

IMAD
Institute of Macroeconomic Analysis and Development

THE DEVELOPMENT OF NEW INDUSTRIAL RELATIONS IN SLOVENIA

Second draft

The 2000 International Conference
INSTITUTIONS IN TRANSITION

Portorož, Slovenia, June 23-24, 2000,
organized by the IMAD

ŠTEFAN SKLEDAR
IMAD
Institute of Macroeconomic Analysis and Development
Gregorčičeva 27
SI - 1000 Ljubljana
SLOVENIA
tel.+386 61 178 2140
fax.+386 61 178 2068
Email: stefan.skledar@gov.si

CONTENTS:

SUMMARY	3
INTRODUCTION	3
1 THE HISTORY	5
THE ACTORS	
2. THE STATE	7
3. THE DEVELOPMENT OF TRADE UNIONS AFTER THE INTRODUCTION OF FREEDOM OF ASSOCIATION	9
4. THE DEVELOPMENT OF EMPLOYER ORGANISATIONS	16
MAIN FORMS, INSTITUTIONS, PROCEDURES AND ISSUES	
5. COLLECTIVE BARGAINING	17
6. WORKERS' PARTICIPATION AT THE ENTERPRISE LEVEL	20
7. THE SETTLEMENT OF LABOUR DISPUTES AND STRIKES	22
8. TRIPARTISM	25
9. SOCIAL PARTNERSHIP AND REGIONAL DEVELOPMENT	32
10. LABOUR INSPECTION	33
REFERENCES AND LITTERATURE	35

SUMMARY

In Slovenia a stable, co-operative and democratic system of industrial relations (IR), enabling trade union and employer organisations playing an important role in the transition process, should develop. During the transition IR in Slovenia are developing under the influence of complex circumstances. There exists historical tradition and influences, which can be traced back to Austro-Hungarian empire, pre II. world war Yugoslavia and finally socialist Yugoslavia. During the transition IR (collective bargaining, resolution of industrial disputes, participation, tripartism) are adapting on one side to market conditions and international and European standards (changes and development of institutions and procedures for reaching consensus and resolving disputes, legislative framework, trade union and employer organisations etc.). It seems that in Slovenia the German model of IR will prevail, but with notable exceptions (central tripartite body, tripartite wage policy and social agreements, trade union and employer organisations pluralism, differences in codetermination etc.). On the other side it will be interesting to observe how IR will confront influences of the decentralisation and flexibility, which one can observe in some European countries.

The paper is first describing the development of the new role and other issues (the development of organisational capacity etc.) of the three actors in IR (state, employer organisations, trade unions). Then the development of the four main fields of IR (collective bargaining, resolution of industrial disputes, participation, tripartism) is analysed. In introduction the delineation of IR in relation to other labour market institutions, the terminological clarification and the need for interdisciplinary approach is given. And the short description of historical development serves as the necessary part of context presentation in order to make international comparisons more grounded.

INTRODUCTION

This paper deals mainly with those labour market institutions and aspects, which are part of the industrial relations (IR) system. The term **industrial relations** (as defined in the ILO Governing Body paper, ILO 1995) refers "... to the collective relations between employers and workers and their organizations, typically through negotiations and consultations between employers or their organizations and trade union or elected representatives of workers. As such, it covers collective bargaining with a view to deciding on rules to govern the employment relationship and the relations between the parties, joint consultation, participation of workers in decision-making through representatives on such bodies as councils, representation of workers in grievance procedures, machinery for the settlement of disputes more generally and procedures whereby government consults or negotiates with employers' and workers' organizations on matters of economic and social policy".

The older term **industrial relations** is used in this paper as the synonym for the term **labour relations**, which is in fact more appropriate, because these collective relations are present in all the economic and social sectors, not only in industry. But the older term is used anyway in order to avoid misunderstanding. On the EU level the term **social dialogue** is used. And in certain European countries the term **social partnership** is used.

In the paper the term social partnership is not used in order to avoid the bias towards certain model of IR. IR in different countries can be ranked according to the degree of corporatism and centralisation of IR. The term social partnership is used in Austria, which has the most corporatist and centralised IR, with the United States at the opposite pole (Walterskirchen, 1991). It is my opinion, that IR in Slovenia will develop according to certain "European principles", where the important role of civil society and strong interest organisations is respected. I hope, that on the one hand the undemocratic functionalistic centralisation and corporatism, where worker and employer organisations lose their autonomy and artificial imposed consensus is reached, will be avoided. And I hope too, that we will avoid the situation, where IR are very fragmented with practically no higher - level coordination, workers are to a very low extent covered by collective agreements and collective bargaining takes place at the enterprise level only (if at all), and where predominant ideological orientation is against employer and worker organisations. These two extremes remind me too much on these episodes (Bordogna L., Cella G.P., 1999), when IR have been terminated under totalitarian political regimes of right or left, or when regimes oriented towards market individualism have challenged IR.

IR can be studied from the viewpoints of different academic disciplines or **approaches**, such as from the viewpoint of the descriptive historical - institutional, the legal, the sociological and the economic approach. While more pragmatic in orientation the paper does include many of these aspects, but does not cover them very comprehensively or in a systematic way. The strength of the **historical/institutional** approach lies in its insistence on accurate and detailed knowledge of the circumstances and the personalities, which influenced the development of IR showing, that facile generalizations or theorising can be no substitute for the facts and that decisions in this area can be subjectively as well as objectively taken (Hunter 1969). But too much institutionalised discussion may conceal the underlying forces in our economy and society which influence IR. In addition the predominant issues are working class movements and trade unions rather than employers' organisations or the evolution of other parts of IR. There is always a risk that policy will be formed too little by analysis of the contemporary situation and possible development and too much on analogy with past circumstances and that there will be too little emphasis on change. The **legal** approach is concerned with the description of formal legal framework and institutions, within which IR are functioning, with collective agreements etc. But it lacks the exploration of actual practice (content) and the evaluation of how successful IR and institutions are actually functioning. Reading Slovene **sociological** literature on IR one gets impression of too broad theoretical and ideological generalisations and conclusions. The **economists**, if interested in IR at all, tend to see IR in more liberalistic way, trying to remove obstacles to more flexible and free functioning of labour market. So the **interdisciplinary** and **comparative** perspective is needed.

This paper should also made a contribution to a more systematic description and research of IR in Slovenia, which is indispensable background for IR policy preparation and implementation. Here researchers provide wider reference framework or context, how IR are functioning as a system an the interrelations of different parts of IR (not dealt to a great extent in this paper), systematic evaluation and analysis etc. And practitioners add concrete details of current development which cannot be properly understood unless put in a wider theoretical framework.

1. THE HISTORY

In Slovenia industrial relations began to develop quite early at the beginning of the process of industrialisation. This is reflected in the development of trade union movement, which has rich tradition in contrast to trade unions in some other sovereign states on the territory of former Yugoslavia. Namely, the process of deagrarianisation, industrialisation and urbanisation was stronger and began in Slovenia much earlier, than on other territories, now sovereign states, formerly parts of common state, although Slovene territory was less developed than many other parts of Austro - Hungary. During the second half of the 19th century the territory of Slovenia was a part of Austro - Hungarian empire and Ljubljana was regional economic and cultural centre.

7th April 1870 the Austrian parliament abolished those provisions of penal law, which prohibited the organisation of trade unions. In this way workers got the right to organise in order to pursue their interests in relation to employers (Stiplovšek, 1979). The trade unions in Slovenia emerged quickly after this date (or even before) practically at the same time as in Austria, although the industrialisation on Slovene territory lagged behind industrialisation in some other parts of Habsburg monarchy. At the beginning worker organisations had educational and self help character, but they quickly got proper trade union role by fighting for better wages and other conditions of work. At this time they organised craft workers. In Slovenia the graphical workers were the first to organise and they formed already 1867 their educational society, which gradually developed into trade union organisation. They and other trade unions had contacts with Austrian unions. At the same time the educational societies, which organised all workers, began to develop in many cities. In Ljubljana the first strike was organised 1871 by tailor assistants and they established strike fund. After the economic crisis in mid seventies of 19th century and crisis of Austrian social democratic movement, the trade union movement in Slovenia stagnated. At the beginning of nineties the socialdemocratic worker movement and trade unions in Slovenia regained their strength and became a part of Austrian trade union movement. The strongest were railway workers and mine workers unions. Mine workers delegates took part at the congress of Austrian mine workers union in 1890. The I. congress of Austrian trade unions in 1893 recommended the organisation of so called industrial trade unions, where workers of one branch of industry are organised in one union, and 17 such unions were organised. In this way in Slovene territory too the industrial type of organisation prevailed over the narrower craft type. The first conference of Slovene trade unions was held in 1901 in Ljubljana. The first central secretariat was established 1905 in Trieste and the second 1908 in Ljubljana.

In the mid nineties of 19th century the christian social and workers movement began to develop too. At first only political and educational societies were organised., and gave their members some social support. Their central organisation was established 1897 and began with job mediation and legal advice activity too. In 1900 the support society in tobacco factory in Ljubljana and paper indusry workers union were founded. The central organisation was founded in 1909.

The first liberal trade union organisation was founded 1907 in Trieste. Its core were railway white and blue collar workers, In 1909 the railway civil servants founded their own trade union. In the same year the railway workers and lower civil servants founded their own trade union too.

After the world war I. and the collapse of Austro - Hungarian empire the trade unions regained their position and developed further. Three political streams and organisations dominated: social democratic, christian and latter communist. As in Austria workers chamber was established too. It was a counterweight to other chambers such as that of industry and commerce, which represented the interests of employers. Workers chamber tried to serve as unifying institution for different trade union streams, which many times opposed each other. At that time slovene trade unions gained rich experience in organisational matters, collective bargaining, the organisation of strikes etc. This advantage of rich experienca was partly lost already during the period of Kingdom of Yugoslavia due to growing centralism.

In the period after the world war II. up to the first free elections and the introduction of freedom of association IR in a proper sense did not exist in Slovenia. Old trade union, not being independent from the party, the state and managers and so not democratic, had his headquarters in Belgrade. It was organised completely in a centralistic way with mandatory membership. In Slovenia (as well as in other republics of former Yugoslavia) the republic organisation of centralised trade union existed with headquarters in Ljubljana.

Employer organisations didn't exist, because in firms and everywhere workers decided about everything, theoretically at least (the problem of who should represent employers from socialist countries in ILO is well known). The greatest peculiarity of former Yugoslavia was so called "social ownership" of means of production. Firms were neither state nor private owned. All enterprises and craftsmen were organised in chambers (parastatal organisations) with obligatory membership.

Anyway, it must be stressed, that former Yugoslavia, and Slovenia especially, differed considerably in many aspects from other socialist countries. This has important consequences for the development of IR after the change of socio - economic system. Slovenia was never a part of eastern block (COMECON, Warshaw pact etc.). It was quite independent from Belgrade, especially regarding social questions (social security etc.), where very general rules were laid down centrally only. Already before the change of the socio - political system the social security system was based on similar principles and provided similar benefits, that are proided by continental European countries (Austria, Germany, Italy). The system of planning was not the planning of production, but was indicative. The firms were much more independent, that the firms in other socialist countries. They were neither state nore private owned. The system of so called "social ownership" prevailed and some authors suggest that Yugoslav firms were ownerless. And from the beginning of 60 ies the borders opened. The considerable migration of workers, turism etc.

began. So especially Slovenia opened to the world. The Slovene republic trade union organisation had some autonomy too and had contacts with trade unions from neighbouring countries (Austrian OGB, Italian regional organisations from Friuli - Venezia Giulia, and with DGB regional organisation for Bayern).

