are affected by a significant decrease in their working time, others by extreme workload and extended working time (e.g. healthcare workers, social workers, self-employed workers, employees in the business sector providing digital services or services for which demand has increased dramatically). Adopted measures must also optimize working time within the applicable law. Immediately adopted measures should prioritize regulation of social and physical contact, provision of protective equipment, responsibility of employers and individuals. It must be assessed whether such measures really guarantee the safety and protection of health on the workplace (and outside of it). In this situation, social dialogue on the business, sectoral and national level plays a very important role. The wider the coverage of employees by collective agreements, the higher the protection and reduction of the risk that certain groups of employees will be excluded from protection and help.

Chart 1 Employment development in Slovakia 2006 – 2023



Source: Statistical Office of the Slovak Republic, Institute of Financial Policy prognosis

Chart 2 Minimum and average wage development in Slovakia 2006 – 2023



Source: Statistical Office of the Slovak Republic, Institute of Financial Policy prognosis



According to the prognosis of the Institute of Financial Policy shown in the chart 1 we can assume similar unemployment curve development in 2020 and onwards as in 2009 and 2010 during the economic crisis. Chart 2 shows the minimum and average wage development before, during and after the economic crisis and anticipated development during and after the coronavirus crisis. As minimum wage in 2021 should be set as 60 per cent of average wage, in 2019 it will copy two-year delay average wage index development.

### **Measures to fight the virus: trade unions' approach**

During the first stage of the fight against the spreading of COVID-19, trade unions in Slovakia focused on social dialogue on bilateral level (business, sectoral) and in communication with employers, they strived to set up and guarantee the highest possible level of protection and safety for employees on the workplace and in individual sectors. Employees' representatives addressed especially the matter of hygiene, proposed measures to protect employees and stop the spreading of the virus or to mitigate its impact. Furthermore, they provided ongoing information updates to their members both on a general level and with sector-specific information. This approach also focused on consultation, as the new situation brought many unexpected moments, which needed to be addressed on a legal and legislative level. Negotiations focused mainly on the use of the possibility to decrease wage compensation i.e. in the case of an obstacle on the employer's part from the statutory 100% to 60% and more in exchange for a guarantee of keeping a job by the affected employer.

However, trade unions also called for participation in the adoption of measures to fight the virus on a central level, namely in the Central Crisis Staff of the Slovak Republic, as well as through trilateral negotiations to address the economic and social impact of the coronavirus crisis. Representatives of KOZ SR (Confederation of Trade Unions of the Slovak Republic) repeatedly called for a meeting with the government, as well as for a meeting of the Economic and Social Council of the Slovak Republic (tripartite). Unlike many other European countries, the Slovak government did not invite representatives of employees to any of the discussions before adopting the so-called aid packages. Trade unions demanded engagement of social partners on all levels into the search for solutions. Discussions and negotiations with the government involved only entrepreneurs and employers, employees and their representatives were excluded. Participation of representatives of the largest economically active groups, i.e. employers and employees, in the co-creation of policies, adoption of measures and decision-making improves acceptance and legitimacy of adopted measures in the economic and social context, however, it also involves a burden of co-responsibility of all parties. According to CELSI's research on social partners, involvement in adoption of the economic measures in 50 countries (Kahanec – Martišková – Lichá, 2020) only 20 per cent of them were created with the participation of social partners.

### **Measures to solve economic and social effects: trade unions' approach**

In relation to the proposal and adoption of measures aimed at eliminating negative economic and social effects, the Slovak trade unions opted for two approaches. The first one consisted in analysing measures proposed by social partners, namely employers and the government. The second approach focused on the communication of crucial requirements of employees' representatives.

On 16 March 2020, the (then) Minister of Finance Ladislav Kamenický and the Minister of Economy Peter Žiga together with Richard Sulík (the newly appointed Minister of Economy) presented a proposal of measures to mitigate economic and financial impact of the coronavirus on entrepreneurs, businesses, employers, employees and taxpayers. Presented measures were designed and discussed with employer associations without the presence of employees' representatives. From the 13 presented measures, some of them could be perceived by trade unions as efficient, targeted, well-directed, short-term and quick, oriented at immediate maintenance of liquidity of companies and at mitigation of negative economic impact of the pandemic. Such measures include the postponement of credit and mortgage instalments, short-term advantageous credits for businesses in selected sectors and investment support; postponed deadlines for the payment of tax returns and VAT, remission of fines; postponement of the payment of social and healthcare contributions for self-employed workers; wages paid to employees were exempted from social and healthcare contributions and income tax; radical simplification of conditions for the provision of contributions to maintain jobs also for small businesses and sole traders; changes in care benefits conditions and extension of the deadline to pay customs debt by 30 to 40 days.

However, immediate and targeted effect of some measures is questionable. Their effect could be seen only after some time, therefore, their content and positive impact on the current crisis remains debatable to say the least. These proposals include changes in write-offs; changes in tax loss depreciation; temporary funding of costs for supported electricity production technologies from state budget; not imposing fines to business entities if they are unable to complete a public procurement project and restriction of the performance of control activities in businesses.

On 26 March 2020, another meeting was held between employers' representatives and the Minister of Economy and Vice-president of the Government Richard Sulík on several dozens of measures. They were not public, however, their content was known. Many of them alarmed the trade unions as they restricted the rights of employees and trade unions on the workplace (as part of the so-called *Business Hundred* included in the pre-election program of the Freedom and Solidarity party favouring neoliberal economic ideas and policies of reduced state interference). The trade unions do not believe that these measures are an efficient and immediate solution to the crisis, but rather a long-term effort of certain representatives of the current political power and employers to eliminate the rights of employees and trade unions.

On 29 March 2020, the government of Igor Matovič presented seven measures entitled *First Aid* (1. The state will pay 80 percent of the employee's wage to companies whose operations had to be closed down. 2. Contributions for sole traders and employees based on sales drop. 3. Provision of banking guarantees in the amount of EUR 500 million per month. 4. 55 percent of gross income will be paid to employees in quarantine and parents taking care of their children during the entire time. 5. Postponement of the payment of contributions for employers with a sales drop of more than 40 percent. 6. Postponement of advance income tax payments in the

event of a sales drop of more than 40 percent. 7. The possibility to claim unutilized losses starting from 2014).

Employees' representatives considered them unclear, of limited efficiency, speed and effectiveness, inflexible, with serious limitations that reduce the number of eligible beneficiaries and increase administrative burden. These "first aid" measures were also criticized by employers who demanded support for big employers and businesses with the highest number of employees in Slovakia. In general, employees' representatives demand a large, quick, efficient support not tied in red tape, without complicated criteria that would disqualify a part of affected entities from receiving support. The government made an unprecedented step by amending the Labour Code without discussing and consulting it with trade unions. After an immediate reaction by KOZ SR, the government repealed questionable provisions and satisfied the demands of employees' representatives.

On 3 April 2020, Igor Matovič's government presented three economic measures entitled *Second Aid for Citizens, Businesses and Sole Traders* as a result of negotiations with the Slovak Banking Association. These measures included the postponement of credit instalments by nine months for citizens; postponement of credit instalments by nine months for sole traders, small and medium-sized businesses (i.e. the so-called instalment moratorium) and an increase in the limit of contactless payments from EUR 20 to EUR 50. The first two measures allow for the maintenance of liquidity of employees, sole traders and SMEs during the crisis and postpone the payment of instalments to a later period when funds are more accessible. This requirement was also voiced by trade unions, demanding more advantageous interest rates or minimising of interest rates especially for natural persons. However, it is necessary to say that the payment of instalments is postponed, which means that they will have to be paid in the future, which might extend the length of payment of a credit (if this is possible) or increase credit instalments. Each measure that maintains liquidity in the present days will have to be paid for in the future, which might prolong the unfavourable financial situation of an affected entity.