Even before the break - up of former Yugoslavia important changes have been made to the constitutional framework in 1989, opening the way to modern industrial relations (Vodovnik, 1999). The old ideological paradigm, under which labour was considered the only important factor in production, and other resources were underestimated, was rejected. This meant the abolition of the Yugoslav self - management model and constitutional and legal devolution of all formal powers within the enterprise to the workers and their organisations. Under self - management, where workers had all formal power, trade unions had less importance in representing the collective interests of employees and were more important in protecting workers against the unjustified behaviour and decisions of managers. As Vodovnik is saying (Vodovnik, 1999):” Constitutional and legal changes in 1989 fundamentally changed the nature of the employment relationship. The Law on Basic Rights of the Employment Relationship replaced the so - called associative employment relationship (the relationship among the workers themselves) with one based on the labour contract. Contractual relationships were established on the individual as well as on the collective level.... The law contained the first legal regulations concerning collective bargaining and collective agreements, which were not completely based on the voluntary action of the parties. Rather they were the consequence of a compromise between the need to establish a system of collective bargaining and the need to protect societal and state property....From the legal viewpoint this change created a significant problem, because the identity of the employer was not certain. The ownership of public enterprises has not yet been transferred: not to the state, nor to the workers, nor to anybody else. To establish the legal notion of an employer as it is known throughout the world it was necessary to privatise the means of production. However, since contractual employment is an essential of industrial relations, we can speak about the beginnings of Slovene industrial relations in the traditional sense from 1989.”

In the first half of 80ies the ideological discussions began regarding the strikes in the socialism. In the second half some bigger strikes occurred and greater tolerance to strikes appeared.

THE ACTORS

2. THE STATE

The role of the State (or the Government) (ILO, 1995) is in most IR systems limited to **promoting orderly industrial relations** by providing the necessary :

- legislative framework and information,
- advisory and dispute settlement services, and
- to establish minimum levels of worker protection through legislation.

In a number of countries, especially in Europe, the State is also participating in **national tripartite consultation or negotiation** on economic and social questions, and is a partner in sectoral or regional tripartite bodies. Sometimes it acts as a mediator between the interests of workers and employers. Throughout most of the Western Europe, IR can be seen as a three - way affair, with the State assuming an active role. Especially in times of economic crises and in Slovenia in the context of transformation to democratic social - market economy tripartite cooperation can ensure that structural adjustment policies take more fully into account the views of the parties concerned and promotes understanding and support for the policies adopted (ILO, 1995). For tripartite cooperation to function the government must be willing to take a role in labour policy, and not to leave all but a bare minimum of functions to free market forces (Trebilcock, 1994). A lesser role for government reduces the scope for potential intervention by trade unions and employers' organizations.

Finally, the State has been heavily involved in **public sector IR as employer**. Here the term **public sector** includes mainly the civil service (administration of the state at the central, regional and local levels), public social services (health, education, child care etc.) and wholly or partly state owned enterprises of an industrial or commercial nature (sometimes postal services and railways too). The state has frequently intervened in IR in public enterprises. These kinds of intervention can have a mayor impact on IR in the private sector. Privatization in a number of countries, and in Slovenia as well, has tended to reduce the scope for this kind of intervention.

But first of all, the Government must create a stable environment enabling the other two social partners to work on equal terms with each other and with it, particularly trade unions by **ensuring the freedom of association and functioning**. Without this, domestic and foreign employers could abuse the transition period by violating the basic trade union rights. Here the effective functioning of labour inspection is indispensable.

As Vodovnik is saying (Vodovnik, 1999) **the slovene state** has adapted its activities to the new political situation even before the constitutional changes of 1991. Because of the inseparable connection between political pluralism, parliamentary democracy and industrial democracy it became important to prepare adequate **legislation (an adequate normative framework) for the development of modern IR**. It was necessary to take into account the specific situation of the country in transition (no employers' organizations, which began to emerge slowly with the privatization process) and therefore not possible to to transfer regulations from other countries directly into the domestic legislative system. The state had to enact temporary legislation with a mixture of elements from the old and from the new legal order, attempting to stay within the framework of the normative system of the ILO as far as possible. So certain "hybrid " institutions appeared, sometimes with unique names and terminology. The legislation was gradually adapted as far as the development of current situation permitted and was not done according to the "future ideal conditions". As in many other fields and in contrast to certain other countries in transition (for example Hungary) the slovene state adopted gradual approach and didn't hurry with the changes of labour legislation. So trade unions and employers had enough time to adapt to the new circumstances and the state was trying to support them by encouraging them to play their proper role in IR. But because the process of joining the EU is evolving very rapidly and in order to comply with ILO and

EU standards it will not be possible to delay the changes of legislation any more and to delay the flexibilisation of labour market to a greater degree.

By preparing **the new labour legislation on industrial relations**, the Government will create, in line with the European and international standards, a new and modern framework for the functioning of the social partners. Slovenia lags behind with regard to employers' organisations and in preparing a Law on the ESC. Slovenia also needs a Law on Collective Agreements (CA) so that conclusion of CA will no longer be compulsory, but free. In the future the Law on Strikes will have to be amended, so that strikes will no longer be allowed in cases of CA violation (solutions in a court), but only in cases of collective disputes.

In Slovenia the government didn't decide yet to establish **advisory and dispute settlement services** – institution for conciliation (as is the case in Hungary). Here the term "conciliation" is used to designate procedures whereby a third party (usually experienced individual conciliators) assists the parties to a dispute to settle the dispute by agreement in a more or less active way (Daya, 1980). As a rule, the assistance of the conciliation authority in settling a dispute may be requested or offered if direct negotiations between the parties have broken down or reached an impasse. So the general aims of such an institution are: to promote good functioning of IR, collective bargaining, social peace and prevent the strikes, and to offer advice, consultation and information on IR to the trade unions and employers.

Regarding the establishment of **minimum levels of worker protection** through legislation in **Slovenia** such minimum levels are established in various parts of labour legislation. The most classical example is legislation on minimum wages. The next one is legislation on health and safety etc.

When assuming the role of employer and negotiator in the process of collective bargaining the government soon faced the intense union activity, especially in social services and transport sector (railways etc.). At the beginning the government was quite unprepared for these activities and as the result it faced difficulties in negotiations, and even strikes.

Alongside the numerous changes in labour legislation the role and tasks of **labour inspection** (LI) have changed. LI is obliged to secure enforcement of legal provisions relating to conditions of work and the protection of workers while engaged in their work, supply technical information and advice to employers and workers etc. In the previous system the tasks of LI concerned largely safety at work. Today, they include the supervision of the implementation of collective agreements also. LI in Slovenia is now a uniform state inspection – an inspectorate.

3. THE DEVELOPMENT OF TRADE UNIONS AFTER THE INTRODUCTION OF FREEDOM OF ASSOCIATION.

After the period of trade union unitarism the trade union pluralism began to develop in Slovenia with the recognition of freedom of association and the abolition of obligatory membership. As in practically all Central and Eastern European countries a decline in membership and fragmentation of trade union movement occurred, with the domination of one or two central organisations, which are under slightly different ideological influences.

All trade unions in Slovenia have at least some natural rights, while trade unions, which are legally recognised as representative, are given a wider range of rights (Vodovnik, 1999). The Law on the Representativeness of Trade Unions from 1993 regulates the conditions (criteria) for representative status for a trade union on different levels (confederation, branch of industry or social services, profession, factory etc.) and the recognition of trade unions as representative. Trade unions are considered to have legal personality with the right to own property, if their statutes or by - laws are registered by the state. The general requirements are : they must be democratic organisation regarding structure and practice, continuous performance of trade union activities, proper financial resources, and at least the minimum required number of members. In order to be recognised as representative trade unions must prove that they fulfil certain basic requirements. If they do so the state, or in some cases (factory or firm trade unions etc.) the employer itself, verifies the trade union's status with a formal decision.

The basis of trade unionism In Slovenia is the enterprise - level organisation (Vodovnik, 1999) and it was in the old system too. These organisations receive the greatest legislative support and so enjoy broader rights than trade union organisations at other levels. In certain firms and factories two or three different unions coexist.

At the highest national level trade union members in Slovenia are organised in four central (umbrella) trade union organizations officially recognised as most representative (confederations). Their membership is organised in different member branch trade unions within different economic and social sectors. The largest one is Union of Free Trade Unions of Slovenia (ZSSS). According to the telephone survey conducted in September 1994 (Stanojevič, Omerzu, 1994) its membership is representing 48,2 % of all trade union members in Slovenia. It is reformed organisation, originating from republic organisation of former Yugoslav trade union and leaning to the left side of the political spectrum. It has its headquarters in Ljubljana. The democratisation of its functioning meant first changes of organisational structure in terms of decentralisation of decision - making within umbrella organisation. Branch trade unions, formerly only parts of the organisational structure of an unified union, have become more independent confederally organised members (Skledar, 1999). Although the rights of representative trade unions are not specified in the law, the employers can use it in order to accept (recognise) trade union as a bargaining partner in collective bargaining in the company of other unions. For example, three or four railway workers trade unions form common bargaining team and take part negotiate collective agreement for this sector. Only the confederations can have representatives in the central tripartite body called Economic and Social Council etc.

In 1994 the second largest was Neodvisnost - Confederation of New Trade Unions of Slovenia, Representing 10,(% of all trade union members. It is new trade union organisation and its founding congress was March 30, 1990. Its headquarters are in Ljubljana It is leaning to the right side of the political spectrum. In the first years of its existence its biggest problem was setting up a firm organisational structure and rules of functioning.

The Confederation of Trade Unions of Slovenia Pergam, having members mainly in the sector of pulp and paper industry, printing etc., is the next one. Its headquarters are in Ljubljana too. It constituted anew after separating from ZSSS.

The Confederation of Trade Unions '90 of Slovenia is having members mainly in the coastal region (Communes along the adriatic coast Koper - Capodistria, Izola, Piran and other parts of this region bordering with Italy and Croatia, where joint project of European Training Foundation and Slovenia on "Vocational education and training in the context of regional development " is taking place). Its headquarters are in Koper - Capodistria and it constituted after separating from ZSSS too.

On the level of sectors there exists a larger group of strong autonomous branch (sectoral) and profession mainly white collar workers trade unions, in particular in the public sector of social services (health care, education etc.), transport sectors, banking etc. A lot of them originated by separation from ZSSS. There exist one or two smaller regional trade unions too, organizing workers within certain former communes. On the lowest level of factories and service units .there exist some autonomous trade unions organised mainly in enterprises employing blue collar workers predominantly. They will be sooner or later forced to join certain greater trade union in order to provide for their members free legal help at least.

The extent to which trade unions have managed to adapt to new social conditions is shown, among other things, by the **unionisation of employees**, which is measured by the share of trade union members in all employees. Generally, membership in trade unions was declining in the world and **Western Europe** in the 1980s and early 1990s. In France, New Zealand and Portugal, membership in trade unions roughly halved and fell by a quarter in Australia, Austria, Japan, the Netherlands, the UK and the USA. In the early 1990s, however, there was a slacking off in the general fall in unionisation. **Countries in transition** of Central and Eastern Europe saw a dramatic fall in the number of trade union members in the 1990s because membership became voluntary and their economies began wide restructuring. As shown by the table, there are wide differences in unionisation rates between countries. In the EU it ranges between 9% and 91% with the differential increasing.

Unionisation in **Western Europe** is generally higher than in the rest of the world and it is possible to distinguish **three main groups**. Firstly, all the Nordic countries, Sweden, Finland, Denmark and Norway, as well as Belgium and Ireland belong to the group of highly unionised countries (union density over 50%). Countries having medium level unionisation (union density between 31% and 50%) are Austria, Italy, the UK, Portugal and Luxembourg. Countries with a low level of unionisation (union density below 30%) are Germany, Switzerland, the Netherlands, Greece, Turkey, Spain and France. A comparison in time shows that in general already weakly unionised countries have continued to lose members, whereas countries with a high level of unionisation have seen the smallest losses, or membership has continued to grow like in the Nordic countries. As a result, there were not many changes in the relative position of countries in terms of their unionisation rates. Usually **female participation** in unions is well below the rate of male unionisation. However, this gap has narrowed because women's participation in unions has risen faster than their share in employment (Aintila, 1993).

After the change of socio - economic system the rate of union density in **Slovenia** decreased, as membership in trade unions is voluntary and because of extensive restructuring of Slovene economy, particularly traditional sectors with highn employment density (textiles, mining, steel and iron production, footwear and leather, and especially metal industry). According to the telephone survey from September

1994 (Stanojevič, Omerzu, 1994) it was estimated, that around 60% of all workers (the rate of union density) were members of trade unions. The survey showed, that 59,6% of the total active population were members of trade unions (and 4,6% of the non - active population), and 63,5% of all employed persons (23,3% of unemployed). Among “white collar” workers 54,9% were trade union members and among “blue collar” workers 75,9%. As said already,, membership in trade unions fell from practically 100% before 1990 to 63.5% in 1994 and (according to a new telephone survey) to about 42% in 1999. It now ranges close to the European average, which is around 40% (OECD, 1991).

COMPARISON¹ OF TRADE UNION DENSITY AND COLLECTIVE BARGAINING COVERAGE IN 1990 - 1994				
	Trade union density ²		Collective bargaining coverage ³	
	1990	1994	1990	1994
Sweden	83	91	86	89
Finland	72	81	95	95
Denmark	71	76	69	69
Norway	56	58	75	74
Belgium	51	54	90	90
Austria	46	42	98	98
Italy	39	39	83	82
Canada	36	38	38	36
Australia	41	35	80	80
England	39	34	47	47
Portugal	32	32	79	71
New Zealand	45	30	67	31
Germany	33	29	90	92
Switzerland	27	27	53	50
The Netherlands	26	26	71	81
Japan	25	24	23	21
Spain	13	19	76	78
U.S.A.	16	16	18	18
France	10	9	92	95
SLOVENIA	100	64	100	100

Sources of data: OECD: Employment Outlook. July, 1997; Stanojevič M., Omerzu M.: Javnomnenjske podobe sindikatov. Ljubljana, 1994. **Notes:** ¹ countries are ranked according to the trade union density in 1994, ² trade union density: percentage of trade union members in all employees, ³ collective bargaining coverage: percentage of workers in total employees whose employment conditions are defined in collective agreements.

Collective bargaining coverage (CBC) is the share of workers whose employment conditions are defined by collective agreements in all employees (OECD, 1997). The coverage rate depends on the share of workers belonging to trade unions, the share of employers belonging to employers’ organisations and the authorities’ use of statutory mechanisms in extending collective bargaining agreements. In most countries, collective bargaining coverage is higher than membership in trade unions. France is the extreme case, combining the lowest unionisation rate and one of the highest coverage rates. The reasons are: employers may extend collective agreements to non-union workers, or authorities may extend the validity of collective

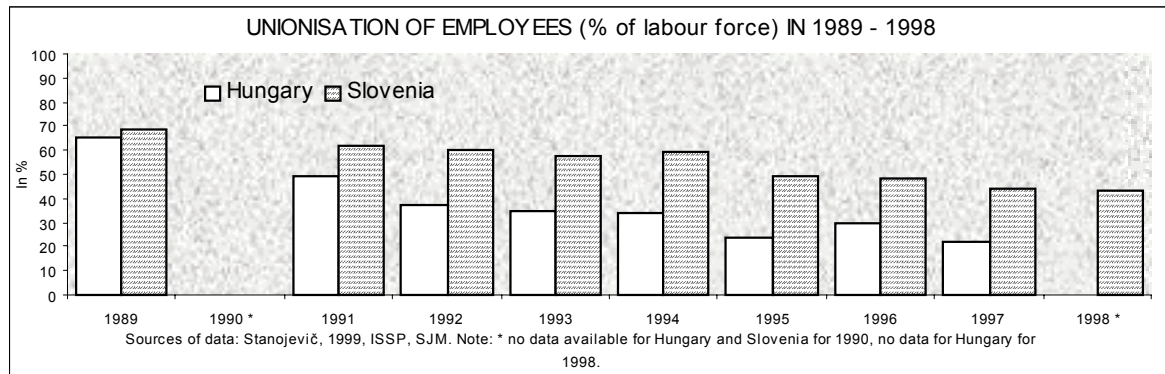
agreements. The coverage rate showed only a small fall in the 1980s, in contrast to the greater fall of union density. However, Japan, New Zealand, the UK and the USA have experienced a noticeable reduction in collective bargaining coverage. **In Slovenia**, collective bargaining coverage is nearly 100% as membership in the Chamber of Commerce and Industry (employers' representative) is mandatory and collective agreements are obligatory as well.

The countries in transition of Central and Eastern Europe share some features in the evolution of industrial relations (IR), employer organisations and trade unions, yet they differ a great deal from one another. The graph showing the **unionisation of employees** in Slovenia and Hungary reveals that unionisation levels in Slovenia fell more slowly than in Hungary (the countries chosen because of data availability; Stanojevič, 1999). The trade union density in Slovenia in 1998 was 43%, while in Hungary in 1997 it was 22%. The figure represents the share of trade union members in the labour force (employed and unemployed). In both cases, the share was obtained through a public opinion poll. First, all persons in the labour force were taken from the sample of all people over 18 years of age, then the trade union density was calculated.

The two countries differ even more in **collective bargaining coverage** (SEM 11/99:21), showing the share of workers whose employment conditions are defined by collective agreements in all employees (OECD, 1997). In Slovenia, collective bargaining coverage is close to 100%. The majority of employees have terms of employment defined by two collective agreements (CA), the general inter-sectoral and sectoral agreements, while some also by CA at the company level. The reason for such a high coverage is the mandatory membership of companies in the Chamber of Commerce and Industry (CCI), one of the employer organisations that concludes CA, and because CA are valid for all employees working in companies that are members of the CCI. The Employment Relations Act stipulates that certain terms of employment be regulated by CA, so that agreements are in an indirect way compulsory. There are no general inter-sectoral CA in **Hungary**, and the number of sectoral agreements and the coverage of employees has fallen dramatically since 1992 (Hethy, 1999). In 1994, 12 sectoral agreements were concluded and they covered 11% of all employees in the private sector. In comparison to 1992, the number of agreements fell by 50%, the number of employers covered by 30%, and the number of employees by 75%. The coverage of employees settled at around 10%. The situation is somewhat better as regards CA at company level. According to the available estimates, they are regularly concluded in 30% to 35% of companies and cover about 30% of employees.

The **causes for differences between the two countries** stem from the different social and economic systems that existed before transition, and above all from the substance and pace of transitional reforms in various areas. In the field of IR, for example, Hungary is ahead of Slovenia as regards formal regulation (labour legislation), while as regards practice, Slovenia is ahead of Hungary. This does not mean, of course, that Slovenia should not step up its reforms in this area nor does it imply that the situation in Slovenia after the introduction of the reforms will be the same as in Hungary. This only shows that it is impossible to immediately replace old institutions with new ones, and that gradual reform of the system of IR is required.

One of the main reasons for differences and weaknesses of IR in both countries is the **way employers are organised**. The CCI, with compulsory membership, has an important role in IR in Slovenia, which is contrary to ILO conventions on the freedom of employer and employee association. In this way, employers form a homogeneous and centralised group. In Hungary, employers are even more fragmented than trade unions, so that trade unions have no suitable counterpart for concluding CA at higher levels. In the Hungarian central tripartite body (Council for the Reconciliation of



Interests), for example, there are representatives of 9 employer organisations, which differ significantly. Only some of them seem to meet the general internationally adopted criteria for authentic employer organisations. Given the poor organisation and non-homogeneity of employers, perhaps intentional, it is not surprising that the concluding of CA is, especially at high levels, losing momentum.

Despite the relative fragmentation the Slovene trade unions cooperate in various areas, for example in negotiating tripartite social agreements, tripartite agreements on wages policy and in collective bargaining by forming joint negotiating teams. Already in 1990 the first common working groups and bargaining teams were formed for the conclusion of sectoral collective agreements. In 1992 the informal “coordination” of all trade unions chose 7 representatives for the preparation talks and conclusion of tripartite social agreement. These and other tripartite agreements are now discussed and negotiated within central tripartite body named Economic and social council. But the social partners are stressing, that it is not the council, but individual partners who are making the decision whether to accept or not to accept the agreement. The problem of fair distribution of the assets of the old trade union, which hampered the cooperation between trade unions at the beginning, seems to be more or less forgotten.

Slovene trade unions have rich international activity. They take part in ILO activities and their representatives take part as worker delegates at ILO conferences. They have regular contacts with International Confederation of Free Trade Unions too. ZSSS is a full member of European Trade Union Confederation. The representatives of Slovene trade unions are members in different working groups, which deal with the accession of Slovenia to EU.

Trade unions must be a strong and reliable partner in the process of tripartite co-operation and industrial relations. They should participate with competent and

constructive proactive development policy proposals, and not just passively criticise the proposals of other social actors, as well as implement agreed duties at all levels. In order to get a large number of active members, resulting in strength and reliability, unions must determine new ways of organisation and the aspirations and interests of a new generation of employees. This new solidarity strategy will unite enough partially opposing interests of an ever more differentiated workforce, and other societal groups. Only in this way will unions remain an important cohesive force in society establishing a balance between work and capital. The growing differentiation of interests cannot be unified by centralised leadership, where differences are artificially suppressed and not settled, and solidarity is imposed.

Slovene trade unions are in the process of establishing a new identity, facing a number of changes, particularly the development of industrial relations and tripartite co-operation in its true meaning as established in Europe. Changes to labour legislation, particularly the introduction of voluntary conclusion of collective agreements and participation in management, will demand more educated executives and members. The public must adopt an image of a trade union as an organisation whose main task is to represent the interests of employees in collective bargaining and co-administration, at the country and international level, and not an organisation that offers various benefits and consumer goods. For reformed trade unions, the democratisation of functioning first meant changes in organisation structures in terms of decentralisation of decision-making within one umbrella organisation. Branch trade unions, formerly only parts of the organisational structure of a unified union, have become more independent confederally organised members. Voluntary membership and organisation of trade unions has caused certain branches to break off from the umbrella organisation, and new trade unions emerged as well. The latter face the biggest problems in setting up a firm organisation structure and rules of functioning.

The whole of **Europe** is witnessing the restructuring of the economy in terms of deindustrialisation and changes to traditional production methods resulting in related occupational, educational and sectoral changes in the composition of workforce, thereby causing an increase in the number of different interest groups of employees and the emergence of new ones. It is becoming, also due to slower economic growth in the EU, more difficult to co-ordinate these interests. They are not being reflected enough in the activity of unions, consequently, the number of union members is falling. In **Slovenia**, these processes have been accelerated due to transition and accession to the EU. The falling number of union members could not have been prevented because of the wide-ranging restructuring of the Slovenian economy and voluntary membership. In order to attract new members, unions must pay more attention to the interests and ways of organising young people, women, part-time or fixed-term employees, employees in small- and medium-sized companies, and those highly educated. The culture, ideology and ways of functioning of trade unions known so far arise mainly from the collective organisation of male physical workers with low qualifications in the metal industry, mining, rail etc, shop-floor workers of large organisations working on the conveyor belt – inflexible Fordist mass production. Collective bargaining mainly touched the relatively uniform conditions of work of these workers.