Trade unions in Slovakia are convinced that in a crisis situation, the state must take responsibility for wages and salaries of workers and adopt a financial and social package to maintain jobs or to limit an expected increase in unemployment. The government designed its first economic and social aid measures for employees, sole traders and SMEs. That resulted in dissatisfaction of big employers (and their employees) complaining that the government has no solutions for them. The solution should not have the form of dozens or hundreds of small measures, but rather a package of several large-scale measures accompanied by a significant financial injection. As a complementary tool, already existing measures could be improved and adjusted to match the current situation with a clearly defined focus and criteria. Trade unions believe that paid compensations are not sufficiently motivating to maintain jobs.

Confederation of Trade Unions of the Slovak Republic has communicated its priority requirement in relation to the adoption of measures to eliminate economic effects of the COVID-19 outbreak on the Slovak economy, namely to adopt measures targeted at protecting jobs, guaranteeing wages and maintaining the citizens' purchasing power. KOZ SR recommended, in cooperation with other EU member states, to adopt economic and fiscal tools that would prevent the current emergency situation to turn into a global recession with catastrophic implications on workers and their families. Adopted measures should support consumption and economic recovery, which can only be done by maintaining employees' jobs and wages, which will reflect on the support of sole traders and services. The precondition for adopting any measures designed to support business entities, companies and employers must be the protection of employees, guaranteeing their income and keeping their jobs. They must be of short-term nature with a specific validity period as well as they must be targeted and focused on affected entities. Trade unions have recommended measures to postpone credit and mortgage instalments for individuals, sole traders and small entrepreneurs, as well as reduced or zero interest rates. They have proposed to create measures related to quantitative easing and reduction of interest rates to a minimum (0% and lower), provision of temporary credits at low interest rates, credits to maintain jobs and temporarily adjust conditions of authorized overdraft in banking products. They also support measures to postpone the payment of taxes and contributions for employees, sole traders and businesses affected by the crisis. An alternative solution could be activation of measures on the principle of deductible items. Such measure could help reduce employers' costs for taxes and contributions, exempting especially the lowest wages without creating a general decrease. Given the urgent need to adopt measures, it is advisable to create criteria and administration *ex post*. A principle of progressivity must be included in the implementation of measures, conditioned by the maintenance of jobs. Furthermore, trade unions have repeatedly proposed a legislative setup and activation of the German *kurzarbeit* model, which would help employees by compensating potential lost wages by the state; help employers to keep their employees and prevent them from going bankrupt and help the state to eliminate negative effects on (not only) public finances caused by increased unemployment and restricted economic activity. This tool is currently used by several European countries to help employees, maintain jobs and keep businesses in existence.

### **Trade unions' proposals to solve the crisis and restart economy**

During the first days after the coronavirus outbreak, trade unions in Slovakia focused on helping employees on the workplace or in affected sectors in the area of health safety and protection, guaranteeing protective and disinfection equipment, spreading information on the new situation and provision of legal counselling. On the top (national, central) level, employees' representatives asked to convene an extraordinary trilateral meeting, which would become a platform for the discussion on economic and social measures to eliminate negative impact of the coronavirus crisis.

Within the first aid package and subsequent measures, several acts and amendments were adopted in order to extend the social net in the form of care benefits, compensating a part of wages to reduce employers' costs, forgiving the payment of contributions and postponement of various deadlines. Financial measures were adopted, for example the postponement of credit instalments, increased accessibility of credits, improved temporary protection of entrepreneurs against creditors and postponement of executions.

These measures were adopted in accelerated legislative proceedings without being first consulted with social partners. Immediately after the start of the outbreak, KOZ SR highlighted the necessity to consult individual legal acts with social partners.