Deindustrialisation means increased employment in the services sector, which is connected to female employment. Women represent a large part of the workforce in this sector; they usually have part-time jobs here. Besides, making a distinction

between blue-collar and white-collar workers, production and services, is untenable. Only a small number of employees in enterprises involved in production actually make products, suggesting that this category of employees is decreasing. The nominal rise in the services sector was also contributed to by the reorganisation of companies and subcontracting. This is one of the reasons for the increasing number of small- and medium-sized companies. In the case of the services sector, a distinction between those employed in retail trade, tourism, etc, employing mainly low-qualified female workforce on a non-permanent basis (part-time or fixed-term employment), and those employed in highly specialised services requiring professional qualifications needs to be made. The latter, as well as employees with new and specific technical skills, are characterised by individual rather than collective interests, as they are more interested in the conditions of their promotion and professional careers. Trade unions have difficulty in recruiting new members from both groups. Employers are also in favour of such individualisation (Hyman, 1994). Conflicts between unions in the public sector of social services and unions in the private sector are arising due to budget restrictions.

The nature of jobs is also changing on the shop floor. Tayloristic ways of **production** are being abolished and new forms of work organisation such as autonomous or semi-autonomous work groups are introduced. Companies are thereby transforming into small units; a matrix structure of managing a company is replacing a hierarchical one, introducing higher personal responsibility for workers. This results in organisational structures with fewer levels, doing away with different levels of middle management. Major changes are therefore happening in job evaluation, pay structure and collective bargaining (flexibility). With Slovenia's accession to the EU and the higher presence of foreign employers, it can be expected that such methods will also be introduced in Slovenia. If Slovenian trade unions do not prepare for these changes in time, they can expect an erosion of their powers.

4. THE DEVELOPMENT OF EMPLOYER ORGANISATIONS

It is necessary to change the legal framework of the system of IR in Slovenia. But the social partners need to change also. So far, trade unions have been more successful in adjusting to the changes than employer organisations. This is quite understandable in view of the prolonged process of privatisation. Nevertheless, in the process of collective bargaining, participation resolution of disputes and tripartite consultation trade unions need representative and independent (legitimate) partners on the employer side. The term "entrepreneur" is not new in Slovenia, but it is not synonymous with the term "employer. Real employers have only began to emerge with the emergence of the real owners - with the transformation of the old and to a lesser extent the emergence of the new enterprises. The same is valid for employer organisations. Slovenia is one of the countries in transition that have, despite the socio - economic changes, retained a system where all enterprises and craftsmen are organized in chambers (para - statal organisation) with obligatory membership. After the change of socio - economic system the mandates of these chambers were extended and now they function as employer organisations too and represent the interests of their members in this sense. At the beginning of the transition the Chamber of Economy (GZS) was the only organisation representing employers and enterprises. Later on, the Chamber of Crafts (OZS) branched off, representing now

independent craftsmen and small - size enterprises. These two organisations got two basic functions, namely employer (negotiating) and promotional (trade and business) function. This is contrary to the International Labour Organisation (ILO) conventions, which proclaim freedom of association of employers and workers. On the advice of the ILO and the International Organisation of Employers (IOE) the GZS came to the conclusion that a separate organisation for employers was the best solution. On 22nd February 1994 the Slovenian Employers' Association (ZDS - Združenje Delodajalcev Slovenije) was founded. Around the beginning of 1997 it had 1618 members (enterprises), which employed around 60% of market sector's labour force and represented 49% of the overall company equity. This example was followed by the OZS, which established the Employer's Association OGISTTA on 23rd June 1994. Around the beginning of 1997 it had 2730 members. Both ZDS and OGISTTA (as well as the Chamber of Economy and the Chamber of Crafts) have their headquarters in Ljubljana. In the meantime, a small new employer organisation was founded also, later registered as the Employer's Organisation of Slovenia (DOS). It has its headquarters in Maribor, the second largest city in Slovenia. Pursuant to the Law on Employment Relations from 1991, the collective agreements, relating to the territory of Slovenia and for selected economic activities, are to be concluded between trade unions and GZS or any other general association or organisation of employers. So the general and sectoral collective agreements are from the employer side concluded by the Slovenian Employers' Association and the Employers' Association OGISTTA, and GZS and OZS. In this way the tripartite (government, employers, trade unions) Agreement on Wages Policy for the Period 1999 - 2001 was signed by the named four organisations too. According to the proposal for a new Law on Collective Agreements from 1995, which is in parliamentary procedure, this will in the future be possible only for individual employers or their representative associations. Until the adoption of the new law determining the representativity of employers (in the similar way as the representativity of trade unions is regulated), GZS and OZS remain legitimate employers' representatives. In addition, the proposal for the new law concerning the Chamber of Economy, which will determine its new competency (field of activity), is in parliamentary procedure.

MAIN FORMS, INSTITUTIONS, PROCEDURES AND ISSUES

5. COLLECTIVE BARGAINING

Collective agreements were used as an instrument for regulation of employment relationships on the territory of Slovenia already at the end of the last century (Ministry of Labour, Family and Social Affairs, 1993). First regulations regulating their conclusion were adopted in the period immediately after the World War I. After World War II, employment relationships were regulated through a state monopoly and collective bargaining was limited to the private sector (small craftsmen), which was economically less important. Collective agreements were introduced by legislation in 1971 and the first collective agreement was concluded in 1972. Collective agreements were in former Yugoslavia in 1989 introduced into the legal system again by the adoption of the federal Law on Basic Rights from Employment Relationship.

In 1990, the Slovene Law on Employment Relationships was passed. Both laws govern the conclusion of collective agreements (for the time being) and contain a special chapter on collective agreements. They, however, do not conform with ILO Conventions and Recommendations or with the practices of other European countries. Therefore, a new draft Law on Collective Agreements is currently in parliamentary procedure. In Slovenia, collective bargaining did not begin with sectoral collective agreements which are common in many Western European countries (Germany, Sweden). On the highest central level two so called "general collective agreements" were concluded, one for all sectors of industry, trade etc. and the other for the education, medical care, culture and other sectors. They covered the great majority of employees in Slovenia and regulated the most important aspects of working conditions. In August 1990, the first collective agreement was concluded, namely the General Collective Agreement for the Market Sector (SKPG). It included provisions on the level of basic wage rates for 9 tariff categories, which represent 9 grades of work skill requirements and correspond to grades of education (Štoka, 1996). Besides, it determined the monthly indexation of wages and worker's right to basic wage. At the beginning, especially in 1990, the state intervened in the field of wages through the law, which applied in former-Yugoslavia. In principle it recognised the validity of collective agreements. It, nevertheless, determined the method for wage payment, which in majority of cases, amounted to negation of the agreements.

In the independent Slovenia, the state intervened in the field of wages also by legislation, but it did not entirely exclude collective agreements. Branch agreements (sectoral collective agreements) were concluded soon after the SKPG came into force. The first one, the Collective Agreement for Agriculture and Food Industry, came into force in March 1991. At the lowest level (companies) the company collective agreements began to be concluded. Thus, in Slovenia the system of collective agreements operates on three levels. As it is common elsewhere, it is built on the principle that a general collective agreement determines minimum rights. These can not be lowered by the collective agreements concluded at lower levels. According to the data provided by the Slovenian Employers' Association out of 25 valid branch collective agreements in 1997 there were 17 with higher and 8 with equal basic wage rate for the I. tariff category compared to SKPG. In October 1991, the General Collective Agreement for Non-Market Sector (SKPNG) was concluded. All collective agreements, except those of companies, must be registered at the Ministry of Labour, Family and Social Affairs. In 1997 35 were registered: 2 general, 31 branch and 2 occupational ones (for certain occupations).

In 1995, the ILO conducted a survey on collective bargaining using a sample of enterprises in some Central and Eastern European countries: Bulgaria, Czech Republic, Slovakia, Hungary and Poland (Aro and Repo, 1995) The survey established that in these countries collective bargaining takes place mainly at the local (lowest) level. In most companies nearly all wage-related issues were determined on the local level. But many enterprises were also covered by national or regional agreements. It is clear, that the system of collective bargaining and the whole system of industrial relations is developing differently in Slovenia and in each country of central and eastern Europe.

As in other countries it is expected that the system of collective bargaining will partially be decentralised in Slovenia. In the Agreement on Wages Policy for the Period 1999 - 2001 the trade unions and employers agreed, that they will exercise this agreement by the conclusion of sectoral, company or firm collective agreements (Official Gazette, 1999) The branch collective agreements will have a main role. Therefore the bargaining teams on the branch level will have to become more professionally competent. The branch collective agreements will have to adopt the new standard for the classification of activities (NACE) and the new standard for occupation classifications. Bargaining will be influenced by the abolishment of the "market" and "non-market" sector distinction. Among other things, professional basis (surveys and analyses) for the negotiations will change. A number of different criteria refer to these two sectors and must therefore be determined differently.

THE STRUCTURE OF INDUSTRIAL RELATIONS IN EUROPE				
Country	Soc. agreement	Intersectoral CA*	Sectoral CA	Company and plant CA
Slovenia	occasionally	Two general CA	branch CA	in development
CEE	regular.occasionally	-	-	beginning of development
Sweden	-	-	diminished role	gradual introduction
Netherlands	tripart.consult.	-	established practice	gradual introduction
Ireland	regularly	-	-	most important
<i>Source of data:</i> Fajertag G., Pochet P. et al: Social pacts in Europe. ETUI, Brussels 1997. <i>Note:</i> CEE- Central and Eastern Europe.				

Industrial relations (IR) include the fields of collective bargaining (CB) - collective agreements (CA), dispute resolution, worker participation and tripartism. The structure of industrial relations (SIR) in the private sector is mainly related to the structure of CB. The term applies to the vertical hierarchical division into levels, horizontal division of these, and institutional relations between these parts (Windmuller, 1987). Tripartite consultations, social agreements and intersectoral CB are at the highest country level. Next there is industry-wide CB, which may differ between regions. There are CA for certain professions, too. CB can take place for production workers and office workers separately (blue and white-collar workers). At the lowest level there are company, plant, workplace or department CA, where various bodies and ways of worker participation are included. In countries with a complex SIR which include most of the levels mentioned above, CA at higher levels define general guidelines and minimal standards. CA at lower levels may include improvements of minimum conditions, give details regarding the implementation of previously adopted regulations, or issues not included in CA at higher levels.

In **Europe** there is a tradition of **more or less centralised** SIR or CB. Employers opted for a more centralised CB at the very beginning of CA development. Organisations of employers (trade associations with a bargaining function - Anglo-Saxon model; special organisations for bargaining - continental Europe) represent greater number of companies. This improves the bargaining power of employers, weakens competition by establishing wage levels acceptable for the weakest companies, prevents conflicts on the labour market (e.g. strikes), etc. At the beginning CA set a minimum wage level which prevented competition among union

members for available work, and established general rules, which partly substituted protective labour legislation. Centralised CA improve the bargaining power of trade unions and widen protection over more workers. In **North America**, where CA exist mainly at a company level, a **decentralised** SIR has been developed. The reasons are anti-monopoly public opinion and strongly rooted ideology of competitiveness and individual initiative, which hindered appropriate organisation and co-operation between employers.

European unions opted for the **solidarity approach** (equal pay for equal work) and centralised CB. Market expansion was followed by the expansion of areas covered by CA. This should prevent such competition among employers that would lead to deterioration of working conditions for all workers. However, the globalisation of economy causing stronger competition is forcing employers to use new competitive technologies, work organisations, wage systems, etc. to adjust more quickly. Therefore, they cannot follow uniform rules. So the focus of CB is being shifted from the level of sectors to the level of companies and factories, which means the decentralisation of SIR (see table). In Sweden the importance of sectoral CA, after the collapse of central intersectoral framework of CA, diminished as well. Through the pressure of employers, company and plant CA gained importance. In the Netherlands the process of decentralisation called "organised decentralisation" was carried through by means of agreements between trade unions and employers. Elsewhere, the changes of SIR are, with centralised social agreements, taking place in both directions.

In the **EU** a new **supranational level of IR** is developing. The evidence is given by two European agreements concluded by the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Centre of Public Enterprises with Public Participation (CEEP). They concern parental leave and part-time work, and were adopted as directives by the EU. They represent a start of CB on the European level, and the Treaty of Amsterdam will help promote it. In **CEE** countries IR and SIR are at the beginning of development. The main obstacle is slow development of real employers' organisations. Tripartite consultative bodies and social agreements make the SIR very centralised. Real CB, particularly at a company level, is just at the beginning. In some cases we can even talk about the collapse of IR. In **Slovenia**, quite centralised CB and the SIR are expected to be partly decentralised with the integration into the EU and a more substantial inflow of foreign capital. Slovenian social partners will have to get prepared for this and take part more actively in the European IR.

6. WORKERS' PARTICIPATION AT THE ENTERPRISE LEVEL

(The part of this chapter, concerning legal issues, is partly based on Vodovnik 1999)

The 1989 version of the European Company Statute (the directive part containing the rules concerning the employee participation) operates with three different models of employee participation:

1. At least one - third and not more than one - half of the supervisory board (in a two - tier board structure) or the the administrative board (in a one - tier board structure) are appointed by the employees (Germany, Denmark).
2. Employees are co - opted to the board on the basis of nominations undertaken by

the employee representatives (Netherlands).

3. Employees are represented through a "separate body" (Germany, Austria and some other countries).

In Slovenia 1993 a model was introduced by the Law on Employee Participation in Management, which is the combination of mentioned three models. Employees participate in decision making through works councils (WC) and through their representatives in company bodies (supervisory board, management board - workers' director). The structure of this model is similar to the German one, only that in the Slovene model the workers are in some cases given more rights and in some other less.

The law from 1993 is the main legal source regulating workers' participation in the enterprise - level decision making and is based on the constitutional right of workers to participation (Vodovnik, 1999). It determines the basic principles of workers' participation in different types of organisations, but is more explicit in regulating the details of participation in private companies. Some participatory mechanisms have their legal bases in other laws (for example in legislation regulating the functions and structure of managing bodies in public sector organisations). The the basic individual and collective participatory rights are determined by law of 1993, but the employer and workers' representatives are free to expand on these rights in a collective agreement, or to agree on specific methods and conditions for the implementation of the right of participation.

Within an enterprise the employees are represented by the works' council, which is elected by the employees in companies with 20 or more employed. If there are fewer than 20 employees workers can elect a single representative to assume the entire function of the works' council. The number of members of the works' council varies according to the number of workers employed in the company. The law stipulates precise election procedures for the workers' representatives. It lists categories of cases in which the employer is obliged to assure access to information for workers' representatives, cases in which common consultations should be organised before the employer makes a decision, and other cases in which the workers' consent is required for the decision.

The law states that in companies employing up to 1000 persons the works' council may appoint one third or more of the members of the supervisory board. In larger organisations the works' council may appoint half of the members.

Workers' representatives have the right to nominate one of the members of the managerial board. The works' council is entitled to make such a proposal to the shareholders' assembly.

The outlined system was quickly implemented because of the principle that participation is not the duty of the company, but a right of workers. The trade unions did not oppose the system, but welcomed it as an additional tool in achieving their basic goals.

According to the research on the implementation of the mentioned law (ITEO, Kavčič 1996) on a sample of enterprises the proportion of organisations in which works' councils have been established is as follows: insurance companies 40%, public enterprises 23,7%, enterprises owned by the Development Fund (DF) 75%, foreign

owned enterprises 13%, enterprises with mixed ownership 21,1%, enterprises with the second approval of the Agency for privatisation (AP) 33,1%. The survey included only companies with the second approval of the AP, which were almost at the end of the process of privatisation. Enterprises in societal ownership or those still in the process of privatisation were in transition regarding the organisational form, which would undergo changes soon. WC were most frequent in enterprises partly or entirely owned by DF. These were mostly larger "classical" industrial complexes, where the unions are more active due to the considerably precarious position of workers.

In addition workers take part in company management as owners (if they hold more than 50% of share) in the enterprises, which have been privatised (in 63% of privatised enterprises in 1996).

On the 22nd September 1994 the EU directive on the establishment of the European Works Councils was adopted. The directive stipulates, that the European multinational companies of a certain size must establish an European Works Council (EWC) or a procedure for informing and consulting employees. Since Slovenia is not a member of the EU yet, Slovenian workers cannot yet be full members of the EWCs. However their representatives have been beginning to attend their sessions as observer members. For example, in the agreement on the establishment of EWC of the multinational company Renault one place in the EWC is reserved for a workers' representative of company Revoz from Novo mesto. This representative is thus attending Renault EWC meetings and has observer status. The same opportunity is given to representatives of some other companies (for example Henkel Zlatorog).

7. THE SETTLEMENT OF LABOUR DISPUTES AND STRIKES

(The part of this chapter, concerning the legal issues, is based on Vodovnik 1999)

The new industrial relations legislation has brought new methods for preventing and resolving conflicts also. The Law on basic rights of the Employment Relationship from 1989 regulated dispute resolution in collective bargaining. In case of dispute it required the use of an arbitration body. Made up of representatives of both parties. The state appointed an independent member (later this was changed), but so far the state has not intervened between the parties. These bodies had a very large sphere of competence and were empowered to determine the content of those sections of the collective agreement on which the parties could not agree.

In collective agreements the parties have agreed to form commissions to interpret the provisions of the agreement and they have established conciliation bodies to prevent the escalation of disagreements. These bodies are composed in the same way as mentioned arbitration bodies, but the third member is appointed jointly by the parties and not by the state. In practice these bodies have only rarely been activated. This system became unsuitable under the new constitution, because the arbitration bodies have too many rights. The changes of the existing legislation are an extremely important precondition to make the resolution of interest disputes truly free and dependent exclusively on the free will of the parties and the necessary legislative process is underway.

In Slovenia workers have the constitutional right to strike. This is considered a collective right, which can be exercised by trade unions, groups of workers or even by a single worker. The right to strike is considered a “natural” right of workers and therefore can be limited only in cases determined by the law, in accordance with the ILO position on this matter. The Law on Strikes from 1991 acknowledges some limitations to the right to strike in the public service. This right is limited by specific legislation for the military and police forces. The Law on Strikes contains provisions for the protection of the employer also.

Neither the Constitution nor any legislation permits the employers to use the lockout as an instrument in the negotiating process or during a strike (Vodovnik, 1999). This would be considered an illegal act (a violation of contractual obligations). Therefore the theory of “equal weapons” for the negotiating parties is not accepted in the Slovene legal system.

STRIKES IN INDUSTRY IN SLOVENIA							
	1991	1992	1993	1994	1995	1996	1997
Workers on strike as a % of all employed in industry	-	13.54	7.09	4.32	6.22	7.63	-
Number of workers on strike	-	71,857	35,503	20,240	28,210	33,397	15,201
Number of lost working hours per employee	-	2.9	2.2	1.9	1.8	2.5	1.8
Number of working hours lost in strikes	-	1,513,148	1,103,099	898,869	814,510	1,095,050	757,687
Number of strikes in industry ¹	164	193	120	107	112	116	88
Wages in arrears as the main reason for a strike (share in %)	-	52.85	59.17	42.06	64.29	72.41	73.86
Average duration of six longest strikes (days)	-	20	15.84	34.50	45.84	58.50	68.50
Source of data: Association of Free Trade Unions of Slovenia. Note: ¹ a strike is every deliberate stop of work.							

In Slovenia the **collection of data on strikes** (industrial disputes) is not regulated. Data is not collected properly and is therefore incomplete. Only the Association of Free Trade Unions of Slovenia (ZSSS) has been compiling and analysing data on strikes since 1992. This data, however, includes only those strikes organised by the ZSSS, i.e. mainly in industry, and excludes those in the public services sector, i.e. sectors where the ZSSS has few members. It is a relevant indicator of strikes only in this segment of the Slovenian economy, although the ZSSS also has members in retailing, catering, tourism, etc (Vrhovec, 1998). In the EU, data on strikes is generally compiled by the administration (Eurostat, 1994). Enterprises are not obliged to supply data on strikes, except in Germany. In Denmark the employers' association is responsible for compiling such information, while in Austria this is done by trade unions. In Norway and Finland, the responsibility is shared between employers' associations and trade unions. In Spain data is collected by the central and regional administrations.

The **principles for compiling** statistics on industrial disputes are set out in the ILO's Resolution of Statistics on Strikes, Lockouts (the employer prevents workers from

working), etc, which was adopted at the 15th International Conference on Labour Statisticians in 1993. International comparisons must be made with caution as the Resolution is not applied in the same way in all countries. Year-on-year comparisons are unreliable and Eurostat uses five-year periods in order to get a better long-term view. Indicators on strikes – the average rate of disputes measured by the annual number of days lost per 1000 workers: the main indicator, the number of workers involved in disputes, etc – show considerable fluctuations mainly as a result of long general or sectoral strikes during negotiations (collective agreements, social issues, etc). Strikes in the public services sector (education, health-care, railways) in particular were sector- or occupation-wide.

The level of **strikes in industry** (see table) has been gradually decreasing in Slovenia since 1992, in spite of increases in 1995 and 1996. The number of workers involved in strikes fell the most, by 78.8% or 3.73 times, and the number of working hours lost per employee in industry fell the least, by 38%. This was partly due to the falling employment in industry and so the number of lost hours per employee increased. The number of strikes fell markedly; however, the average length of the longest strikes increased and they accounted for a larger and larger number of lost working hours. The number of working hours lost in one strike also rose: from 7840.15 hours in 1992 to 8610.10 in 1997.

In the period from 1992 to 1997, the total number of lost working hours was the highest in **four labour intensive industries**: metal and electrical equipment (66% of all lost working hours), textiles and leather (15%), construction (8%), and wood-processing (6%). As in Europe, the level of strikes in industry is expected to fall as the number of workers is decreasing. In services, the level of strikes is expected to increase because of rising employment.

As regards the strike demands, about 90% of strikes began for at **least two or more reasons**. The reason invoked most frequently was the late payment of wages. The share of those strikes increased markedly since 1995. In 1995 and 1996, strikes provoked by the non-payment of wages for the previous two, three, or more months rose and increased significantly in 1997. At the beginning of the period, mainly in 1992, many strikes were caused by privatisation and the related enterprise restructuring and lay-off threat. Later on, the share of strikes called because of wages in arrears increased. Also in Europe in the 1980s and the beginning of the 1990s the number of strikes caused by wages in arrears and restructuring in certain sectors, and by lay-offs in certain countries, increased. There is a clear reduction of strikes organised solely to demand higher wages.

Data from an **international study** (Stanojevič M.: *Delovanje sindikatov v tranzicijskih družbah*, Slovenia) shows that there were strikes in 17% of 106 enterprises in metal and food-processing industries covered in the study in 1995-1999. In Hungary in the same period and industries, there were strikes in 6.8% of 113 enterprises covered in the study. Consequently, the number of strikes in these two sectors was lower in Hungary, and also probably in former East Germany, than in Slovenia. Similar conclusions can be drawn from the article written by Hethy (Hethy, 1999) who is saying, that strikes have been rare and mostly insignificant in Hungary since the Strike Act was passed in 1989. Annually there have been some 15 – 20 strikes. The most important strike occurred at the Hungarian State Railways in 1995, and lasted for 84 hours.