Trade unions have presented their view of the measures prepared or adopted by the government together with crucial requirements focused primarily on the keeping of jobs and income of the majority of workers. As all measures were adopted as governmental proposals in the so-called accelerated legislative proceedings, i.e. without the space for comments by experts and without any trilateral discussions, trade unions have used marketing communication tools to present their requirements, attitudes and opinions towards the public and social partners. Proposals to solve the crisis and restart the economy could be summarized as follows:

- maintaining social dialogue on all levels, participation of social partners in the search for solutions and measures
- keeping jobs and wages or their valorisation on the basis of inflation
- accepting universal, horizontal, efficient and quick measures with minimum administrative burden or moving the administrative burden to a period after the crisis (e.g. "helicopter money") so that the largest possible group of workers can benefit from the measures, with criteria being assessed *ex post*
- legislative definition of the so-called *kurzarbeit* and review of the unemployment insurance system
- support provided to businesses conditioned by demonstrable keeping of jobs
- beneficial interest policies and quantitative easing or reduction of interest rates to a minimum (0% or lower) for natural and legal persons
- advantageous loans provided to natural persons and sole traders by the state
- including Eurobonds in the solution and amending ESIF rules
- reviewing the system of unemployment support, material need entitlement, extension of unemployment benefits even after the end of the pandemic
- refusing to adopt measures, which do not solve the current situation and seemingly help the business environment, but without addressing the situation efficiently. Before adopting new measures, make them undergo the full standard legislative proceedings, including trilateral discussions, so that they are adopted as a result of a consensus after an expert discussion
- refusal to liberalize labour law that would result in a weakened position of trade unions and employees and reduced protection
- participation in pension, social protection system and taxes reform committees
- adjusting the labour law and the social security system to global challenges, such as digitalization, automation, robotization, climate change, demographic development, which have serious impact on the world of labour. It means legislative definition of new forms of work, adjusting working conditions and health protection to new labour market conditions – platform employment, working from home and the right to disconnect, increased number of sole traders. A new question arises on working time as a measurable performance indicator and a precondition for the setup of labour relations.
- defining tools for the restart of consumption and support of citizens' purchasing power (e.g. scrapping premium, various forms of vouchers). In order to maintain the purchasing power, it is advisable to maintain the wage level with potential valorisation, however, not at the expense of the employment rate

- valorisation of minimum wage for 2021 according the legislation (60 per cent of average wage in 2019 what is set in the Act of Minimum Wage)
- collective bargaining in public sector focused on employment maintenance, reduction of working hours and salaries valorisation according to minimum wage rise index.

## **Conclusion**

Experience from the economic crisis in 2008 - 2009 and after recovery period suggests that trade unions will have a similar approach after the coronavirus crisis which is about to result in another economic crisis. Tripartite and bipartite social dialogue contributed to post-crisis recovery and economic growth in Slovakia, playing an important role in the adoption of all relevant documents and measures concerning economic and social development. Since the crisis, particular attention has been paid to key national policies and related economic, labour and social legislation. It can be expected that trade unions will focus on the protection of jobs and employment, maintenance of labour law standards for the benefit of employees and maintenance of the current wage levels with potential valorisation based on inflation after the coronavirus crisis during the expected economy crisis. They will try to maximize their efforts by using the legislative and institutional space enabling them to lead social dialogue especially on company level and national level. The short experience of corona virus crises has shown that trade unions emphasized their participation in consultation and legislative process as well as formal and regular social dialogue and tripartite negotiations. Trade unions in Slovakia will prefer to bargain and negotiate with social partners and government, on the other hand, lack of involvement in formal and institutional procedures may lead in protest activities. We assume that the bipartite and company level social dialogue will continue in its standard form (unless it is affected by any relevant change in the legislative framework) and the content of negotiations and collective agreements will be affected by the economic crisis.

At this place we recommend future research in this area to be focused on quality, content, effectiveness and relevance of social dialogue during the after coronavirus time and economy crisis and its influence on employment development, social and economic measures taken and social and economy recovery. In the field of trade unions functioning it will be meaningful to analyse the impact of the crisis on internal sources of trade unions (e. g. economic, personal, membership base), their behaviour and attitude considering the relevant variables and externalities as well as the influence of trade unions and social dialogue on crisis development and its impact on economy and society.

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