In Slovenia the government didn't decide yet to establish **advisory and dispute settlement services** – institution for conciliation (as is the case in Hungary). Here

the term “conciliation” is used to designate procedures whereby a third party (usually experienced individual conciliators) assists the parties to a dispute to settle the dispute by agreement in a more or less active way (Daya, 1980). As a rule, the assistance of the conciliation authority in settling a dispute may be requested or offered if direct negotiations between the parties have broken down or reached an impasse. So the general aims of such an institution are: to promote good functioning of IR, collective bargaining, social peace and prevent the strikes, and to offer advice, consultation and information on IR to the trade unions and employers.

Regarding individual labour disputes, workers who believe that their rights have been violated may file a claim with the employer. The employer must consider the claim and make a decision within a period of time determined by the law.

Labour courts exist in Slovenia as special tribunals to resolve individual or collective labour disputes. They are organised on the regional level as courts of first instance, with high labour courts established on the state level.

8. TRIPARTISM

Tripartism is a sign of more consensual industrial relations, which facilitate consensus on common development policy, firmer social peace and better progress in transition. A drop in the number of strikes is also the result of such a social dialogue in Slovenia. **The conditions for the development of tripartism are changing** with the development of a market economy and accession to the EU. In addition to changes pertinent to the organisation and functioning of trade unions and employer are issues organisations, there concerning the Government.

In Slovenia, the Government’s room for manoeuvring in taking on responsibilities within the tripartite co-operation will mainly depend on the internationalisation of the economy and accession to the EU. It could be narrowed by the operations of multinational companies; e.g. concentration of production related to the shaping of the single European market. This could, among other things, threaten jobs in certain sectors. With Slovenia’s accession to the EU, many responsibilities of the Slovenian Government will be passed on to the European level, e.g. control over prices, which will be shaped within the single market. This will affect the development of tripartism, as has been the case in **Austria**. Upon Austria’s accession to the EU, there were a Subcommittee on prices and a Subcommittee on wages within the Joint Commission for Prices and Wages (Unger, 1997). They should control rises in prices and wages in order to ensure social symmetry (Walterskirchen, 1991). The control of wages should be followed by price control in order to maintain employees’ social standard on the one hand and to control inflation and maintain high employment on the other. Such an incomes policy should be an alternative to a more liberal policy where the inflation rate (price and wage movements) is controlled by changes in unemployment. However, prices of imported goods were excluded from this control. Then it covered only the prices of everyday commodities and had only political significance. Finally, the competence of the Subcommittee for prices was changed and now it only monitors price movements and competitiveness (Tomandl, 1994). In other fields of social policy, the state also has fewer possibilities of introducing

measures to maintain employees' standards of living. In Austria, as elsewhere in Europe, what remained of the incomes policy at the country level was only a more restrictive wages policy. Similarly in Slovenia where only an Agreement on Wages Policy has been concluded recently. **Economic and Social Councils (ESC)** in Europe, however, not only deal with keeping wage growth down, which serves as an instrument of improving international competitiveness. They tackle problems of distribution and production in a more balanced way. Their agendas include issues such as company restructuring with regard to introduction of new technologies and production organisation. Trade unions could benefit a lot by co-operating with employers not only at the company level within the framework of workers' participation in management but also within ESC by adopting binding positions and strategies.

With the conclusion of the 1994 Agreement on Wages Policy in the Market Sector on the 25th April 1994 social partners (the government, employers, trade unions) founded the Economic and Social Council of Slovenia (ESS). Thus a framework for tripartite co-operation was established and certain continuity secured. This substantially contributed to the more successful implementation of the basic economic and social reforms and the process of transition, rapprochement to the EU and integration into international economy. Moreover, it aided the enforcement of justice and social peace which are crucial for successful economic development.

ESS has 15 members. Each member has a deputy. Adopting the International Labour Organisation (ILO) model, ESS has a strictly tripartite structure. Each party (the government, employers, employees) has the same number of representatives (5). This structure is in line with the field of work as well as the function of ESS. It deals with issues concerning labour market policy (labour legislation, wage policy, industrial relations policy, health and safety etc.), social policy and other related economic and social development issues which are of interest to the social partners. Similar structure has been adopted by the majority of the new generation of tripartite consultative bodies in countries of central and eastern Europe. On the one hand, such a structure helps avoid the shortcomings of the first generation of ESSs (for example in Italy, France), which do not include government representatives, and instead in addition to employers' and trade unions' representatives include other interest groups. Therefore they are more like forums for general discussions about societal developmental issues. On the other hand, the Slovenian ESS has, in addition to its consultation function a quasi-negotiating function. It is within the ESS that social agreements, wages policy and other tripartite agreements are negotiated. In this way it is more effective and includes also representatives from the government (in Italy, social agreements are concluded outside the ESS).

For the main issues the ESS is examining the working groups consisting of representatives of all three social partners, as well as independent experts, are established. Some of these issues are: drafting of a proposal for the Law on ESS (currently, ESS operates based on commonly adopted rules), the pension and disability insurance reform, evaluation and the implementation of different tripartite agreements.

Central bodies for tripartite co-operation in Europe					
Country	Members no.	Govern.	Employers	Unions	Other interests ¹
Slovenia	15	5	5	5	
Hungary	17	2	9	6	
Czech Republ	21	7	7	7	
Austria	12	4	4	4	
Ireland	25	9	5	5	5 + (1 president)
Portugal	54	8	8	8	29 + (1 president)
Luxembourg	35		14	14	(7 experts)
Netherlands	45		15	15	(15 experts)
Greece	49		16	16	16 + (1 president)
Spain	61		20	20	20 + (1 president)
Italy	112		37	44	18 + (12 exp.) + (1 pres.)
France	230		72	69	49 + (40 experts)
Belgium ²	50		22	22	(6 experts)
	24		12	12	
EU	222		68	79	72

Sources of data: ILO, European Trade Union Institute, EU Economic and Social Committee, Economic and Social Council of Portugal.

Notes: ¹ besides 'other interests' representatives, ESC members may also be experts, and the ESC may have an independent president, Belgium has two bipartite bodies with a special function.

The table shows that the structure of **EU** members' central tripartite bodies, Economic and Social Councils, to a large extent follow the French model (employers, unions and other interest groups). Experts from various fields may also be Council members and the Councils may have an independent president. They have mainly a consultative function, deal with a wide range of issues, function in a parliamentary way, and have a large number of members. Councils in **Slovenia** and other **Central and Eastern European** countries (CEE) are organised in accordance with the ILO model – government, employers, unions. They have consultative and 'quasi-bargaining' functions (bargaining about social agreements can take place within their framework), and deal with a narrower range of issues, mainly from the field of work and social security. They have a lower number of members and are more operational. Some believe that they are a substitute for real industrial relations, principally collective bargaining, which develop slowly in the CEE countries. In Slovenia, as elsewhere in CEE, the weakest element in the social dialogue, in terms of organisation, is employers, who are too slow in establishing an independent, voluntary-membership organisation that would represent their interests and be the real partners to unions and the state. Slovenia has to legally regulate the representativity of employers organisations and on this basis set the criteria for the selection of their representatives in the Council. Criteria for appointing union representatives will also have to be amended so that employees in the public sector are better represented in the Council.

With Slovenia's accession to the EU and more intensive social dialogue at the EU level, Slovenia will transfer part of its decision-making from the national to the EU level, whereby the role of the national Council will change. Therefore, Slovenian interest organisations will have to establish links with organisations representing the same or similar interests at the EU level and having representatives in the **Economic and Social Committee of the EU** (ESC). The ESC is a body that gives representatives of Europe's socio-occupational interest groups, and others, a formal platform to express their points of views on EU issues. Its opinions are forwarded to the larger institutions – the Council, the Commission and the European Parliament.

As seen in the table, it consists of 222 members drawn from three groups: employers, workers and various interests (farmers' organisations, small businesses, the crafts sector, the professions, co-operatives, non-profit associations, etc.). Germany, France, Italy and the United Kingdom have each 24 members in the ESC, Spain has 21, Belgium, Greece, the Netherlands, Portugal, Austria and Sweden 12, Denmark, Ireland and Finland 9 and Luxembourg 6. Consultation of the ESC by the Commission or the Council is mandatory in certain cases; in others it is optional. The ESC may, however, also adopt opinions on its own initiative. The Maastricht and Amsterdam Treaties extended the range of issues which must be referred to the ESC (regional and environment policy). The possibility of the ESC to be consulted by the European Parliament has also been opened. On average, the ESC delivers 170 advisory documents and opinions a year, of which about 15% are issued on its own initiative. All opinions are forwarded to the Community's decision-making bodies and then published in the EU's Official Journal. The ESC members are nominated by national governments and appointed by the Council of the EU for a renewable 4-year term of office. At the national level, the responsible ministries, e.g. for industry or labour, as a rule follow recommendations of nationally recognised socio-occupational organisations when nominating ESC members (two names per association). This goes for Employers and Workers Groups (unions) in particular. It seems that governments have greater power of discretion in appointing members of the Various Interests Group (e.g. Greece and the United Kingdom). The ESC's decision on selecting one of the nominated members is only formal as the first candidate of the two is usually chosen.

In the process of transition, the Government participates in shaping central (ESC) and other tripartite bodies. According to a **draft Law on the ESC** (working material) the Government has five representatives in ESC. Representative branch trade unions, not being members of umbrella trade union organisations, can have one common representative in the ESC. This would enable fragmented trade unions in the public sector to represent the interests of their members in ESC. The question as to from which ministries should the government representatives come, remains open. In central tripartite bodies of the ESC type, besides the Ministry of Labour, the Government is usually also represented by other Ministries (of Finance, Economic Affairs, Industry, etc.). This reflects the complexity of issues and a wide range of problems that these bodies deal with, e.g. the impact of structural adjustment policies on industrial relations and employment. The Government and public enterprises are important employers in most countries. Therefore the question whether the Government will, regarding such ESC structure, act as a public employer or the government, the policy maker, remains open. The question of how the interests of trade unions of the private sector and those of the public sector, which are often different, will be co-ordinated, and if the latter will not be outvoted, remains open too. The structure of the ESC could be set up in such a way that public sector issues would be dealt with by separate bodies of the ESC.

The Government must financially support tripartism. According to the Draft law on the ESC, financial resources for carrying out the ESC programmes would be provided through a special item in the budget of the Republic of Slovenia. ESCs in Europe have a large secretariat of technical staff and experts, and they also publish special studies. Substantial financial resources are therefore allocated to them from budgets. In Slovenia, budgetary restraints should not serve as an excuse for avoiding financing the ESC because the Slovenian ESC has no secretariat.

Central bodies for tripartite co-operation in Europe				
Country	Composition ¹	No. of members	Established by	Powers
Slovenia	T	15	Agreement	Consul., quasi bargain.
Hungary	T	17	Law, agreement	Consul., legislative
Czech Rep.	T	21	Agreement	Consultative
Austria	T ²	12	Agreement	Consultative
Italy	B+	111	Constitution, law	Consultative
France	B+	230	Constitution, law	Consultative
Belgium ³	B, B	50, 22	Law; law	Consul.; bargain., consul.
EU	B+	189 ⁴	Rome Treaty	Consultative

Source of data: ILO, European Trade Union Institute. **Notes:** ¹ T- tripartite, according to the ILO model (government, employers, workers), B- bipartite (employers, workers), B+- tripartite, without a government, according to the French model (employers, workers, other interest groups and experts) ² Since 1966 the government representatives have ceased to take part in the voting, because at that time the government was taken over by people's party instead of a coalition. Thus, the balance on the government side between labour and capital was destroyed. Therefore, the "Joint Commission for Prices and Wages" is conditionally tripartite. ³ Belgium has two central bodies ⁴ EU-12; with the EU enlargement the number of members has increased

As it is shown in the table above, the central tripartite bodies in Europe are mostly composed following the ILO or the French model. **The ILO model was chosen in Slovenia** as well as in almost all other central and eastern European countries. The ESC in Slovenia has, first, a quasi-bargaining function, which means that Social Agreements are concluded within its framework. Second, it has mainly a consultative function, like a large majority of other bodies of similar type. On the other hand, the Councils in the "Latin" part of the Europe mostly follow the French model. They have a parliamentary type of operation, a large number of members, they are not operative and, in general, do not have any great importance.

Social partners in Slovenia agree that the Law on ESC needs to be adopted. It would regulate its powers and competencies and, thereby, form a more solid basis for its operation. The first problem is the **representation of trade unions**. The public sector's trade unions, which represent a large part of membership, are very fragmented and only co-ordinate their activities in the Trade Union Co-ordination. Because they are not united into a confederation, they do not have the right for a representative in the ESC and have only an observer without a voting right. The **representativity of employers**, which will be set by law in connection with the conclusion of collective agreements, will have to become a benchmark for the determination of employers' membership in the ESC. The Council will not have the power to submit bills to the parliament, since this is not foreseen in the Slovenian Constitution. There is still an open question of how the deadline should be set by which the Council is due to finish its discussion and is obliged to issue an opinion on a certain matter. The Government would be obliged to submit to the ESC certain materials for consultation. At the same time, the Council should not postpone with the adoption of the opinion on, for example, new legislation and, thus, enable it to be submitted to the parliamentary procedure in due time. The Council, however, cannot operate efficiently without adequate support - an independent and expert based secretariat. Sufficient budgetary funds should be provided for its operation.

Increased quality of operation and, thereby, importance of the ESC is reflected in the **contents and the thoroughness of its discussions**. At first, the discussions were

related only to wages and certain short-term matters. Nowadays, the ESC deals with more fundamental and strategic problems, such as **the pension reform** which is, currently, widely discussed in Slovenia. Since it concerns all groups of society and many fields of social development, it cannot be adopted without a wide social consensus. Apart from other interest groups of civil society, social partners and, therefore, the ESC also take part in this debate. When discussing starting points and even more so when dealing with a comprehensive study and the government suggestions (the White Paper), clashes in opinions came out in particular between the government and trade unions. The strongest Confederation ZSSS (Association of Free Trade Unions of Slovenia) is against the introduction of the compulsory funding or saving system (pension funds), the rising of the retirement age and equalisation of the working age for men and women. Its standpoint is that the reform could be carried out by changing the existing system only. With regard to higher retirement age (over 65 years), the confederation raised the question, if employers would, under the new conditions, still be prepared to offer employment to older workers and if, on the other hand, younger generations would not have smaller employment opportunities. Besides, the costs of health insurance are expected to rise due to the physical exhaustion of the present generations and inadequate safety at work. The Government thinks that the reform cannot be carried out if the reservations of the trade unions are taken into account, and that in this way only a torso of the pension reform will remain whilst all its positive effects would be annulled. The employers, on the other hand, have expressed less fierce opposition to the government proposals, but demanded adequate guarantees for investment from the compulsory funded system.

Selected recent social agreements in Europe				
	Year of conclusion	Wage policy	Industrial relations	Employment
Slovenia	1995,1996	Wage growth < productivity growth	Centralisation	Active policy
Czech Rep.	1992,1993,1994	Limited growth	Centralisation	Requalification
Italy	1993	Wage growth<inflation	Extensive reform	Classical active pol.
Portugal	1990,1996,1997	Limited growth	Centralisation	Vocational training.
Ireland	1990,1994, 1997	Limited growth	Participation and HRM	"Partner" companies
Norway	1992	Limited growth, incomes policy	Centralisation	Active policy
Finland	1995	Limited growth, incomes policy	Centralisation	Support to training.

Sources of data: Fajertag G., Pochet P., eds.: Social Pacts in Europe. European Trade Union Institute (ETUI), Observatoire social europeen (OSE), Brussels, 1997. Kylvoh R., ed.: Tripartism on Trial. Tripartite Consultations and Negotiations in Central and Eastern Europe. ILO Central and Eastern European Team, Budapest. ILO. Geneva, 1995.

In the nineties, **tripartite social agreements (SA) between the government, trade unions and employers** have become an important component of the emerging new system of European industrial relations. **In 1997** such agreements existed in Italy, Ireland, Portugal and Finland within the EU, and in Norway outside of the EU. In all other EU countries, except the United Kingdom, they try to resolve existing problems with other more or less formal modes of bipartite or tripartite concertation or partnership. The reason for this was internationalisation of economy and competition, growing unemployment, slower economic growth and in particular endeavours to meet the fiscal criteria of the Maastricht treaty involving introduction of EMU.

Practically none of the EU members would be able to enter the last phase of the introduction of the EMU without restricting wage growth and making dramatic cuts in public expenditure, including transfers to the population.

Outside Europe, SA are known in South America, Australia and elsewhere. They have also been concluded in Slovenia and other **Central and Eastern European countries**. In the most successful countries of the latter group, SA have been concluded to support the transition to a market economy and thereby reform of the social system and to speed up accession to the EU. The problems in these countries are, given the level of economic development, similar population age structure and relatively rapid integration with the EU, quite similar to the problems in the EU.

After the Second World War, SA (or a tripartite social dialogue) in Europe mostly referred to **the distribution of wealth** between labour and capital (growth in wages, development of social security, full employment, promotion of economic growth, etc.). In the seventies and early eighties, they referred to the formation an extensive **incomes policy** whose goal was to preserve the purchasing power particularly of more vulnerable social groups of population. Since the policy encompassed more or all types of incomes, it was possible to compensate for restrictive wage policies with various tax reliefs, control over the prices of basic foodstuffs, etc. This was also a means of keeping a lid on inflation.

SA in the nineties refer to medium and long term **shaping of economic and social development**. They are marked by the "European Perspective" or the readiness of trade unions to accept a restrictive wage policy and partially cutting of government expenditures, the latter also being dictated by the criteria for entering the EMU. In exchange for those concessions, the state and employers need to keep the existing level of employment and if possible create new jobs. In addition, in some countries (for example, Italy, Finland, Spain) trade unions have an active role in reforming the mechanisms of the welfare state (reform of the pension system and other branches of social insurance, health care system, etc.). It has emerged that SA need to have clearly defined and expected results, particularly in the field of employment. Ireland has so far been the most successful in this, due to an innovative active employment policy, except in the reduction of long-term unemployment.

In Slovenia, the first tripartite agreement on wage policy was concluded in 1994. The first broader SA was concluded in 1995 and the second in 1996. The social partners agree that the new social agreement which is due to be concluded this year should cover a number of areas. The trade unions have opted to include the pension reform in the agreement (they demand certain changes regarding the introduction of pension funds, increasing of the retirement age, etc.), employment, taxation reform (to ease the negative effects of introduction of the VAT for the lowest income groups of employed), profit sharing, reform of the social and legal security, wages, etc. The employers are particularly interested in avoiding an excessively high state budget and public spending, high interest rates, whilst seeking wage reform in the public sector, lower rates of VAT, etc.

Besides ESS there exist many **other institutions, whose bodies have tripartite or multipartite structure, or include employers' and trade union representatives**. The most important are those operating social security systems such as employment agency, agency for pension and disability insurance and agency for health insurance.

9. SOCIAL PARTNERSHIP AND REGIONAL DEVELOPMENT

There exist great differences between EU regions (see SEM 1/98:7), widening since the start of the recession in 1970s. Geographically they appear as the developed centre of Europe (the “blue banana”) and the poor U-shaped periphery of structurally weak regions (Albers, 1996). It consists of the new Lander in Germany, the southern part of the Mediterranean, Ireland and Scotland. Especially highly industrialised regions with a traditional industrial structure (mining, steel, textiles, shipbuilding, etc) are facing extensive structural changes and crisis. These regions and vulnerable rural areas can also be found in some parts of the developed centre. Substantial growth in regional disparities occurred on the accession of poorer countries (Greece, Spain, Portugal). At the same time the governments were less and less able to support the threatened regions, due to budgetary limits and ineffectiveness of the mechanisms of financial equalisation or classical regional policy and development doctrine.

This has resulted in an increasing budget of the EU structural and regional policy and their wide reform, required also because of planned EU enlargement, and in order to prevent the worsening of the position of less developed regions (states) due to weaker competitiveness of their economies, which is threatened by intensive processes of EU integration and internationalisation of economy. For the same reasons, the reform and harmonisation of Slovenia's regional policy with the reform in EU is taking place. The obligatory preparation of comprehensive regional and national development plans is the most important element of the reform. They are serving as a basis in preparing development programmes partially financed from the structural funds. In order to be financed from structural funds, all measures and projects in certain region, which is according to certain criteria eligible for help from structural funds, must be based on development plans. Local authorities, trade unions, employers and other local actors are co-operating in preparation and implementation of these programmes. Such regional and local partnership means greater possibilities in sharing experience, knowledge and innovative capacities of regions, enabling regions to better shape and fulfil their development goals.

The EU has therefore changed its **regional planning** and **regional development doctrines**. Financial equalisation without considering specific regional development goals and 'hard industrialisation' have been replaced with the goals of increasing regions' competitive capacities and principles of sustainable development resulting in a more stable economic structure and jobs in the regions. Sustainable development means the increased integration of economic development with environmental protection and a more balanced use of available work and natural resources. The classical economic development doctrine says that vulnerable regions lagging behind may catch up to more developed ones only by attaining above-average economic growth. However, this neglects questions of the structural, social and ecological development of regions on which economic growth should be based. Economic structure in regions with traditional industry was too one-sided and therefore not flexible enough in periods of crisis. It also caused a heavy ecological and physical degradation of the environment. Such a structure was based on mass use of a low-qualified labour force, which now faces difficulty in finding new employment. Industrial companies having been attracted to less developed regions experience similar problems, also being vulnerable in crisis periods. Structural and ecological problems are even more pressing in transition countries where, as in Slovenia,

structural reforms and changes to a development doctrine are also driven by their accession to the EU.

A key element for a **region to achieve its competitive advantage** is the educational level of the workforce. This is why re-training and training programmes are of particular importance in the framework of regional and innovative employment policies. ETUC (European Trade Union Confederation) stresses the need to co-ordinate structural, regional and employment policies. Structural funds should therefore contribute substantially to implementation of the European Employment Strategy as an aid to workers in adapting to industrial and structural changes. This particularly refers to concluding territorial social agreements on employment, which are typical examples of partnership. Apart from the exogenous way of directing development (from outside), the EU has stressed the importance of adjusting development to the endogenous potentials of a particular region. This means that regions and local communities must take into account their locational advantages, their own industrial tradition, specific qualifications of the local labour force, and their own political goals and culture when defining their competitive advantages. In this process, introducing new technologies and innovations are also gaining importance.

In **Slovenia, especially** in less developed regions, local partnerships have been established with the participation of trade unions and employers, as well as other local social actors. The Employment Service Authority of Slovenia, in co-operation with the SME Promotion Centre, is in charge of the programme of infrastructure network development and instruments to enable establishment and functioning of development partnerships at the local and regional levels. Its purpose is to offer financial and expert assistance to local communities that have a sufficient and self-contained labour market, to efficiently organise and use available expert, financial and other potentials in local community development, and to create jobs. In this way, the better co-ordination of all employment programmes with local level should be ensured, and local and regional employment programmes implemented. In the future, this programme will enable an efficient use of financial resources of the EU structural funds. For this purpose, the Employment Service Authority will set up regional committees of social partners, which will participate in preparing and implementing integral regional development plans and programmes. Centres offering expert assistance to development partnerships and operating within regional development agencies will also be set up.

10. LABOUR INSPECTION

The **ILO Convention No. 81 concerning Labour Inspection** adopted on 11 July 1947 has served as a model of majority of laws and regulations on labour inspection (LI) world-wide. First, it determines the functions of the system of LI. LI is obliged to: (i) secure enforcement of legal provisions relating to conditions of work and the protection of workers while engaged in their work (working hours, wages, safety and health at work, the employment of children and young persons, trade union rights, etc.); (ii) supply technical information and advice to employers and workers concerning the most effective means of complying with the legal provisions; (iii) bring the notice to the competent authority about the defects or abuses not specifically covered by existing legal provisions (ILO, 1986).

In Slovenia the transition to market economy has brought about numerous changes in **labour legislation** since it has to be harmonised with international and European

standards. The groundwork of labour law has been changed by the introduction of equal relations between employers and employees on a voluntary basis. The regulations concerning labour relations and the related collective agreements, employment of workers at home and abroad, workers' participation in management, etc. have been altered or are still undergoing changes. Alongside these processes also the role and tasks of LI have changed. In the previous system the tasks of LI concerned largely safety at work. Today, they include also the supervision of the implementation of collective agreements. A new Law on Labour Inspection was adopted on 20 June 1994 (*Official Gazette No. 38/1994*) and was amended and supplemented on 21 May 1997. It set the new system of LI. A new LI was established under the Ministry of Labour, Family and Social Affairs.

Before the new law was adopted, LI in Slovenia was organised at the central state level, inter-community and local-community levels. Today, however, LI is a uniform state inspection - an **inspectorate** with 27 units. In 1994 the inspectorate employed 63 inspectors (22 inspectors were in charge of labour relations, 28 in charge of safety at work and 13 in charge of safety at work and labour relations). The number of inspectors is not aligned with the number of jobs to be inspected, since the process of creation and restructuring of enterprises led to a substantial increase of the latter. Also, the number of laws the implementation of which LI supervises has increased. Furthermore, the field covered by LI has expanded. On the other hand, the violations of labour legislation have increased since the regulations have changed considerably. However, the number of inspectors remained practically unchanged. The development strategy of LI adopted by the Government foresees that at least 35 new inspectors should be employed in order to preserve the present level of inspection (Labour Inspectorate, 1995). In 1996 there were 72 labour inspectors. In Slovenia LI covers two areas: (i) safety at work and (ii) the whole area of labour relations (in some countries only more vulnerable employment groups, for example, youth, etc.).

Today, Slovenia has practically a uniform **system** of LI covering industry and other sectors, except mining and a part of maritime transport. The same system (with the exception of mining, which comes under the competent ministry) is applied in Luxembourg, Spain, Switzerland and in African and Asian countries which gained independence after the WW II. In other countries, there are specialised inspections for selected sectors and each comes under the corresponding ministry. There are also intermediate systems LI in which one inspection covers a few sectors. There has been a tendency over several years of inspections to merge under the competency of one ministry, usually Ministry of Labour, as in majority of sectors problems are very similar. This also leads to a more efficient and economical management and enables better preventive measures against accidents at work and for legal protection of workers. In 1975 France merged major labour inspectorates under the Ministry of Labour. Similar tendencies have been present also in Great Britain. In some countries, namely Belgium, Italy and Great Britain LI is divided into several specialised services (for example technical service for safety at work, medical service for health and hygiene, social service for employment conditions - wages, working time, etc.). Luxembourg has a uniform system. In France and Great Britain general inspectors may require help of specialists. In Denmark they have multi-disciplinary inspection teams.

The ILO Convention No. 155 of 1981 on Health and Safety at Work stipulates that health and safety at work and working environment have to be subjects of a coherent

national policy. Slovenia will, therefore, have to pay a lot of attention to cooperation between LI and health inspection.

Previously, **inspectors** had a four-year mandate. Their status has been regulated and improved since then and their employment does not depend on their mandate any more. They are required to have high legal or technical professional education (which was not the case in the previous system), at least five years experience and completed qualifying examination for inspectors. They must undergo a test of professional competency every three years. There have been many novelties regarding the powers of LI. If they discover irregularity they are allowed to stop offender's operation, demand the cutting off of electricity or water, or revoke the work permit of offender, etc.

REFERENCES AND LITTERATURE

Abrahamsson B.: Varför finns organisationer? Kollektiv handling, yttre krafter och inre logik (Why do the organisations exist? Collective action, external forces and internal logic). Norstedts. Stochkolm, 1986.

Aintila H.: Trade Union Membership in Western Europe. Info 38. European Trade Union Institute. Brussels, 1993.

Albers D. et al.: Developing a new field of trade union activity. At regional level on behalf of Europe's regions, Regional development studies. European Commission. Brussels, 1995.

Aro P.O., Grunevald B.: Who and what are employers in Central and Eastern European Countries? Transfer, European review of labour and research, Quarterly of the European Trade Union Institute, Vol.1, No.3. Brussels, 1995

Aro P., Repo P.: Trade Union Experiences with Collective Bargaining in Central Europe. International Labour Organisation, Central and Eastern European Team. Budapest 1995.

Bordogna L., Cella G. P.: Admission, exclusion, correction: the changing role of the state in industrial relations, in "State intervention in industrial relations in Europe". Transfer - European review on labour and research, Quarterly of the European trade union institute, 1-2/99.

Bosch G.: Retraining - not redundancy: Innovative approaches to industrial restructuring in Germany and France. International Institute for Labour Studies. Geneva, 1992.

Casale G.: Guide to International Labour Standards on Industrial Relations. International Labour Office. Geneva, 1998.

Casale G eds.: Social Dialogue in Central and Eastern Europe. International Labour Office – Central and Eastern European Team. Budapest, 1999.

Conselho Economico e Social: The Economic and Social Council of Portugal. CES.

- Lisboa, 1995.
- Daya E. et al: Conciliation and arbitration procedures in labour disputes. A comparative study. ILO. Geneva, 1980.
- European Commission: Europe at the service of regional development. Brussels, 1996.
- EUROSTAT: Rapid Reports, Population and Social Conditions 1994/2, The Trend in Industrial Disputes in the European Economic Area 1983 – 1992.
- Gunnigle P., McMahon G., Fitzgerald G.: Industrial Relations in Ireland. Theory and Practice. Gill & Macmillan. Dublin, 1995.
- Hethy L.: Tripartism and Industrial Relations in Hungary, in Casale G., eds.: Social Dialogue in Central and Eastern Europe. ILO Central and Eastern European Team. Budapest, 1999.
- Hunter L.C. and Robertson D.J.: Economics of Wages and Labour. Macmillan. London, 1969.
- Hyman R.: Changing Trade Union Identities and Strategies, in Hyman R. and Ferner A., eds.: New Frontiers in European Industrial Relations. Blackwell, 1994.
- Hyman R. and Ferner A. eds.: New Frontiers in European Industrial Relations. Blackwell. Oxford, 1994.
- International Labour Office, Governing Body, Committee on Employment and Social Policy: Industrial relations and employment. 262nd Session. Geneva, 1995.
- International Labour Office: Labour Inspection – A Workers' Educational Manual. ILO . Geneva, 1986.
- International Labour Office: Labour relations in industrialized market economy countries: an introduction. ILO. Geneva, 1994.
- Keune M. eds.: Regional Development and Employment Policy: Lessons from Central and Eastern Europe. International Labour Office, Central and Eastern European Team. Geneva, 1998.
- Kyloh R. eds.: Tripartism on Trial. Tripartite Consultations in Central and Eastern Europe. International Labour Office, Central and Eastern European Team. Geneva, 1995.
- Labour Inspectorate: The Report on Work and Activities of Labour Inspectorate in 1994. Ministry of Labour, Family and Social Affairs, Labour Inspectorate. Ljubljana, 1995.
- Martinez A.: The Role of Economic and Social Councils in Western Europe. European Trade Union Institute. Brussels, 1990.

Ministry of Labour and Social Insurance, Republic of Cyprus: Tripartism and Industrial Relations (The Cyprus Experience). Nicosia, 1998.

Ministry of labour, family and social affairs: Working material on new Law on Collective agreements. Ljubljana, December 1993.

OECD: Employment Outlook, July 1991.

OECD: Employment Outlook, July 1997.

Official Gazette of the Republic of Slovenia, No.22, April 2nd, 1999: Agreement on Wages Policy for the Period 1999 - 2001.

Plant R.: Labour standards and structural adjustment. International Labour Office. Geneva, 1994.

Potobsky G.V.: Social concertation: Theories and trends. Labour and Society, Journal of the International Institute for Labour Studies, Vol. 12, No.3, 1987.

Public and International Relations Department of the Economic and Social Council of Greece: Economic and Social Council of Greece. Athens, 1997.

Ruyseveldt J.V. and Visser J. eds.: Industrial Relations in Europe: Traditions and Transitions. Open University of the Netherlands, SAGE Publications. London, 1996.

Skledar Š.: Industrial Relations - The Development of Trade Unions. in Slovenian Economic Mirror, No.3, Vol.V. Ljubljana, March 1999.

Skledar Š.: Industrial Relations - Strikes. In Slovenian Economic Mirror, No.7, Vol.III. Ljubljana, July 1997.

Stanojevič M., Omerzu M.: Javnomnenjske podobe sindikatov (Public opinion images of trade unions), in Stanojevič M. eds.: Sindikati in neokorporativizem na Slovenskem (Trade unions and neokorporativism in Slovenia). Družboslovne razprave, Vol. X, 1994, No 17 - 18. Ljubljana.

Stanojevič M.: Successful Immaturity – Communist Legacies in the Market Context, in South – East Review for Labour and Social Affairs, Vol. 2, No. 4, 1999.

Stiplovšek M.: Razmah strokovnega - sindikalnega gibanja na Slovenskem 1918 - 1922. Delavska enotnost. Ljubljana, 1979.

Štoka M.: Characteristics of Wages Policy in Slovenia and Reasons for Them. 5th Annual meeting of ZES, in Slovene.

Tonandl T., Winkler G.: Austria, in Trebilcock A.: Towards Social Dialogue. ILO. Geneva, 1994.

- Trebilcock A. et al.: Towards social dialogue: Tripartite cooperation in national economic and social policy-making. International Labour Office. Geneva, 1994.
- Tršelič A.: Spremembe v distribuciji plač v tranzicijskem obdobju v Sloveniji. Diplomsko delo (Changes in the distribution of wages in transition period in Slovenia. Diploma thesis). Univerza v Ljubljani, Ekonomska fakulteta. Ljubljana, 1998.
- Unger B.: Social Partnership Challenged. IB Review 1/1997.
- Vodovnik Z.: Tripartism and Industrial Relations in Slovenia, in Casale G: eds.: Social Dialogue in Central and Eastern Europe. International Labour Office – Central and Eastern European Team. Budapest, 1999.
- Vodovnik Z., Klampfer M.: Nov zakonski model delovnih razmerij ter novejša sodna praksa (New legal model of employment relations and newer legal practice). Inštitut za delo pri Pravni fakulteti Univerze v Ljubljani. Ljubljana, 1996.
- Vrhovec P.: Glavne značilnosti stavk v letih 1992 - 1996 in 1996. ZSSS. (Main characteristics of strikes in the period 1992 - 1996 and in 1996, ZSSS - Union of Free trade Unions of Slovenia). Ljubljana, 1997.
- Vrhovec P.: Glavne značilnosti stavk v letih 1994 - 1997. ZSSS. (Main characteristics of strikes in the period 1994 - 1997, ZSSS - Union of Free Trade Unions of Slovenia). Ljubljana, 1998.
- Walterskirchen E.: Unemployment and labour market flexibility: Austria. International Labour Office. Geneva, 1991.
- Windmuller J.P. et al.: Collective bargaining in industrialised market economies: A reappraisal. International Labour Office. Geneva, 1987.